



## PEER REVIEW RECOMMENDATIONS

January 18, 2018

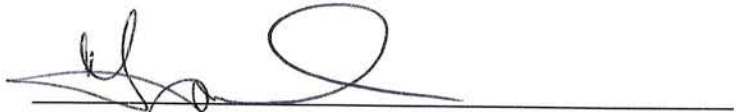
Mr. Timothy Weir  
Director of the Office of Public Integrity  
City of Rochester  
85 Allen Street, Suite 100  
Rochester, NY 14608

Dear Mr. Timothy Weir,

We have completed a peer review of the City of Rochester's (the City) Office of Public Integrity's (OPI) Internal Audit Activity (Internal Audit) for the period January 1, 2015 through December 31, 2017. In conducting our review, we followed the standards and guidelines for external peer review contained in the Generally Accepted Government Auditing Standards (GAGAS) set by the Government Accountability Office (GAO). In addition, we followed the standards and guidelines for external peer review contained in the International Standards for the Professional Practice of Internal Auditing (*Standards*) set by the Institute of Internal Auditors (IIA).

We reviewed the quality control system of your audit organization and conducted tests to determine whether your internal quality control system operated to provide reasonable assurance of compliance with GAGAS and the *Standards*.

Findings of our review are included in a separate report. Recommendations to further strengthen your internal quality control system are included in the *Letter of Recommendation* on page 2. These recommendations do not affect the opinion we expressed in the peer review report.



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Timothy Hungerford, CPA, CIA, CFE, CMA, CISA, CFM, CGAP  
External Peer Review Team  
Partner in Charge  
Hungerford Vinton, LLC

## Letter of Recommendation

### Recommendation 1: Update policy documentation for new standard

Performance Standard 2421 of the *Standards* states, "If final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication." The effective date of this *Standard* is January 1, 2017.

If a significant error or omission occurred in a final communication, the OPI Director would communicate corrected information to all parties who received the original documentation. Currently, there have been no known instances of significant errors or omissions in final communications.

Currently, this is performed in practice; however, the *City of Rochester Office of Public Integrity Internal Audit Unit Policy and Procedures Manual* does not specifically state this procedure. This is because the policy document was created prior to the *Standard* being effective on January 1, 2017.

We recommend that the *City of Rochester Office of Public Integrity Internal Audit Unit Policy and Procedures Manual* be modified to add this procedure.

### Recommendation 2: Update policy documentation for structural changes

In July 2017, structural changes were made within OPI to remove the Audit Manager position. The *City of Rochester Office of Public Integrity Internal Audit Unit Policy and Procedures Manual* and the *Office of Public Integrity Internal Audit Quality Assurance and Improvement Program (QAIP)* documents make references to the Audit Manager role and the responsibilities of that role.

We recommend that the *City of Rochester Office of Public Integrity Internal Audit Unit Policy and Procedures Manual* and the *Office of Public Integrity Internal Audit Quality Assurance and Improvement Program (QAIP)* documents be updated to reflect current roles and responsibilities within OPI.

### Recommendation 3: Contract language with third parties

Performance Standard 2410.A3 of the *Standards* states, "When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and the use of results." We signed a contract with OPI to perform this peer review. There was no language within the contract limiting us on distribution and use of results.

All the engagements we reviewed were completed and most of the reports have been posted on the OPI website for public viewing; however, we also reviewed one sensitive engagement performed for the Law department that was not posted publicly. We also reviewed audit programs and engagement details that are kept internally and are not posted to the website. We recommend that OPI work with the Law department to modify contract language to include a clause that limits external parties from releasing sensitive information or internal documents to the public. We also recommend that a confidentiality clause be added to contracts.



#### Recommendation 4: Timeliness of audit program completion signoffs

For one (1) of the five (5) engagements we reviewed, the audit program was completed the day after the report was issued. The review of these workpapers was dated six (6) months after the report was issued.

Due to the investigative nature of this engagement, the reviewer worked hand in hand on the engagement, and the engagement deliverable was time sensitive. As a result, the report was issued prior to formal review occurring, even though continuous review was performed throughout the engagement.

We understand that this was an anomaly in the normal audit program review process. We recommend that the audit program signoffs be reviewed for completeness prior to the issuance of the engagement report to prevent this going forward.

#### Recommendation 5: Engagement exit meetings

In the beginning of the audit scope period, it was standard for exit meetings to occur at the close of all audits with audit findings. If there were no findings, OPI would give the department the option to have an exit meeting, but didn't require it. Towards the end of our scope period we noted that there were three audits with audit findings that did not have exit meetings. This is because OPI has been moving away from having exit meetings, regardless of audit findings. If the department would like to have a meeting to discuss audit findings, the meeting will happen upon their request.

We recommend that exit meetings occur for all engagements, or at least all engagements with audit findings. This will allow a forum for all parties to discuss the audit findings and will help to ensure that all parties agree prior to the report issuance.

#### Recommendation 6: Lack of staff review process and staff liaison program

An annual review process is not in place for audit staff. This is because there is no annual employee review process City-wide. When an employee is up for a promotion, a pay increase, or was just hired, the employee is reviewed by their manager using the City's review form at least annually. However, this review is not specific to the employee's goals within the organization and not all staff members are reviewed. Also, not all OPI staff members fall into one of the categories requiring review.

We recommend that OPI work with the Department of Human Resource Management to determine whether an annual review process can be implemented for OPI staff members. This process should document the staff member's career aspirations and goals within the organization. Each year goals should be established to help meet their overall goals and an assessment should be performed of their progress on an annual basis.

In addition, we recommend that OPI create a liaison program to better understand the departments within the City and the changes they are going through. This can be achieved by assigning staff to departments and having them reach out to those departments for periodic meetings to discuss current events within the departments, as well as changes and futures plans. The OPI Director should work with

the staff members to make sure information gathered during this process is evaluated within annual risk assessments.

#### Recommendation 7: Audit report distribution list

The Government Auditing Standards 2017 Exposure Draft section 9.54 states that intended users of the report should be indicated within the report. This *Standard* is not in effect yet; however, we recommend adding a distribution list section to the audit report so that OPI complies once this exposure draft is effective.