



New York City Comptroller  
John C. Liu

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## COMPTROLLER LIU AND MAYOR BLOOMBERG ANNOUNCE SWEEPING REFORMS TO CITY SUBCONTRACTING REQUIREMENTS

*New Reporting System Will Increase Transparency  
& Reduce Possibility for Fraudulent Billing*

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NEW YORK, N.Y. – Comptroller John C. Liu and Mayor Michael R. Bloomberg today announced that New York City will become the first municipality in the country to establish a comprehensive subcontracting database and publicly report payments made by prime contractors to subcontractors, which will greatly enhance the City’s – and the public’s – ability to monitor billions of dollars worth of contract activity. The new reforms will also strengthen the City’s capacity to detect and address potentially fraudulent billing practices, further ensure the timeliness of payments from contractors to subcontractors and more seamlessly track the utilization of minority- and women-owned businesses on subcontracted City work. The Mayor’s Office of Contract Services and the Comptroller’s Office have been working on this subcontracting initiative for more than a year, and recently began a pilot program with vendors serving as initial testers.

“Today marks the start of a new era of scrutiny for outside contractors,” said **Comptroller Liu**. “Giving all New Yorkers the ability to keep an eye on this information will give contractors 8.3 million more reasons to spend tax dollars as prudently as possible. It’s great that the Big Apple is setting another national benchmark for government transparency.”

“From creating a Citywide Performance Reporting tool, which allows the public to track agency performance, to establishing the City’s Open Data Portal, which makes more than a thousand agency data sets available for public use, we’ve worked to make City government more open and transparent,” said **Mayor Bloomberg**. “These new reporting requirements will help us to continue to lead the way in making government more accessible and accountable to the public.”

“This collaborative process produced an effective, efficient system that will reduce the risk of waste and fraud,” said **Vanessa Champion**, Chief of Staff and Special Counsel, Office of Comptroller Liu.

“By using the latest technology, we are furthering our goal of enhancing transparency,” said **Andrea Glick**, Director of the Mayor’s Office of Contract Services. “The new subcontracting database is a win for the City, and we are thankful to our partners for helping ensure its launch.”

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Beginning this month, on any new contract valued over \$1 million, all prime vendors will have to disclose information on the City's Payee Information Portal, including the names of subcontractors hired as well as each and every payment to them. In June, the ceiling is lowered to contracts above \$250,000, which will ensure approximately 96 percent of all dollars spent on City contracts are captured in this new database. The work to design and develop this new tracking system was completed by CGI, based on a fixed-price deliverable contract for a cost of \$1.6 million. In the event a prime vendor fails to carry out their responsibility, the City has the right to withhold payment until all requirements have been met.

The City's new requirements will create a central infrastructure to improve oversight, further reduce the possibility of fraudulent billing and ensure that the City is meeting its minority and women-owned business enterprise goals. Since Local Law 129 was first enacted in December 2005, certified minority and women-owned businesses have won thousands of contracts – worth billions of dollars in total aggregate value – in prime and subcontracts with the City of New York.

Once these new protocols are established, each payment and data set will be fully integrated with the Comptroller's Checkbook NYC fiscal transparency website – which was launched with the assistance from the Mayor's Office of Contract Services – placing never-before-seen subcontract data in the public domain.

The City modeled its groundbreaking reforms on the Federal Funding Accountability and Transparency Act, which was signed into law in 2006 and requires Federal contractors to disclose their subcontractors through a searchable website. Unlike the Federal government, however, the City is the first in the nation to publicly disclose both the names of subcontractors and payments made to them.

“Citizens Union commends Comptroller Liu and Mayor Bloomberg for working collaboratively to provide more complete information about payments made to subcontractors through the Comptroller's transparency website, Checkbook,” said **Dick Dadey**, Executive Director of Citizens Union. “Given the large size of certain contracts, it is important to provide New Yorkers with greater detail regarding those subcontractors who perform services for the city of New York. This new level of detail will give New Yorkers more information on how their tax dollars are being spent and on whom. Such greater public scrutiny could result in cost savings.”

“This initiative improves transparency of New York City's operations and is an important step forward for facilitating oversight of the city's contracting operations,” said Citizens Budget Commission President **Carol Kellermann**.

“New Yorkers will be getting a much more complete picture of how contractors and subcontractors are spending their tax dollars, thanks to Mayor Michael Bloomberg and Comptroller John Liu,” said **Gene Russianoff**, senior attorney for the New York Public Interest Research Group.

“Congratulations to Mayor Bloomberg and Comptroller Liu,” said **John Kaehny**, Executive Director of Reinvent Albany and Co-Chair of the NYC Transparency Working Group. “Digitizing and reporting subcontractor payments is a huge leap forward in accountability and transparency. Though somewhat dry and esoteric, this new reporting system has big implications for reducing corruption and improving efficiency, and when fully in place, will make New York City one of the most fiscally transparent cities in the world. When the subcontractor data is put into the Checkbook NYC platform, it will become instantly available for the rest of government and the public to use.”

Comptroller Liu and Mayor Bloomberg thanked the members of the Mayor’s Office of Contract Services, including Director Andrea Glick and Deputy Director for Research and Information Technology Ezra Polonsky, the Comptroller’s Office – led by Chief of Staff Vanessa Champion – and Robert Townsend at the Financial Information Services Agency for their efforts on the project.

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