



Association of Local Government Auditors

September 19, 2024

Mr. Timothy Weir,
Director of the Office of Public Integrity,
City of Rochester
85 Allen Street, Suite 100
Rochester, NY, 14608

Dear Mr. Weir,

We have completed a peer review of the City of Rochester Office of Public Integrity for the period January 1, 2021, through December 31, 2023 and issued our report thereon dated September 19, 2024. We are issuing this companion letter to offer certain findings and recommendations stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- The Office of Public Integrity conducts a very comprehensive risk assessment on a regular periodic basis. This is an impressive analysis of the risks that could impact the City of Rochester's ability to deliver services to its citizens. The risk assessment helps identify areas of City operations that could benefit from the services provided by your office.
- The excellent quality of the audit work performed in association with the audits produced provides assurance to stakeholders the objectives of the audits were achieved.

We offer the following findings and recommendations to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- **Standard 3.64** requires:
"Before auditors agree to provide a nonaudit service to an audited entity, they should determine whether providing such a service would create a threat to independence, either by itself or in aggregate with other nonaudit services provided, with respect to any GAGAS engagement they conduct."
- **Standard 3.83** requires:
"Auditors who previously provided nonaudit services for an entity that is a prospective subject of an engagement should evaluate the effect of those nonaudit services on independence before agreeing to conduct a GAGAS

engagement. If auditors provided a nonaudit service in the period to be covered by the engagement, they should (1) determine if GAGAS expressly prohibits the nonaudit service; (2) if audited entity management requested the nonaudit service, determine whether the skill, knowledge, or experience of the individual responsible for overseeing the nonaudit service was sufficient; and (3) determine whether a threat to independence exists and address any threats noted in accordance with the conceptual framework.”

We noted as part of our interviews of staff, such determinations and evaluations were occurring. However, demonstrating compliance with Standards 3.64 and 3.83 would be enhanced by documenting and including such determinations and evaluations in the workpapers supporting such engagements. Accordingly, we recommend an evaluation of the impact of any nonaudit services provided by the Office of Public Integrity be documented within the respective engagement’s workpapers.

- **Standard 5.43** requires,
“The audit organization should perform monitoring procedures that enable it to assess compliance with professional standards and quality control policies and procedures for GAGAS engagements. Individuals performing monitoring should have sufficient expertise and authority within the audit organization.”
- **Standard 5.44** requires,
“The audit organization should analyze and summarize the results of its monitoring process at least annually, with identification of any systemic or repetitive issues needing improvement, along with recommendations for corrective action. The audit organization should communicate to the relevant engagement partner or director, and other appropriate personnel, any deficiencies noted during the monitoring process and recommend appropriate remedial action. This communication should be sufficient to enable the audit organization and appropriate personnel to take prompt corrective action related to deficiencies, when necessary, in accordance with their defined roles and responsibilities. Information communicated should include the following:
 - a. a description of the monitoring procedures performed;*
 - b. the conclusions reached from the monitoring procedures; and*
 - c. when relevant, a description of systemic, repetitive, or other deficiencies and of the actions taken to resolve those deficiencies.”*

The peer review team noted that due to the small size of the Office and the hands-on nature of the Director, such monitoring occurs on a continuous basis. As such risks associated with the absence of a formal monitoring process are mitigated. We recommend a formal documented monitoring of the Office of Public Integrity’s audit activities be conducted and the results of those monitoring procedures be communicated to appropriate individuals.

- **Standard 8.27** requires:
“Auditors should inquire of management of the audited entity whether any investigations or legal proceedings significant to the audit objectives have been initiated or are in process with respect to the period under audit, and should evaluate the effect of initiated or in process investigations or legal proceedings on the current audit.”
- **Standard 8.59** requires:
“The effectiveness of significant internal controls frequently depends on the effectiveness of information systems controls. Thus, when obtaining an

understanding of internal control significant to the audit objectives, auditors should also determine whether it is necessary to evaluate information systems controls.”

Standard 8.68 requires:

“Auditors should identify any provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives and assess the risk that noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur. Based on that risk assessment, the auditors should design and perform procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives.”

Standard 8.71 requires:

“Auditors should assess the risk of fraud occurring that is significant within the context of the audit objectives. Audit team members should discuss among the team fraud risks, including factors such as individuals’ incentives or pressures to commit fraud, the opportunity for fraud to occur, and rationalizations or attitudes that could increase the risk of fraud. Auditors should gather and assess information to identify the risk of fraud that is significant within the scope of the audit objectives or that could affect the findings and conclusions.”

As part of the audit engagement planning process certain procedures must be conducted. During our interviews of staff, we concluded such procedures were taking place; however, we did not always identify evidence supporting the completion of those procedures within audit engagement workpapers. We recommend the consideration and completion of each of the above noted standards be documented within the workpapers of all audit engagements.

We extend our thanks to you, your staff, the Mayor, and the Deputy Mayor for the hospitality and cooperation extended to us during our review.

Sincerely,



Dennis Sutton, CPA, CIA,
CIG
City of Tallahassee, Office
of the Inspector General



Claudia Casasola
Southern California
Regional Rail Authority
Internal, Audit Department



Spencer Bright, CIA, CFE, CCA,
CGAP
Port of Seattle, Internal Audit