

I. EXECUTIVE SUMMARY

In this review, we assessed the validity of reported 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 three of the seven organizations that currently conduct bingo games in the City of Rochester. Additionally, we performed an analysis of rent collected by the Bingo Palace for calendar year 2011 to ensure that the City received the required 3% fee from this type of revenue. The results of the review indicate general compliance with regulations, and reported transactions appear accurate and reliable. However, we noted the following exceptions:

- ◆ OPI noted that two of the three organizations tested had at least one individual working at their bingo games that was not on their approved membership list. State law requires that only individuals approved by the City, after Police Department background reviews, work at bingo games.
- ◆ OPI noted that two of the three organizations tested did not have a current bingo license on display during the occasion. State law requires that a current bingo license be conspicuously displayed during bingo occasions.

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 three of these organizations. Additionally, as part of this review, we included an analysis of rent revenue reported to the City by the Bingo Palace.

B. Background

The City of Rochester currently authorizes seven organizations to conduct bingo games in the City. Each organization plays at least once weekly for a total of eleven 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, 2011, the City collected \$8,499 in net 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 three organizations for an examination of reported transactions for all games played during the calendar year ended December 31, 2011. We judgmentally selected a sample of expenditures from the organizations for testing and determined the validity of each selected transaction.

OPI also performed site inspections for each of these organizations while they conducted bingo games. These organizations are:

Friends of Rochester Hebrew High School
St. Stanislaus Church
Talmudical Institute Ladies Organization

Additionally, we completed an analysis of all 2011 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 the exceptions summarized in the following table:

<u>Organization</u>	<u>Workers Not On Approved Membership Lists</u>	<u>Current Bingo License Not Displayed</u>
Friends of RHHS Education	X	X
Talmudical Institute Ladies Organization	X	X
St. Stanislaus Church	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 two individuals working at the Friends of Rochester Hebrew High School Education bingo game and one individual working at the Talmudical Institute Ladies Organization 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. Current Bingo License Not Displayed

New York State General Municipal Law requires bingo organizations to conspicuously display a current bingo license at every bingo occasion.

The Office of Public Integrity noted two of the three organizations did not have a current valid bingo license displayed on the date of the occasion. Upon our request, the Member in Charge located the current licenses in the office. We advised the organizations of this State requirement and they indicated they would display valid current licenses accordingly.

IV. CONCLUSION

The validity of the reported transactions for the organizations tested appears reasonable. However, we noted 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.