

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 (OPI) selected for examination five of the 11 organizations that conduct bingo games in the City. Additionally, we performed 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 their approved membership lists. State law requires that only individuals approved by the City, after Police Department background reviews, work at bingo games.
- ◆ The Talmudical Institute Ladies Organization expended bingo funds for an air conditioning unit without the required approval by the New York State Racing and Wagering Board.
- ◆ The Office of Public Integrity noted that the St. Stanislaus Church bingo organization issued checks made payable to cash. State law prohibits writing any checks payable to cash.
- ◆ The Office of Public Integrity noted that the Talmudical Institute Ladies Organization did not donate to a charitable organization for 2007, as required by State law.

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. Additionally, we included as part of this review, 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 plays at least once weekly for a total of 17 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, 2007, the City collected \$11,817.47 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, 2007. 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
Empire Statesmen Boosters Inc.
St. Stanislaus Church
Miriam and Baruch Elencwajg Foundation
Talmudical Institute Ladies Organization

Additionally, we completed an analysis of all 2007 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:

<u>Organization</u>	<u>Workers Not On Approved Membership Lists</u>	<u>Unauthorized Purchase</u>	<u>Checks Made Payable To Cash</u>	<u>Required Donations Not Made</u>
Empire Statesmen Cadets	X			
Empire Statesmen Boosters Inc.	X		X	
St. Stanislaus Church				
Miriam and Baruch Elencwajg Foundation		No findings noted		
Talmudical Institute Ladies Organization	X	X		X

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 two individuals working at the Empire Statesmen Boosters bingo game, one individual working at the Empire Statesmen Cadets bingo game, and one individual working at the Talmudical Institute Ladies Organization 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. Unauthorized Purchase

New York State Racing and Wagering Rules and Regulations states that organizations must submit a request for approval to the Racing and Wagering Board when using bingo funds for certain purchases, including the purchase of an air conditioning unit. The Talmudical Institute Ladies Organization purchased an air conditioning unit for the bingo hall with bingo

funds but did not file the proper request with New York State Racing and Wagering Board prior to making this purchase. We informed the organization of this and requested that they seek prior approval for future purchases when required. The organization stated they will comply.

C. Organization Issuing Checks Payable To Cash

State Racing and Wagering Board Regulation 5821.9 states that "at no time shall a check be made payable to cash." The Office of Public Integrity noted three checks written to cash from the St. Stanislaus account. We informed the St. Stanislaus organization of this State regulation and they indicated that they would conform to this requirement in the future. The intended expenditures paid with the proceeds of these checks appear proper.

D. Required Donations Not Paid

New York State Racing and Wagering Board Rules and Regulations state that organizations shall donate to an approved charitable organization at least one third of the net profits derived from bingo. Public Integrity determined that the Talmudical Institute Ladies Organization did not donate any of its net profits for the 2007 calendar year. We informed the organization of this finding and, as a result, they have made the required charitable donation.

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, the Office of Public Integrity does not consider any further testing necessary.