

I. EXECUTIVE SUMMARY

In this review, we assessed the validity of financial information reported to the City of Rochester and compliance with applicable regulations by organizations conducting bingo games. The Office of Public Integrity selected for examination five of the 11 organizations that conduct bingo games in the City. Additionally, we did an analysis of rent collected by the Bingo Palace to ensure that the City received the required 3% fee from this type of revenue. The results of the review conclude general compliance with regulations, and reported transactions appear accurate and reliable. However, we noted the following exceptions:

- ◆ The Office of Public Integrity noted that three of the five organizations tested had at least one individual working at their bingo games that was not on the approved membership list. State law requires that only individuals approved by the City, after Police Department background reviews, work at bingo games.
- ◆ We observed that none of the workers at the Holy Apostles Parish Council bingo game were wearing identification badges. State law requires all bingo workers to identify themselves by wearing identification badges.
- ◆ The Office of Public Integrity determined that Empire Statesmen Cadets and Friends of RHHS Education did not deposit bingo receipts in accordance with the New York State Racing and Wagering Bingo Regulations. Regulation 5821.8 states that all bingo receipts shall be deposited intact no later than the next business day following the date of a bingo occasion.

II. BACKGROUND, OBJECTIVES, AND SCOPE

A. Assignment

The Office of Public Integrity routinely examines the detail records of a selection of various organizations licensed by the City of Rochester to conduct bingo games. The work plan for the current fiscal year includes the examination of five of these organizations. As part of this review, we also included an analysis of rent revenue reported to the City by the Bingo Palace.

B. Background

The City of Rochester currently authorizes 11 organizations to conduct bingo games in the City. Each organization normally plays at least once weekly for a total of seventeen weekly bingo game occasions, and uses the net proceeds from the games to benefit community-based activities.

State law and City Code strictly regulate all aspects of bingo including bookkeeping requirements and maintenance, record retention, allowable and unallowable expenditures, required amounts of charitable donations, reporting requirements, and game play procedures.

For the calendar year ended December 31, 2008, the City collected \$24,696 in revenue from bingo licensing fees.

C. Objectives And Scope

The objectives of this review were to determine the validity of reported financial information and to verify compliance with applicable regulations.

The Office of Public Integrity randomly selected five organizations for an examination of reported transactions for all games played during the calendar year ended December 31, 2008. We judgmentally selected a sample of expenditures, reported during the year by the organizations, for testing and determined the validity of each selected transaction. The Office of Public Integrity also performed site inspections for each of these organizations while they conducted bingo games. These organizations are:

- Empire Statesmen Cadets
- Friends of Rochester Hebrew High School (RHHS)-Elmwood Building Fund
- Friends of Rochester Hebrew High School (RHHS)-Education
- Holy Apostles Parish Council
- St. Stanislaus Parish Council

Additionally, we completed an analysis of all 2008 rent revenue reported by the organization who operates the Bingo Palace facility to ensure that they properly submitted to the City 3% of the net profit related to this rent revenue.

III. RESULTS OF REVIEW

The results of the review indicate that the organizations generally comply with State and local bingo regulations, and reported transactions appear accurate and reliable. However, we noted exceptions that the following table summarizes:

Organization	Workers Not On Approved Membership Lists	Workers Not Wearing Identification Badges	Untimely Deposits
Empire Statesmen Cadets			X
Friends of RHHS Elmwood Building Fund	X		
Friends of RHHS Education	X		X
Holy Apostles Parish Council	X	X	
St. Stanislaus Parish Council		No findings noted	

A. Workers Not On Approved Membership Lists

New York State General Municipal Law requires bingo organizations to submit for approval, a list of all potential bingo workers. The law permits only those approved individuals to work at bingo games. The City maintains a list of approved workers on file.

The Office of Public Integrity noted one individual working at the Friends of RHHS Elmwood Building Fund game, two individuals working the Friends of RHHS Education bingo game and three individuals working at the Holy Apostles Parish Council bingo game that are not on the approved membership lists for those organizations.

We advised the organizations of the State requirements and they indicated that either they would add these individuals to their approved membership lists, or they would no longer allow them to work at their bingo games.

B. Workers Not Wearing Approved Membership Badges

State Racing and Wagering Board Regulation 5820.4 requires all bingo workers to identify themselves by wearing badges approved by the Racing and Wagering Board. Public Integrity noted that none of the workers at the Holy

Apostles Parish Council bingo game were wearing identification badges at the time of our visit.

We informed the organization of this requirement, and they indicated that they would conform in the future.

C. Untimely Deposits

During the financial reviews of Empire Statesmen Cadets and Friends of RHHS Education, we noted deposits not made in accordance with New York State Racing and Wagering Bingo Regulation Section 5821.8.

The Empire Statesmen Cadets did not deposit bingo receipts from an occasion on December 26, 2008 until January 7, 2009. Additionally, at the time of our review, Friends of RHHS Education had not deposited bingo receipts of \$312.25 from an occasion on March 18, 2008. OPI informed Friends of RHHS Education of this finding. However, they were unaware of it and could not account for the bingo receipts from the date in question. The organization had not filed a police report.

As a result of this audit, the organization deposited \$312.25 on March 8, 2009. Public Integrity advised the organizations to deposit bingo receipts by the next business day as required and to report any suspected lost or stolen funds immediately.

IV. CONCLUSION

The validity of the reported transactions for the organizations tested appears reasonable. However, we noted several occurrences in which organizations were in violation of State regulations to a limited extent. The Office of Public Integrity informed the organizations of these violations, and they agreed to conform to required regulations. Based on these results, Public Integrity does not consider any further testing necessary.