

# Office of Public Integrity Annual Report

June 30

# 2024

FY 2023-24 Highlights

**Audit,  
Investigations,  
and Ethics**



City of Rochester  
Malik D. Evans, Mayor

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# Executive Summary

The mission of the Office of Public Integrity (OPI) is to provide objective, independent audit and investigative services to deter and detect fraud, waste, and abuse within City government. As a result of the audits and investigations, OPI identifies deficiencies and provides recommendations for improvement. In addition, OPI develops and provides employee training on topics such as ethics awareness, internal control, and risk management.

The following are highlights of the work performed by OPI during the fiscal year ending June 30, 2024:

- Evaluated and procured internal audit management software to automate and streamline the internal audit process.
- Onboarded two City Fellow interns to support audits, investigations and related projects
- Principal Auditor selected for the City's Team of Leaders Program and attended quarterly leadership working group sessions.
- OPI attended monthly meetings as a member of the City's Data Governance Committee.
- Evaluated 172 complaints, tips, and information received via walk-ins, telephone or email hotline, and other sources.
- Finalized 11 audits/projects and issued twelve findings and recommendations.
- Conducted 30 administrative investigations and issued 44 findings and recommendations.
- Provided 26 ethics training sessions for new employees and RFD management personnel.
- Staff completed 92.5 hours of professional development training focused on internal audit and investigations.
- Administered the City's Board of Ethics to include the Financial Disclosure Program.
- OPI participated in quarterly meetings as part of the Mayor's Office of Budget Equity Team.

Over the past year, OPI remained responsive to City management and strived to provide timely, accurate, objective audits, reviews and investigations in an effort to foster accountability and transparency throughout City government. OPI audits and investigations were conducted in accordance with standards set forth by the United

States Government Accountability Office, the Institute of Internal Auditors, and the Association of Inspectors General<sup>1</sup>.

## Authority and Responsibilities

OPI was established by statute in 2006 and its purpose, authority, and responsibilities are codified in Section 3-13 of the Rochester City Charter:

*Section 3-13. **Director of the Office of Public Integrity.** The head of the Office of Public Integrity shall be the Director of the Office of Public Integrity. Under the supervision of the Mayor, he or she shall articulate the standards of business conduct for the City and shall coordinate the analysis, investigation and resolution of concerns and complaints involving City government operations. The Director shall oversee the Manager of Internal Audit and the internal audit staff, which shall develop and conduct an internal audit program on a timely basis. Such program shall examine the financial records and procedures of all city departments, bureaus and their subdivisions in accordance with accepted auditing principles and practices.*

The mission of the Office of Public Integrity (OPI) is to examine management controls to deter and detect fraud, waste and abuse, and to promote efficiency and effectiveness in the programs and operations of the City of Rochester. OPI also provides leadership and guidance in promoting compliance with the City's Code of Ethics. OPI accomplishes its mission through research and data collection, audits and investigations.

### Investigations

- Conduct preliminary inquiries and full investigations into allegations of fraud, waste, and abuse involving City employees, contractors, grantees, and other recipients of funds relating to City programs and operations.
- Conduct investigations of City employees, contractors, grantees, and other recipients of City funds to ensure compliance with City policies and procedures as well as the City's Code of Ethics.
- Provide strategic investigative services to City leadership to resolve concerns of impropriety, non-compliance, conflict of interest, or other allegations of wrongdoing.

### Internal Audit

- Conduct internal audits of City programs and operations in accordance with generally accepted auditing standards.
- Issue audit reports to include findings of deficiency and recommendations for improvement to City leadership.

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<sup>1</sup>Quality of Standards for Offices excluded

- Provide support to the independent CPA firm contracted to conduct annual audits of the City's financial statements.
- Identify internal control weaknesses and provide recommendations for improvement to City operations.
- Conduct forensic audits and provide analysis in support of OPI investigations.
- Develop and implement cost effective risk management strategies to reduce the City's exposure to fraud, waste, and abuse.
- Provide consulting services to City departments.
- Review City-wide policies and procedures to improve operations and mitigate risks.
- Provide guidance and training to City departments in proper cash handling procedures, the safeguarding of City assets, and other enterprise risk mitigation strategies.

### **Ethics**

- Act as a clearinghouse for ethical issues raised by City employees, residents, and businesses.
- Coordinate with the City's Ethics Board to resolve complex ethical issues and provide recommendations for Code revisions when appropriate.
- Provide employee ethics training and promote overall awareness and understanding of the City's Code of Ethics to ensure compliance.
- Coordinate with Employee Safety to evaluate Workplace Violence Reports.

## **Structure and Staffing**

In accordance with the City Charter, the Director of OPI is appointed by the Mayor and is a member of the Mayor's Senior Management Team. Organizationally, the office is a component of the Office of the Mayor and the OPI Director reports to the Mayor. OPI's staff is comprised of experienced internal auditors, investigators and administrative personnel.

During Fiscal Year 2024, the Office of Public Integrity was comprised of the following staff:

- Director (1)
- Executive Assistant (1)
- Auditor (3)
- Senior Field Auditor/Investigations (1)
- Integrity Compliance Officer (1 part-time)

# Professional Development, Qualifications and Certifications

OPI conducts audits, investigations, reviews and other special projects in compliance with the following auditing and investigating standards:

- Government Auditing Standards of the United States Government Accountability Office.
- International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA).
- Principles and Standards for Offices of Inspector General of the Association of Inspectors General.<sup>1</sup>

## **Audit Staff Qualifications**

OPI audit staff is required to meet the occupational requirements for the GS-11 Auditing Series. The basic requirements for this series include a degree in accounting or related field that is supplemented by 24 semester hours of college-level accounting courses, or a combination of education and experience with specific background requirements. Additionally, all staffers are required to meet the continuing professional educational requirements required by the Government Auditing Standards (Yellow Book).

## **Professional Certifications**

Staff members assigned to OPI hold the following professional certifications:

- Certified Government Auditing Professional (CGAP) -1
- Certified Public Accountant (CPA) -1
- Certified Inspector General (CIG) - 1
- Certified Fraud Examiner (CFE) -1

## **Professional Development**

Professional development is critical to success and over the past year OPI committed to expanding office personnel knowledge in areas such as risk assessment, internal controls, information technology, public sector auditing, and internal audit best practices.

Staff earned 92.5 hours of continuing professional education (CPE) in the following areas:

- Technology
- Information Cyber Security
- Government Auditing Standards
- Internal Audit
- Ethics and Compliance

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<sup>1</sup>Quality of Standards for Offices excluded

- Fraud and Corruption Risks
- Forensic Accounting
- Data Analytics
- Diversity and Inclusion

### **Professional Organization Affiliations**

OPI is a member of or affiliated with the following professional organizations:

- American Institute of Certified Public Accountants
- New York State Society of Certified Public Accountants
- Association of Certified Fraud Examiners
- Association of Inspectors General
- The Institute of Internal Auditors
- Association of Local Government Auditors

## **Budget**

OPI's yearly budget is funded by the City's general fund and is a sub-component of the Office of the Mayor's budget. OPI's amended budget for fiscal year (FY) 2024 was \$731,900. with actual expenditures of \$ 667,597. The Office of Public Integrity's approved budget for FY 2025 is \$ 769,800. OPI's FY 2025 budget represents 0.11% of the City's total budget.

## **Risk Assessment**

OPI developed a Risk Assessment Model to identify areas that posed the greatest risk and liability to the City. The end product of this risk assessment was an audit plan that concentrated on areas identified as the highest risk.

Risk assessment is a process used to score potential audits based upon specific risk factors related to an entity's operations, internal controls, and estimated liability to the City. Examples of specific risk factors used to formulate the Risk Assessment Model include external market and reputation, financial, operational, legal and regulatory, strategic, technology and systems, people and culture, fraud, time-lapse since last audit, and previous audit findings.

The development of an audit plan, using the Risk Assessment Model as an integral component, is a dynamic process. Audit planning allows the Internal Audit unit of OPI to attain current information about City departments for use in the risk assessment process. Risk factors and scoring methodologies are periodically reviewed by OPI personnel and refined as needed.

### **Principles for the Risk Assessment Model**

In order to provide practical guidance and a framework for the development of the Risk Assessment Model, the Risk Management Team utilized the following principles:

- Consideration to unique situations and circumstances (i.e., special audits) which would supersede scheduled audits with higher risk scores.
- Recognition that audit resources are limited, which prohibits 100% audit coverage each year. This limiting factor is inherent in the concept of utilizing a risk assessment model to help prioritize audits.
- The risk assessment criteria used in the ranking of the audits places an emphasis on perceived or actual knowledge of the particular area's system of internal controls.
- The audit plan is developed with an understanding that there are inherent risks and limitations associated with any method or system of prioritizing audits. We will periodically evaluate and modify the risk factors and scoring process in order to improve the audit plan.

## Audits

The Office of Public Integrity helps improve City operations and programs by providing management with timely and independent audits.

An audit examines a City program or activity, and recommends solutions to issues, if warranted. OPI conducts both financial and performance audits. Financial audits include annual examinations of the costs incurred on grants and contracts, indirect costs, and internal controls. Financial statement audits determine whether the financial statements of an entity are fairly presented.

Performance audits include economy and efficiency audits and program audits. Economy and efficiency audits assess whether entities are managed with regard for program and financial integrity, effectiveness measurement, and compliance with applicable laws, regulations and grant provisions. Program audits measure achievement of desired results or benefits.

### **Major Areas Covered by OPI Audits**

Audits focus on areas intended to enhance the management and overall performance of the City, review the City's oversight of programs, and assess the City's progress toward achieving its strategic goals.

Typical audits include examinations of financial statements, grant funding received, grants awarded by the City, and other operational areas.

The OPI Audit Unit also conducts performance audits, which take a broader view of City programs and procedures and provide useful, timely and reliable information to management with the goal of effecting positive change. Performance audits combine the best features of various disciplines, including traditional program and financial evaluations, survey research, operational auditing, program monitoring, compliance reviews, and management analysis. These audits make extensive use of City documents and data, interviews with employees, grantee and sub-grantee personnel.



## **OPI Audit Selection**

Auditing is a risk-based process where specific audits are determined by a range of factors. The OPI Audit Unit develops an audit plan triennially, which identifies the audits scheduled for the next three fiscal years. The plan includes any legislatively mandated audits and a number of discretionary audits. Each year, the OPI Audit Unit reviews the audit plan to ensure that it still reflects the current risk landscape.

Discretionary audit work is prioritized based on a number of factors including:

- Areas of emphasis by the Mayor, Senior Management Team members, or other stakeholders;
- Issues that pose a threat to public health and safety;
- Programs or processes identified as susceptible to fraud, manipulation, or other irregularities;
- Newness, changed conditions, or sensitivities of program activities;
- Dollar amounts or personnel resources involved in the audit area;
- Adequacy of internal controls.

While the OPI three year audit plan allocates all resources for each of the next three fiscal years to specific audit assignments, it is a flexible document that will also incorporate high-priority assignments that may arise during the course of the year.

## **Steps in the OPI Audit Process**

All audits begin with objectives that initially determine the type and scope of the work to be performed. The following steps are used in each OPI audit:

**Notification Letter:** OPI will usually notify the auditee, or subject of the audit, in writing, prior to the scheduled start date of an audit; however, there are circumstances where no advance notification will be provided.

**Survey:** Early in the process, the auditors gain an understanding of the program by obtaining background information on the auditee's mission, resources, responsibilities, key personnel, operating systems and controls.

**Developing the Audit Program:** The program provides a plan of the work to be done during the audit and is a set of procedures specifically designed for each audit. The program also assists in assigning and distributing work to auditors working on the engagement, assists in controlling the work, and provides a checklist to guard against the omission of necessary procedures.

**Entrance Conference:** Held at the beginning of each audit, its purpose is to provide auditee management with information on the function or activity being reviewed, and a description of the audit scope and objectives. Other areas covered include time frames for completing the audit; access to necessary records, information and personnel; and introduction of the audit team members.

The entrance conference also provides a forum to answer questions about the audit process and establishes lines of communication among all parties.

**Fieldwork:** This phase consists of applying the audit procedures described in the audit program and any modifications thereto, and reviewing the work performed. The review documents that audit procedures have been properly applied, that the work is satisfactory, that working papers are complete and adequate, and that all procedures have been completed.

**Draft Report:** After fieldwork is completed, a Draft Audit Report is prepared. This report will normally be issued to auditee and City officials with a request that they provide written comments within 30 days. The Draft Audit Report is a “work-in-progress” and is not a public document.

**Exit Conference:** This is conducted at the end of audit fieldwork, and after completion of a Draft Audit Report. OPI may provide a draft copy of the audit report to City and auditee officials before the exit conference to facilitate a full and open discussion of the audit’s findings and recommendations. It also provides City and auditee officials with an opportunity to confirm information, ask questions, and provide clarifying data.

**Final Report:** At the end of the 30-day response period, and after reviewing and assessing the auditee’s and City’s written responses to the Draft Audit Report, OPI issues the Final Audit Report for resolution of the recommendations. The Final Audit Report aims to provide a fair, complete and accurate picture of the audited area at the time the audit took place. This report usually includes a description of the scope, objectives, and methodology of the audit, and a description of the findings and recommendations for corrective action. It also includes, as appendices, the written responses to the Draft Audit Report by City and auditee officials.

## **Audit Plan**

The Office of Public Integrity (OPI) recognizes that an overall strategy and audit plan is important to meet the goals, objectives, and mission of our office. We use a dynamic risk-based approach for selecting and prioritizing audits. The audit plan also facilitates the efficient allocation of OPI's resources and ensures our office remains focused on those areas which pose the highest risk to the City.

An audit plan benefits the organization by:

- Establishing what departments, contracts, or other areas will be prioritized for audits on an annual basis.
- Permitting an efficient allocation of limited resources.
- Providing a flexible basis for managing audit personnel.

We utilize several techniques to identify and prioritize audits in the three-year plan. These techniques include:

- Input from the Administration and the City Council.
- Knowledge of operations and internal controls derived from previous audits.
- Utilization of risk assessment criteria.

Audits considered for the audit plan are compiled from suggestions by OPI staff, Administration staff, City Council as well as complaints and other sources of information. We evaluate and rate the suggestions using a risk assessment matrix. The audits selected for the plan are based on the impact the audit would have (the problems or risks it would address and the likely types of findings and recommendations to result); the sensitivity, complexity, and difficulty of the project compared to its likely impact; staff qualifications and other resources available. Additionally, we try to display a presence across all City departments.

We devote part of the annual plan to follow-ups. A follow-up audit assesses the progress made on issues identified in a previous audit, one or more years after its release.

The following chart lists the audits that were included in this fiscal year’s audit plan, along with the hours worked on these assignments and their status. Additionally, the chart captures audits that were not on the original plan but were conducted at the request of members of Senior Management and/or the Mayor.

**Office of Public Integrity  
Summary of Audits and Projects  
For the Fiscal Year Ended June 30, 2024**

Department	Audit	FY '21 Hours	Status
RFD	Fire Department Payroll Process	251	Completed
Finance	Purchase Card Program Review	251	Completed
DES	Water Bureau Inventory	125	Completed
DHRM	2024 DHRM Petty Cash Review	32	Completed
DHRM	Health Benefits Review	102	Completed*
Administration	Financial Disclosure Conflict Review FY24	92	Completed
DRHS	Teen Pregnancy Prevention Grant	71	Completed*
Administration	Risk Assessment FY2023	213	Completed*
Library	Frederick Douglas Library Branch	283	Completed
NBD	Employee Property Code Violations	84	Completed ~
Administration	Annual Financial Disclosures	90	Completed /
DRHS	Payroll Process	652	9/16/2024**
DRHS	ROC City Music Grant	205	10/1/2024**
Administration	Workiva Implementation	712	Ongoing ~
DRHS	Animal Services Cash Collections	46	Ongoing
* Started in previous fiscal year ~ Office Projects ** Estimated completion date / Estimate			

## Audit Results

### PURCHASE CARD PROGRAM REVIEW

#### Executive Summary

In this review, we assessed the adequacy of Purchasing Card (P-card) procedures used by custodians and determined the extent of compliance with P-card policies. The Office of Public Integrity (OPI) reviewed P-card purchases made during the period July 1, 2022 through June 30, 2023. This review established general compliance with P-card guidelines. However, we noted the following finding that requires management attention to improve compliance with prescribed policy:

- ◆ P-cards are not transferrable and only a City employee who has signed a Cardholder Acknowledgement Form and signed the back of the card is authorized to use the card for purchases. We noted three names on the P-Card Custodian List who were no longer employed with the City at the time the list was generated.

#### Recommendation

The program administrator should maintain an updated P-card Custodian List. Former custodians, as well as new custodians, should be addressed on the custodian list in a timely manner.

#### Management Response

The Department of Finance accepts the recommendation from the Office of Public Integrity to maintain an up to date P-card custodian list, and concurs that maintaining this list is vital. We will continue to work with department liaison's to ensure that employee separations and return of P-cards are conveyed and remitted in a timely manner.

### ROCHESTER FIRE DEPARTMENT PAYROLL PROCESS

#### Executive Summary

The Office of Public Integrity (OPI) conducted a review of payroll for International Association of Firefighters (IAFF) uniformed employees in the Rochester Fire Department. OPI examined the adequacy of the procedures used to account for employee paid hours, the effectiveness of internal controls in the payroll process, and compliance with approved policies and practices.

The results of the review indicate several internal control deficiencies exist that require management attention to improve administrative and internal controls.

- ◆ OPI noted differences between the payroll data reported in RFD's Red Alert scheduling software program for IAFF uniformed employees and the payroll data reported to payroll registers in the City's Department of Human Resources Management (DHRM).
- ◆ OPI noted payroll procedures are not documented.
- ◆ OPI noted a lack of separation of duties with regards to the reporting, reconciling and approval of payroll hours for RFD employees.
- ◆ OPI noted a lack of internal control with regards to the safeguarding of data in Red Alert.
- ◆ OPI noted three of five final pay documents requested to support the final payroll for IAFF retirees were not available for review.

### Recommendations

The RFD should consider utilizing a software system that can be integrated with the City's Workday payroll system and adequately track the hours and accruals of IAFF employees. If it is not possible to find a software system that can adequately manage IAFF employee payrolls, RFD should review the current procedures to identify and potentially minimize the manual processes and calculations.

RFD should work with DHRM to conduct an overall review of the Fire Chief's Office documented procedures and implement changes to improve their internal control. Tasks and responsibilities should be clearly detailed and documented. Policies and procedures related to these tasks and responsibilities as well as how they are to be performed should be created and documented as well.

Formulas and calculations used to make determinations should be formalized and approved by management. DHRM should have an overall knowledge of how payroll is processed in RFD and have access to documentation needed to conduct routine audits of payroll.

The Fire Chief's Office should cross-train staffers. The responsibilities of reporting, reconciling and approval of payroll hours for RFD employees should not all be completed by one individual. They should document and clearly communicate who will initiate, submit, process, authorize, review and/or reconcile each activity within the unit. If the separation of duties is not possible or sufficient to eliminate or reduce the risk of discovering errors, the level of review by management should be increased.

The ability to edit information that is used to process payroll should be limited. The Fire Chief's Office should review the appropriateness of

access for staff officers, line battalion chiefs, line deputy chiefs, the deputy chief's clerk and the RFD payroll clerk to ensure the appropriate level of access has been granted and to alter access as needed. The system should provide an audit trail, which includes the ability to easily identify changes made to the data. If it is not possible to limit access, management should increase the level of review.

The Fire Chief's Office should establish and document a policy for the maintenance of supporting documentation for final payout calculations. This policy should ensure that calculations and records that are used to determine a final payout amount are stored in a secure and centralized location that is accessible to the necessary RFD administration. This confirms that the integrity and privacy of records is preserved and ensures that sensitive information cannot be accessed by unauthorized individuals.

DHRM should perform routine audits of the RFD payroll to ensure its accuracy. They should work with RFD to design and implement a payroll audit program that provides adequate oversight of RFD payroll. This program should include steps to ensure that the proper authorizations have been attained and that documentation is accurate and complete. DHRM should also have the ability to routinely reconcile payroll and should work with RFD to increase their knowledge of the RFD payroll process. DHRM should be given access to Red Alert for the purpose of researching and reconciling RFD payroll.

### Management Response

#### OPI Recommendation

The Fire Chief's Office should cross-train staffers. The responsibilities of reporting, reconciling and approval of payroll hours for RFD employees should not all be completed by one individual. They should document and clearly communicate who will initiate, submit, process, authorize, review and/or reconcile each activity within the unit. If the separation of duties is not possible or sufficient to eliminate or reduce the risk of discovering errors, the level of review by management should be increased.

RFD Response: We agree that there is a need for staff cross-training and separation of duties in the payroll process.

- On July 31, 2023 RFD hired a Payroll Management Supervisor to oversee the payroll functions of the Administrative Analyst.
- This oversight provides a second level of review for payroll related data and allows for some separation of duties.

The Payroll Management Supervisor reports to the Executive Deputy Chief of Administration with additional review capabilities.

The Payroll Management Supervisor has taken the recommendations from the PMO office and created a draft guide of payroll processes that delineates tasks and responsibilities.

#### OPI Recommendation

The ability to edit information that is used to process payroll should be limited. The Fire Chief's Office should review the appropriateness of access for staff officers, line battalion chiefs, line deputy chiefs, the deputy chief's clerk and the RFD payroll clerk to ensure the appropriate level of access has been granted and to alter access as needed. The system should provide an audit trail that includes the ability to easily identify changes made to the data. If it is not possible to limit access, management should increase the level of review.

RFD Response: We agree that the ability to edit payroll information should be limited.

- Payroll time and attendance for IAFF members is reported in the RedNMX system, which is a scheduling system and not designed for timekeeping.
- This system has limited audit trail capabilities.
- Access to the system with edit capability is based primarily on scheduling needs
- Edits for scheduling can have an unintended impact on timekeeping.
- All IAFF employees have access to read only information regarding scheduling. Only management level employees have editing capabilities based upon the needs of their job function.

RFD is working with the PMO and other departments to transition to dedicated scheduling and timekeeping systems.

#### OPI Recommendation

The Fire Chief's Office should establish and document a policy for the maintenance of supporting documentation for final payout calculations. This policy should ensure that calculations and records that are used to determine a final payout amount are stored in a secure and centralized location that is accessible to the necessary RFD administration. This confirms that the integrity and privacy of records is preserved and ensures that sensitive information cannot be accessed by unauthorized individuals.

RFD Response: We support the need to document and provide a policy for confidential final payout calculations

- RFD worked with PMO, Budget, Law and Labor Relations, OPI and City Payroll to develop a draft policy for the final calculation payout.
- This policy is being finalized for full implementation from the Fire Chief's office and is awaiting the necessary data and modifications for the transition to the



- 24-hour schedule on 1/1/24 prior to official publication.
- As of June 2023, RFD has been using this draft policy for final payout calculations.
  - Back-up for payout calculations are provided to City Payroll and a copy is maintained by Payroll and sign-off will be required by the Fire Chief's Office or designee.

#### OPI Recommendation

The RFD should consider utilizing a software system that can be integrated with the City's Workday payroll system and adequately track the hours and accruals of IAFF employees. If it is not possible to find a software system that can adequately manage IAFF employee payrolls, RFD should review the current procedures to identify and potentially minimize the manual processes and calculations

RFD Response: We agree there is a definite need for a software system that can integrate the City's Workday payroll system with the timekeeping needs of IAFF employee.

- RFD is working with PMO, RPD, IT, ECD, Budget, Payroll & DHRM to develop an RFP for a new time and attendance system and it is anticipated that this system will be in place for 2025.

#### OPI Recommendation

DHRM should perform routine audits of the RFD payroll to ensure its accuracy. They should work with RFD to design and implement a payroll audit program that provides adequate oversight of RFD payroll. This program should include steps to ensure that the proper authorizations have been attained and that documentation is accurate and complete. DHRM should also have the ability to routinely reconcile payroll and should work with RFD to increase their knowledge of the RFD payroll process. DHRM should be given access to Red Alert for the purpose of researching and reconciling RFD payroll.

RFD Response: RFD recognizes and supports the need for DHRM to be fully knowledgeable of all RFD payroll components.

- DHRM has been made aware that they can have access to the Red Alert system for research and reconciliation purposes.
- RFD provided an overview of the Red Alert System, as a part of this payroll review process, to several City department representatives.
- RFD will continue to collaborate with DHRM to improve audit processes and identify ways to increase their capabilities to perform audits of RFD provided payroll data.

- Some payroll processes (ex. mileage, shift differentials) have recently been automated to minimize human error and make the calculation process more transparent.

## DES WATER BUREAU INVENTORY

### Executive Summary

The Office of Public Integrity (OPI) observed the annual physical inventory of the Department of Environmental Services (DES), Bureau of Water on October 27 and 28, 2023. This inventory includes the Water stockroom, the Street Lighting stockroom, the Department of Recreation and Human Services (DRHS), Bureau of Recreation inventory and the DES Cemeteries inventory maintained by the Bureau of Water. The results of the inventory indicate that the Bureau of Water maintains adequate inventory control.

- ◆ OPI did not note any variances in the sample selection of Water stockroom inventory items indicative of the differences between the physical counts and the quantities recorded in the perpetual records. This represents a sample error rate of 0%. The previous inventory resulted in a sample error rate of 0%.
- ◆ OPI noted twelve variances in the Street Lighting stockroom inventory items indicative of differences between the physical counts and the quantities recorded in the perpetual records. This represents a true error rate of 2.1%. In the previous inventory, we noted an error rate of 1.2%.
- ◆ OPI noted two variances in the sample selection of DRHS, Bureau of Recreation inventory items indicative of differences between the physical counts and the quantities recorded in the perpetual records. This represents a sample error rate of 1.2%. In the previous inventory, we noted a sample error rate of 2.9%.
- ◆ OPI did not note any variances in the DES, Cemeteries inventory items. This represents a true error rate of 0%. This stockroom has maintained a 0% variance rate for each inventory since 2013.

### Recommendation

Bureau management should continue cycle counts throughout the year and continue to make inventory control a priority.

### Management Response

I have reviewed the report prepared by the Office of Public Integrity (OPI) for the annual physical inventory of the Department of Environmental Services (DES) Bureau of Water that was conducted on October 27-28, 2023.

As noted in the report, adequate control over the inventory continues to be maintained by the DES Bureau of Water personnel. This is reflected in the observed variance

rates between the physical counts and the quantities recorded in the perpetual records for DES Water, DES Street Lighting, Department of Recreation and Human Services Bureau of Recreation, and DES Cemeteries, which are within the generally accepted threshold for an inventory commensurate with that maintained and managed by the DES Bureau of Water.

Please be assured that, per the recommendation of OPI, the DES Bureau of Water will continue to make inventory control a priority. Thank you for your continued work in ensuring that the Department is following the proper policies and procedures.

## DRHS REVIEW OF PERMITS

### Executive Summary

In this review, the Office of Public Integrity (OPI) examined the Department of Recreation and Human Services (DRHS) permit activity to determine the adequacy of internal control procedures, the accountability of reported revenue collections and compliance with City and departmental policies. The results of the review indicate that, in general, internal controls over DRHS permits are adequate, reported revenues are accurate and DRHS personnel comply with City and departmental policies. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with prescribed policy.

- ◆ OPI noted variances between the DRHS rate schedule and the actual amount charged for seven of the 148 permits selected for detail testing. This is an error rate of 4.7%. This included five undercharges totaling -\$420.00 and 2 overcharges totaling \$42.00 for a net variance of -\$378.00. This is a significant improvement when compared to the previous audit report of DRHS permits issued in 2018 where this testing resulted in an error rate of 19.3%.
- ◆ DRHS refunded one of six permit refunds twice. Each refund was for an amount greater than what the cancellation policy allows. The overpayments total \$262.50.
- ◆ OPI could not trace three permit payments to the City's MUNIS financial system. The total of all payments was \$1,053.18.

### Recommendations

DRHS personnel should continue to exercise care and diligence when determining permit fee rates and they should charge all customers the correct permit fees.

Although we recognize refunds are infrequent and this is an isolated incident, we recommend DRHS personnel exercise care, diligence when calculating, and processing refunds.

Staff should reconcile all permit revenue collected in person and in Perfect Mind to MUNIS to ensure they have accurately reported all revenue to the City's financial

system.

### Management Response

In response to the Office of Public Integrity (OPI) examination of the Department of Recreation and Human Services (DRHS) permit activity, it was reported that the in general the department's internal controls over DRHS permits are adequate, reported revenues are accurate and DRHS personnel comply with City and departmental policies.

However, some items required management attention to improve administrative and internal controls and to ensure compliance; therefore, DRHS will implement the corrective action as follows:

- Rate Variance — DRHS will add holiday charges to R-Central to automatically charge customers for holiday fee in lieu of the current manual process to ensure all customers are charged a holiday fee if applicable.
- Refund Paid Twice Amounts Incorrect — DRHS is working with City's finance department to allow the use of R-Central automatic credit card refund feature to avoid manual refund process errors.
- Deposit Not Recorded In MUNIS — DRHS is working with the City's finance department to implement a MUNIS-XPlor integration to avoid any discrepancy between MUNIS and the payments.

## DRHS TEEN PREGNANCY PREVENTION GRANT

### Executive Summary

In this review, the Office of Public Integrity (OPI) examined the agreement with the Center for Youth Services, Inc. to provide the necessary equipment, personnel and expertise to perform Replication of Evidence-Based Teen Pregnancy Prevention Programs to Scale in Communities with the Greatest Need from the United States Department of Health and Human Services, Office of Adolescent Health. In general, the results of the review indicate that the Center for Youth Services, Inc. is operating the program in accordance with the requirements. We noted that The Center for Youth Services, Inc. utilized grant funding in full compliance with the terms of the agreement. All participant records were complete and accurate. The invoices paid were for allowable expenses and supported with proper documentation without exception.

### Recommendation

None

## Management Response

On August 24, 2023, OPI delivered findings from a review of the C.A.P.P. grant. That review presented no recommendations.

The Department of Recreation and Human Services acknowledges the receipt of the findings and will continue to operate the C.A.P.P. grant funded program in full compliance with the policies set forth by the funder and the City.

## REVIEW OF FREDERICK DOUGLASS BRANCH LIBRARY

### Executive Summary

The Office of Public Integrity (OPI) conducted a review of cash handling at the Frederick Douglass branch of the Rochester Public Library. OPI examined the accountability of reported cash collections, the adequacy of internal control procedures, and compliance with City and Library cash handling policies at the Frederick Douglass Branch Library. We accounted for all reported cash receipts within the test period.

The results of the review indicate that, in general, adequate internal control procedures and compliance with City and Department policies. However, we noted the following findings that require management attention to improve administrative and internal controls, and to ensure compliance with prescribed policies.

During our test period, there were 252 days that the Frederick Douglass Community Library required an "X" reading and verification of cash in the register to be done. OPI noted that library personnel did not take "X", reads on 35 of these days. This is an exception rate of 13.89%.

For the period January 1, 2023 through December 31, 2023, the Frederick Douglass Community Library collected a total of \$2,243.41 in revenue. OPI noted that library personnel delinquent deposited cash collected on 27 of the 301 days in this period. These 27 days account for \$151.87 or 6.7% of the total revenue collected in the test period.

### Recommendation

Library personnel should take "X" reads and count and verify the cash in the register in accordance with the Library's Cash Handling Policy.

### Recommendation

Library personnel should deposit cash collections in accordance with City and Library policies.

## Management Response

Below is the response to the Office of Public Integrity (OPI) examination of Rochester Public Library FY2024 Library - Frederick Douglass Audit. This memorandum is offered regarding your findings.

### 1. OPI Recommendation

Library personnel should take “X” reads and count and verify the cash in the register in accordance with the Library’s Cash Handling Policy.

Department Response: All staff at the Douglass Branch will be required to complete additional cash handling training in the coming months. The Library Finance Office will review the Library’s Cash Handling Policy with staff and emphasize the importance of running X reads per the policy.

### 2. OPI Recommendation

Library personnel should deposit cash collections in accordance with City and Library policies.

Department Response: During the aforementioned Library Cash Handling training, the Library Finance Office will review the required time period in which staff must deposit any cash and the risk factors of depositing cash delinquent. The Library Finance Office will also distribute reminders to all Library staff regarding the City and Library cash handling policies.

## PROPERTY CODE VIOLATIONS REVIEW

The City Code of Ethics {City Charter, Section 2-18(C) (9)} requires City employees to maintain their properties in compliance with appropriate State and Local Codes. Specifically, the City Code of Ethics states:

“No City officer or employee shall own in person or through an agent or broker, or be a principal in any corporation, partnership or other business entity which owns, any real property within the City of Rochester that is in violation of City or State laws or regulations. Property shall be deemed to be in violation when a reasonable and proper notice and order to correct violations duly issued has not been obeyed in a timely manner”.

Violation of the Code of Ethics can subject City employees to disciplinary proceedings pursuant to Section 2-18(E) of the City Charter.

In cooperation with the City’s Neighborhood and Business Development’s (NBD’s) Code Enforcement, OPI identified City employees with property code violations that have been outstanding in excess of one year. Once identified, the Director of OPI emailed each senior management member who had an employee(s) in violation of the Code. As part of this email communication, the Director asked that they notify their employee(s) of the

violation(s) and encourage their prompt attention to this matter. OPI also provided senior managers with draft language to consider when preparing a notification letter to the employee(s) in violation. This draft language indicates that a plan to correct the outstanding violation(s) should be communicated to NBD within the specified time frame.

## FINANCIAL DISCLOSURE REVIEW

The City Charter requires personnel occupying certain positions to file annual financial disclosure statements. The Financial Disclosure statement seeks to capture the individual as well as their spouses and any un-emancipated children's sources of income, affiliation with associations and organizations, and ownership of City and non-City real estate. The financial disclosure process is designed to capture potential violations of the City's Code of Ethics, including conflicts of interest.

Completed financial disclosure statements are submitted to, reviewed by, and retained by the Secretary of the Board of Ethics for the City of Rochester (i.e. the Director of OPI).

In an audit by the Office of the New York State Comptroller, which was completed in calendar year 2020, it was concluded that although historical annual financial disclosure forms were reviewed for completeness, they were not adequately analyzed for potential conflicts of interest. Based on this finding, the Comptroller's Office recommended that a list of City vendors be obtained from the accounts payable department to reference while reviewing submitted disclosures, as the list would help to identify potential, pre-existing conflicts of interests. Additionally, the Comptroller's Office recommended that, upon completion, the compiled list of filers' outside business interest be supplied to the purchasing department for their use in identifying potential conflicts of interests as new contracts are being created.

Based on the Comptroller's Office recommendations, the submitted financial disclosure statements are still preliminarily reviewed by the Director of OPI but also reviewed by OPI staff. The review conducted by OPI staff identifies if a filer has listed outside business interests and, if so, such interests are compared against the City's master vendor file. OPI reviewed activity falling within the financial disclosure reporting period if the listed interest corresponded to a City vendor. The office maintains a detailed record of filers review.

## **Customer Service Satisfaction Survey**

As part of OPI's quality assurance process, and to facilitate auditees' involvement, if appropriate, we send a Customer Service Satisfaction Survey is sent to key personnel of the area audited at the conclusion of each audit. The criteria assessed are:

- Pre-audit notification to auditee of audit purpose and scope
- Feedback auditors provided to auditee on emerging issues during the audit
- Professionalism of auditors

- Objectivity of auditors
- Duration of audit
- Opportunity given to discuss findings in the audit report
- Accuracy of the audit findings
- Practicability of implementing audit recommendations
- Usefulness of the audit in improving business process and controls

Additionally, the Customer Service Satisfaction Survey also includes two open-ended questions to give the recipients additional opportunities to provide feedback to OPI.

The objective of requesting an independent assessment of audit relationships and results is continuous improvement of audit services. OPI recognizes that certain audit situations and circumstances will result in unfavorable ratings. Some City personnel will give higher ratings than their peers will give. Judgment will be required in the interpretation of all replies. We also recognize that recipients of the surveys are our customers, and we must work to improve our product and how we deliver it. Each staff member should work to market the audit activity and make each audit assignment a favorable working relationship.



## Office of Public Integrity Customer Service Satisfaction Survey

Please rate the Internal Audit Activity for:

### Section 1: Specific Audit Questions

	Select ONE					N/A
	Excellent 5	Good 4	Average 3	Fair 2	Poor 1	
1. Pre-audit notification to you of audit purpose and scope.						
2. Feedback auditors provided to you on emerging issues during the audit.						
3. Professionalism of auditors.						
4. Objectivity of auditors.						
5. Duration of the audit.						
6. Opportunity given to discuss findings in the audit report.						
7. Accuracy of the audit findings.						
8. Practicability of implementing audit recommendations.						
9. Usefulness of the audit in improving business process and controls.						

### Section 2: Open-ended Questions (Enter text in the box)

10. Was there anything about the audit and interaction with auditors that you especially liked or disliked?

11. Do you have any recommendations for improvements in future audits?

12. Additional comments:

**Thank you,**

*The Office of Public Integrity*

Please email, mail, or fax this Survey:

Barbara Campbell

Executive Assistant

85 Allen Street - Suite 100

Rochester, NY 14608

Phone: (585) 428-7852

Fax: (585) 428-7972

E-mail: [Barbara.Campbell@cityofrochester.gov](mailto:Barbara.Campbell@cityofrochester.gov)

Following are the results of the FY 2024 OPI Customer Satisfaction Surveys:

Average Scores - FY 2024 Audits

### Section 1: Specific Audit Questions

Survey Questions	Average Scores
1. Pre-audit notification to you of audit purpose and scope.	4.40
2. Feedback auditors provided to you on emerging issues during the audit.	4.00
3. Professionalism of auditors.	4.40
4. Objectivity of auditors.	4.40
5. Duration of the audit.	4.00
6. Opportunity given to discuss findings in the audit report.	4.10
7. Accuracy of the audit findings.	4.30
8. Practicability of implementing audit recommendations.	4.00
9. Usefulness of the audit in improving business process and controls.	4.00

**Number of audits included: 11**

**Number of surveys sent to auditees by OPI: 15**

**Number of completed surveys returned to OPI: 7**

## Data Analytics Program

The Office of Public Integrity began the planning and research process for the creation of a data analytics program. OPI collaborated with internal and external organizations to identify best practices as well as software and applications that could be useful. Additionally, members of OPI staff attended training specifically on the topic of data analytics, implementing a data analytics program, and software and applications to assist in analyzing data. Training on this topic will be ongoing, as staff skills in this area expand and industry applications of such a program expand.

OPI will continue its effort to enhance the offices understanding of analytics features available within Excel as well as whether additional resources would be helpful in order

to further the data analytics program. Although analytic software is not required to complete certain analytics projects such software would allow for additional testing to be conducted that could enhance the efficiency and effectiveness of the program.

Additional data analytics projects have been identified and will be considered in coordination with other office assignments as staff availability arises.

## Complaints, Tips and Information

OPI receives numerous complaints, tips and information throughout the year. This information is obtained via phone/OPI hotline, walk-ins, employee and/or OPI e-mail, USPS mail, and referrals.

During Fiscal Year 2023-24 OPI received the following:

Hotline/phone	44
E-mail	118
USPS mail	9
Walk In	1

## Investigations

Investigations are conducted in response to allegations of wrongdoing by City employees or individuals and companies that do business with the City. OPI investigations may include interviews, document examinations, review of policies and procedures, and data analysis. Investigations are conducted in close coordination with Human Resource Management, the Law Department and Labor Relations. If during the investigation internal control weaknesses are identified, OPI then provides recommendations to strengthen controls. These recommendations often fall into one of the following categories:

- Correct the identified deficiencies.
- Clarify applicable policy, law, or regulation.
- Strengthen the internal controls within the impacted department.

When investigative findings identify potential criminal conduct, the matter is referred to the appropriate law enforcement authorities for review and appropriate action.

OPI utilizes the following categories to issue findings:

Sustained:

- The allegations are validated, and there is sufficient evidence to justify a reasonable conclusion the actions occurred and there were violations of law, policy, rule or contract.

Unfounded:

- There is sufficient evidence to justify a reasonable conclusion the alleged actions did not occur, or there were no identified violations of law, policy, rule, or contract.

Not Provable:

- The allegations are not validated, and there is insufficient evidence to prove or disprove the allegations.

Exonerated:

- There is sufficient evidence to justify a reasonable conclusion the actions did occur, and they were lawful and in compliance with policy, rule or contract.

Office:

- Insufficient information is available regarding the allegation, and no further action is taken until new information is brought the attention of our office.

### **Investigation Results**

During the fiscal year, OPI conducted 30 administrative investigations. The investigations addressed allegations of the following:

- Unprofessional/Unethical Conduct
- Violation of City Policy
- Questionable Procedures
- Favoritism/Nepotism
- Conflict of Interest
- Falsification of Documentation
- Misuse of City Resources
- Improper Hiring Practices

The completed investigations resulted in the following dispositions\*\*:

- Sustained 2
- Unfounded 8
- Not Provable 1
- Office 0
- Referral 15
- Other 1

*\*Four investigations pending at year end*

*\*\*One investigation has multiple dispositions*

# Ethics

OPI is responsible for the development and delivery of ethics awareness training to City employees. This training is focused on the City's Code of Ethics and provides guidance and recommendations on how employees can remain in compliance. OPI acts as a clearinghouse for ethical issues raised by City employees and City residents. OPI refers issues to the City's Ethics Board for Advisory Opinions when appropriate. The Director of OPI serves as Secretary of the City's Ethics Board.

During the fiscal year, OPI provided ethics training materials for 26 ethics training sessions to employees in the following offices:

- Communications
- Emergency Communications Department
- Environmental Services Department
- Finance
- Fire Department
- Human Resource Management
- Information Technology
- Law Department
- Mayor/Administration
- Neighborhood and Business Development
- Police Department
- Recreation and Youth Services
- Rochester Public Library

## **Confidentiality/Whistleblower Protection**

After the receipt of a complaint or information from any City of Rochester employee, OPI shall not disclose the identity of an employee without their consent unless OPI determines that it is unavoidable during the course of an investigation.

The City of Rochester established a Confidential Hotline Program to provide a secure means of reporting suspicious activity to OPI concerning City programs and operations. To enhance the Confidential Hotline Program, OPI implemented a Whistleblower Protection Policy to protect employees who report a belief that their organization is engaged in or willfully permits unethical or unlawful activities. Suspicious activity may include instances of fraud, waste, and abuse, mismanagement, or a danger to the public's health and safety. The Office of Public Integrity confidential hotline number is **(585) 428-9340**.

Persons may also contact OPI directly by telephone **(585 428-7245)**, e-mail to: [opi@cityofrochester.gov](mailto:opi@cityofrochester.gov) or surface mail to: Office of Public Integrity, 85 Allen Street, Suite 100, Rochester, New York, 14608.