

Office of
Public
Integrity
Annual
Report

June 30

2018

FY 2017 -18 Highlights

Audit,
Investigations,
Ethics

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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 past fiscal year ending June 30, 2018:

- Completed a Quality Control Self-Assessment of OPI's internal audit activity.
- Hired Hungerford Vinton to conduct Peer Review for OPI.
- Passed independent peer review and found to be in conformance with Generally Accepted Government Audit Standards. (Yellow Book Standards)
- Passed independent peer review and found to be in conformance with International Standards for the Professional Practice of Internal Auditing and the Code of Ethics established by the Institute of Internal Auditors. (Red Book Standards)
- Implemented six recommendations issued by the peer review firm.
- Issued the Office of Public Integrity Audit Plan, Fiscal Years 2018-2020.
- Increased staffing with one summer college intern.
- OPI staff members attended a White Collar Crime Symposium presented by the FBI in coordination with the U.S. Attorney's Office.
- Filled one vacant Integrity Compliance Officer position.
- OPI Director met with delegates from Venezuela and met with delegates from Poland.
- OPI Field Auditor earned a Certified Management Accountant designation.
- Evaluated 43 complaints received via walk-ins, telephone or email hotline, and other sources.
- Completed 13 audits and issued 26 findings and recommendations.
- Completed 23 administrative investigations and issued 5 findings and recommendations.
- Provided 14 ethics awareness presentations.
- Conducted 21 consultations with City department heads and their managers.
- Received 282.2 hours of Continuing Professional Education (CPE).

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 General¹.

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.

¹ Quality of Standards for Offices excluded

- Issue audit reports to include findings of deficiency and recommendations for improvement to City leadership.
- 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, i.e., selection committee for the new payroll system, etc.
- 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.

The Office of Public Integrity is comprised of the following staff:

- Director (1)
- Executive Assistant (1)
- Auditor (4)
- Integrity Compliance Officer (3 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.¹

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).

The OPI staff have 82 years combined internal audit experience with the City of Rochester.

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
- Certified Inspector General Auditor (CIGA) - 1
- Certified Management Accountant (CMA) - 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.

¹ Quality of Standards for Offices excluded

Staff earned 282.2 hours of continuing professional education (CPE) in the following areas:

- Technology
- Information Cyber Security
- Government Auditing Standards
- Internal Audit
- Ethics and Compliance
- Fraud and Corruption Risks
- Forensic Accounting

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

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 budget for fiscal year (FY) 2018 was \$623,500 with actual expenditures of \$582,472. The approved budget for FY 2019 is \$655,900. OPI's FY 2019 budget represents 0.12% 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, grants made by the City, and other operational areas.

The OPI Audit Section 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, and interviews with employees and 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 Section 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 Section 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.

Summary of Audits
For the Fiscal Year Ended June 30, 2018

Department	Audit	Hours	Status
Finance	Purchasing Card Program Review	67	Completed *
NBD	Lead Safe Homes Program	9	Completed *
Finance	Freed, Maxick & Battaglia City Audit	200	Completed
Fire	NYS Inspection Review	92	Completed *
Finance	South Avenue Parking Garage	351	Completed *
DRYS	Adams St. Cash Handling	207	Completed
Finance	M/WBE Program Audit	93	Completed *
DES	Equipment Services Inventory	121	Completed **
DES	Building Services Inventory	71	Completed **
NBD	Small Business Matching Grant	219	Completed
Police	Federal Forfeiture Review	165	Completed
Finance	Living Wage Ordinance Review	275	Completed
DES	Commercial Refuse Billing	690	Completed
Finance	Master Vendor File Review	651	Ongoing
DRYS	Permits	595	Ongoing **
DHRM	New Employee Hiring Process	116	Ongoing
DRYS	AmeriCorps Grant Audit	99	Ongoing
IT	Computer Hardware Database	***	***

* Field work started in previous fiscal year.

** Not on original audit plan for FY 17-18.

*** Audit to be performed in FY 18-19.

Audit Results

REVIEW OF THE PURCHASING CARD PROGRAM

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, 2016 through March 31, 2017. This review established general compliance with P-card guidelines. However, we noted the following findings that require 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 eight names on the P-Card Custodian List who were no longer employed with the City at the time the list was generated. We also identified one City employee who was issued and authorized to use a P-card but who had not yet been added to the P-card Custodian List.

- 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.

- The Department of Finance's Purchasing Card Procedures require that cardholders do not exceed \$100 for any single transaction without prior approval from Purchasing. We noted 18 purchases totaling \$6,419.33 which exceeded the \$100 approval threshold but did not receive prior approval from Purchasing. However, OPI reviewed these purchases and found them to be reasonable purchases for the conduct of City business.

- Recommendation

P-card custodians should familiarize themselves with the City's Purchasing Card Procedures for purchases that are in excess of \$100 and seek the approval of Purchasing prior to making the purchase.

Management Response: Finance personnel are in agreement with the findings noted in this report and indicated that they will take corrective action.

GREATER ROCHESTER HEALTH FOUNDATION GRANT REVIEW OF THE LEAD SAFE HOMES PROGRAM

Executive Summary

In this review, the Office of Public Integrity (OPI) reviewed a grant agreement between the Department of Neighborhood and Business Development (NBD) and the Greater Rochester Health Foundation (GRHF). This grant provided funding for lead hazard control through the Lead Safe Homes program. In general, the results of the review indicate that the program met its goals. We noted that the City awarded all contracts to the lowest bidder, certified all work as complete and obtained lead clearance for all properties. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with prescribed policy and contract requirements.

- NBD could only provide 20 of the 28 property files requested by OPI. Per the New York State Archives MU-1 Records Retention and Disposition Schedule, the

City must retain files for housing rehabilitation and public/community service projects for six years.

- Recommendation

We recommend that NBD comply with the New York State Archives MU-1 Records Retention and Disposition Schedule and retain files accordingly.

- Action for a Better Community, Inc. (ABC), who the City contracted with to administer application intake services for the program, was unable to provide OPI with any files relating to the properties that we selected for detail testing. ABC indicated that their office moved to another location and they could not readily locate the files. As a result, we were unable to review intake documents including applications and income eligibility.

- Recommendation

We recommend that with any future contracts, City personnel should ensure that ABC complies with the terms of the agreement and retains documentation as required.

- Eight of eleven investor-owners who owned five or more City properties did not pay a 20% match toward the project cost as stipulated in the agreement. This is an error rate of 73%.

- Recommendation

We recommend that with any future grants, NBD personnel comply with the terms of the agreement and ensure that owner-investors pay any required matches.

- The agreement between the City and the property owner requires the grantee to retain ownership of the property for three years from the date of the agreement or to repay the City a pro-rated amount based on the time elapsed since the agreement date. OPI noted that two of the 28 property owners sold their property before the required 3-year period. As a result of our review, NBD referred these two cases to the Law Department.

- Recommendation

We recommend that NBD establish a way to monitor the rehabilitated properties for ownership transfer within the 3-year period and take appropriate action for any exceptions noted.

Management Response: NBD personnel are in agreement with some of the findings noted in this report and indicated that they will take corrective action where they deem it to be necessary. Refer to the final audit report for further details.

APPARATUS REPAIR SHOP NEW YORK STATE INSPECTION CERTIFICATES

Executive Summary

The Office of Public Integrity (OPI) examined the adequacy of the Rochester Fire Department Apparatus Repair Shop's (RFD Repair Shop) controls over the issuance of New York State (NYS) inspection certificates (also referred to as inspection stickers). We accounted for all inspection certificates issued within the scope period. In addition, a sample of vehicles was selected in order to assess whether issued certificates were placed on the appropriate vehicle. The results of the review indicate that, in general, the RFD Repair Shop maintains adequate controls over the issuance of NYS inspection certificates. However, we noted the following finding that requires management attention to ensure compliance with City policy and to improve internal control over the issuance of NYS inspection certificates.

- The Office of Public Integrity noted that the RFD Repair Shop did not always comply with the City's ethical standards as outlined in the *City of Rochester Employee Code of Ethics*.

Specifically, a city employee, who was assigned to the RFD Repair Shop utilized the city's inspection station to conduct NYS inspections on three non-city owned vehicles. Upon passing inspection, NYS inspection certificates ordered by the RFD Repair shop were issued to these vehicles.

- Recommendation

The RFD Repair Shop should continue to make controls over New York State inspection certificate issuance a priority. In addition, consistent with the conclusions drawn by the RFD Repair Shop upon OPI's recent administrative review, going forward, they should refrain from issuing inspection certificates to non-city owned vehicles.

Management Response: Rochester Fire Department personnel are in agreement with the finding noted in this report and indicated that they will take corrective action.

REVIEW OF SOUTH AVENUE PARKING GARAGE

Executive Summary

In this review, the Office of Public Integrity (OPI) examined records and internal control procedures at the South Avenue Parking Garage. We accounted for all reported cash receipts within the test period. However, we noted the following findings that require management attention to improve administrative and internal controls and to ensure compliance with City policy.

- OPI noted seven key cards that were active, allowing access to the garage, but not invoiced for April 2017. As a result, patrons with these cards had the ability to gain access to the garage without incurring a charge.
 - Recommendation

Bureau of Parking should exercise care and diligence to ensure that customer information is up-to-date and that every patron that has been issued a key card is invoiced each month. Additionally, a periodic reconciliation of keycard payments to active keycards would identify keycards that are activated but not paid.
- The Professional Services Agreement between the City and the Rochester Riverside Convention Center (RRCC) states that payment to the City is due by the 15th of the month following the month the revenue is collected. RRCC is not paying the City in accordance with the professional service agreement. RRCC submitted payment for March and April 2017 in June 2017.
 - Recommendation

OPI recommends payments be received as stipulated in the operating agreement. If agreed upon by both parties, any changes to the agreement should be in the form of a documented and approved amendment.
- OPI noted 42 of 705, or 6% of the spitter tickets for April 6, 2017 had a calculated fee but no fee was paid upon exit. RRCC stated that these tickets were prepaid but RRCC could not provide documentation for the sale of these tickets.
 - Recommendation

OPI recommends that RRCC maintain a log of the “chaser” ticket sales including the date of the sale and ticket sequence issued. Additionally, RRCC should retain the “chaser” tickets. This ticket attached to the corresponding spitter ticket, along with the log, would provide information needed to verify the revenue.

Management Response: Finance personnel are in agreement with the findings noted in this report and indicated that they will take corrective action.

REVIEW OF ADAMS STREET COMMUNITY CENTER CASH HANDLING ACTIVITIES

Executive Summary

In this review, the Office of Public Integrity (OPI) examined accountability of reported cash collections, the adequacy of internal control procedures, and compliance with City and Bureau cash handling policies at the Adams Street Community Center. We accounted for all reported cash receipts within the test

period. Additionally, the results of this review indicate adequate internal control procedures over the Center's operations and, in general, compliance with City and Bureau cash handling policies. However, we noted one finding that requires management attention to ensure compliance with City and Bureau policies.

- OPI noted Bureau of Recreation personnel did not always follow the cash deposit procedures outlined in the City's and Bureau's cash handling policies. Of the 41 deposits made by Adams Street personnel in the scope period, Center personnel deposited 15 or 37% of them beyond the period required by City and Bureau policy. However, this is a significant improvement when compared to the 90% delinquency rate on deposits that OPI noted in 2013.

- Recommendation

The personnel at the Bureau's central office and at the Adams Street Community Center should deposit cash collections in accordance with City and Bureau policies.

Management Response: DRY'S personnel are in agreement with the finding noted in this report and indicated that they will take corrective action.

M/WBE PROGRAM REVIEW

EXECUTIVE SUMMARY

In this review, the Office of Public Integrity (OPI) examined the City of Rochester's compliance with local and state Minority and Women-Owned Business Enterprise (M/WBE) requirements as well as the City's oversight of the program. We noted the following observations that require corrective action to improve program administration and strengthen relevant internal controls. This will ensure the M/WBE program is administered effectively and that participants receive its full benefit.

General:

- Even though some of the M/WBE ordinances have expired, the City has continued to administer the M/WBE program requirements listed in the ordinance for public works contracts and competitive bid contracts. Per the Law Department, the City can determine utilization goals for these types of contracts, however, the goals are voluntary and not mandatory.

- Recommendation

If the City desires to have an M/WBE Program with mandatory utilization goals for public works contracts and competitive bid contracts, City management should consider pursuit of an updated M/WBE ordinance. This would most likely require an updated disparity study.

Public Works Contracts:

OPI'S review examined a sample of contracts for compliance with M/WBE goals on a per contract basis and did not expand the testing to examine the M/WBE program for the City on an annual basis. The original ordinance included both per contract and annual goals.

- A City contractor evaded the M/WBE participation requirements by using an M/WBE sub-contractor as a “pass-through”. Payments were routed through the M/WBE sub-contractor to achieve the appearance of M/WBE participation.

The Bureau of Purchasing inadvertently approved the initial plan to authorize materials alone to count toward the M/WBE utilization goals on a contract. This is in violation of the City’s M/WBE requirements. Furthermore, the Bureau of Purchasing erroneously included additional unallowable expenses to count toward the utilization goals.

- Recommendations

The Bureau of Purchasing’s M/WBE Officer and Wage and Compliance personnel should seek training on how to detect fraud and to look for signs of a “pass-through”.

The Bureau of Purchasing should scrutinize utilization plans more closely to ensure prime contractors are complying with the requirements of the M/WBE program before approving the plans and not permit materials/supplies only to fulfill M/WBE goals.

- An M/WBE sub-contractor contracted 100% of their work to a non-M/WBE firm resulting in a utilization shortfall.

- Recommendations

A provision should be added to the M/WBE Form C Affidavit stating that M/WBE sub-contractors will not contract out more than 30% of the work they are hired to perform without first consulting with the prime contractor and the City’s M/WBE officer.

Given that the current City policy is based on an expired ordinance, the City should cease retaining payments to contractors for utilization shortfalls.

- OPI noted some contracts in which the M/WBE sub-contractor performed a small amount of labor on the contract but purchased large amounts of materials/supplies from a non-M/WBE sub-contractor.

- Recommendation

The Bureau of Purchasing should consider revising the M/WBE utilization requirements and the City’s *Standard Construction Contract Manual* to

specify a maximum percentage allowable for materials/supplies paid to the M/WBE sub-contractor which can be applied towards meeting the M/WBE goals. This would clearly define the intent of the utilization goal requirements instead of stating “if an M/WBE sub-contract becomes primarily a materials and/or supplies contract”.

In addition, specifying a maximum percentage allowable would also prevent a prime contractor from running mostly materials/supplies through an M/WBE sub-contractor, who provides minimal labor on the project, and counting the total amount paid to that sub-contractor toward meeting the M/WBE goals.

- OPI noted some of the contracts examined did not meet the M/WBE utilization sub-group goals even though the City’s M/WBE Officer granted a waiver or a reduction in the utilization goals for these contracts.

OPI noted the majority of contracts examined increased in value due to change orders, however, their M/WBE utilization amounts did not proportionately increase.

OPI noted revised “Schedule of M/WBE Participation” forms for contracts incurring a change of 5% or more were either missing or decreased the utilization amount instead of increasing them in proportion to the increase in the contract value.

The City is unable to verify whether M/WBE participation expenses are valid because the City relies upon the prime contractor’s word for the amount expended by M/WBE sub-contractors without obtaining supporting documentation to substantiate the M/WBE participation.

OPI noted several instances where supporting documentation that OPI obtained directly from the prime contractors and/or the M/WBE sub-contractors differed from the amount the prime contractors reported on the final progress reports at the completion of the project.

OPI noted some preconstruction forms were missing from City records.

The M/WBE utilization plans are too vague and do not provide a detailed description of services that the M/WBEs will perform.

The Bureau of Purchasing’s M/WBE summary reports do not accurately capture whether M/WBE utilization goals have been achieved. The report includes composite proposed contract amounts prior to the work being performed compared to the M/WBE goals instead of capturing actual M/WBE expenditures paid for all City department contracts to determine whether M/WBE goals were actually achieved.

- Recommendation

All contracts and utilization plans should be strictly monitored for M/WBE compliance. The City's M/WBE Officer should readily act upon any shortfalls prior to the completion of the project. The M/WBE Officer should be included in all MUNIS workflow for the project including change orders and other actions pertinent to M/WBE utilization goals.

Increase cooperation and communication between City departments to properly administer the program and provide the M/WBE Officer with timely information of project changes that impact the M/WBE participation and goals.

Waivers and reductions to utilization goals should be more scrutinized. With seven of the eight contracts OPI examined receiving a waiver or reduction to the goal utilization, it appears that frequently granting waivers or reductions to utilization goals reduces the overall mission of the M/WBE program. The M/WBE Officer should evaluate individual prime contractors that are consistently seeking waivers to determine if these contractors are intentionally avoiding compliance with the M/WBE program requirements.

Even though the prime contractor is responsible for monitoring the progress of the M/WBE participation on the project, oversight of this monitoring process should be conducted by City personnel to verify actual expenditures are substantiated. Therefore, with the assistance of the DES project manager, the Bureau of Purchasing's Wage and Compliance personnel should review actual M/WBE expenditures reported by the prime contractor throughout the phases of the project and verify that the M/WBE sub-contractors have provided supporting documentation for labor expenses as well as invoices for supplies to support expenditures claimed. The City should request cancelled checks from the prime contractor to support payment(s) to the M/WBE firms. Any deviations from the M/WBE utilization approved in the plan should be immediately reported to the M/WBE Officer for follow-up action.

The City's M/WBE utilization requirements should be strictly enforced, allowing required documentation, such as the preconstruction forms and participation reports, to be consistently collected and reviewed for accuracy and completeness.

The City should eliminate vague descriptions of M/WBE work on initial M/WBE plans in order for the M/WBE Officer to understand the work the M/WBEs are supposed to be performing. OPI recommends the City revise the form to require prime contractors to provide a detail of the services and materials/supplies the M/WBE will provide in the contract. The prime contractor should provide the City with the sub-contractor(s) bid or quote documentation for each project.

The City's M/WBE Officer should compile a collective M/WBE activity/status report for public works projects which captures original

contract values, change order increases/decreases, waivers granted, and actual expenditures to certified M/WBE firms in order to verify whether M/WBE utilization goals have been met and to identify trends, patterns, and deficiencies that may inhibit public works contracts from consistently achieving the established M/WBE objectives.

Professional Service Agreements (PSAs):

- OPI noted that the City does not have an adequate reconciliation process to verify whether M/WBE goals have been achieved for PSAs.

We noted the Department of Environmental Services (DES) M/WBE architectural/engineering services utilization report only captures proposed M/WBE goals and does not include actual expenditures paid to M/WBE vendors/consultants nor does it include change orders impacting the percentage of M/WBE utilization.

OPI noted that both NYS certified vendors/consultants located outside the Rochester Metropolitan Statistical area and non-certified M/WBE vendors/consultants were included in DES's M/WBE utilization reports for the PSA category Architectural/Engineering.

The Bureau of Purchasing combines both certified and non-certified M/WBE vendors/consultants expenditures in calculating their annual utilization for personnel training/testing and advertising/media professional services.

The City lacks a standardized process for vendors/consultants to request and obtain a City M/WBE waiver for architectural/engineering professional service agreements.

For FY-2014 and FY-2015, OPI noted that the City fell short in meeting the City's annual PSA M/WBE utilization goals for all but one category.

DES either did not meet any of the City's M/WBE sub-group utilization goals or only met one sub-group goal for the PSAs tested in the Architectural and Engineering category.

DES is communicating to awarded vendors/consultants that they are not required to strictly meet each of the goals, but rather participation in one or more of the goals would be acceptable.

The M/WBE goals for public works contracts and PSAs have not been modified since 1994.

- Recommendations

DES should perform an annual reconciliation process whereas the total annual actual expenditures paid to certified M/WBE vendors/consultants for architectural/engineering professional services is compared against the

PSA utilization goals to verify whether the M/WBE goals were actually achieved. The results of the reconciliation should be provided to the M/WBE Officer.

DES M/WBE architectural/engineering utilization reports should be updated on a perpetual basis and encompass not only the proposed M/WBE participation amounts but should also include total actual expenditures paid to certified M/WBE vendors. Cancelled checks should be submitted to verify what M/WBEs were actually paid. This would identify any shortages in meeting the goal requirements. Additionally, this report should also include any agreement change orders. This report should be provided, on a periodic basis, to the City's M/WBE Officer allowing the Officer to review each PSA as well as monitor compliance with the relevant M/WBE annual goal requirements. The M/WBE Officer should follow up on any shortcomings in achieving the City's and/or NYS's M/WBE participation goals with the awarded vendor/consultant and discuss ways to increase the level of M/WBE participation.

City departments should comply with the City's "Policy and Procedures for Procurement of Professional Services and Request for Proposals" policy by ensuring only certified M/WBE vendors/consultants located within the Rochester Metropolitan Statistical area are considered toward the achievement of meeting the M/WBE utilization goal requirements.

The Bureau of Purchasing should perform an annual reconciliation process whereas the total annual actual expenditures paid to NYS certified M/WBE vendors/consultants for personnel training/testing and advertising/media professional services is compared against the PSA utilization goals to verify whether the M/WBE goals were actually achieved.

The Bureau of Purchasing should establish a standardized process for PSA M/WBE waiver requests for DES architectural/engineering services. This process should provide proof that the vendor made a good faith effort to acquire services from a certified M/WBE vendor/consultant or a valid explanation why goals could not be reached.

DES should discontinue informing vendors/consultants that they do not need to meet all of the M/WBE goals. A need to achieve all of the goals should be communicated to the vendors/consultants.

The M/WBE goals for PSAs should be reviewed and any necessary changes or modification should be made. In addition, going forward, these goals should be assessed for validity on an annual basis, ensuring that they remain relevant and realistic.

- City administration does not receive a status report on the M/WBE program indicating whether utilization goals were actually achieved for each category.

The City's M/WBE Officer primarily oversees the Department of Environmental Services (DES) public works contracts for compliance with M/WBE participation goals and acts as a consultant for other City departments that administers contracts and PSAs.

- Recommendations

The Bureau of Purchasing should provide City administration with an annual status report for the M/WBE program encompassing the actual expenditures paid to NYS certified M/WBE vendors/consultants, located within the City's metropolitan statistical area, as compared to the program utilization goals for each of the PSA categories.

The M/WBE Officer should maintain a report of all public works contracts that illustrate the following:

- Contract/agreement numbers
- Proposed contract amount
- Prime contractor name
- Certified M/WBE sub-contractor name(s) and sub-group type
- Dollar amount proposed for each certified M/WBE sub-contractor
- Utilization percentage proposed for each sub-contractor
- Utilization percentage requirement for each sub-group per City Ordinance
- Waivers/Reductions to percentage goals or the contract amount applicable to M/WBE utilization (along with an explanation of why the waiver/reduction was granted)
- Cumulative dollar amount of change orders during the course of the project
- Percentage of M/WBE utilization increase/decrease as a result of change orders
- Actual expenditures of M/WBE sub-contractors (amounts taken from supporting documentation – invoices, cancelled checks, certified payroll, etc.)
- Analysis of M/WBE sub-contractor(s) actual expenditures as it relates to the total amount the City paid to the prime contractor for the M/WBE portion
- Determination of whether M/WBE goals were achieved

The M/WBE Officer should maintain reports of all PSAs that illustrate the following:

- Perpetual accounting records of M/WBE expenditures for architectural/engineering, personnel training/testing, and advertising/media, compared to M/WBE utilization goals to verify achievement of annual goals.

The results of the above reports should be shared with City administration.

In addition, the M/WBE Officer should oversee all City departments that administer contracts or PSAs that have an M/WBE component. The M/WBE Officer should monitor the progress of each department or the City as a whole in meeting the M/WBE goals and follow-up on any shortcomings.

NYS Contracts:

- Of the seven NYS contracts examined, two received a waiver of the M/WBE utilization goals or an exemption and four did not meet their respective NYS goals in their entirety. Supporting documentation for one of the contacts was not available for OPI to review and therefore we could not verify whether M/WBE goals for this contract were met.

OPI noted a lack of communication and standardized process between departments administering contracts with M/WBE components and the City's M/WBE Officer.

The Rochester Police Department (RPD) did not complete and submit NYS forms to report actual M/WBE participation for one contract examined. Additionally, there was no M/WBE company utilized on this contract and as a result NYS M/WBE goals were not achieved.

OPI noted that non-certified M/WBE companies were included in the M/WBE utilization plan and/or the *Affirmation of Income Payment to MBE/WBE*.

Even though NYS granted a waiver to the City for the FY2014-15 SOOP grant administered by DRYS, the City applied and received this waiver a year after program expenditures were incurred.

OPI noted an NBD contract lacked sufficient M/WBE documentation to support project utilization amounts. In addition, a required form to be submitted by the prime contractor to a NYS agency was not on file with the City.

- Recommendations

City administration should remind all departments administering NYS contracts/grants with M/WBE goal requirements to comply with NYS M/WBE specifications and reporting requirements. Contracts/Grants should be monitored by each department administering the contract/grant for M/WBE utilization fulfillment and communicate the progress toward the M/WBE utilization goal to the City's M/WBE Officer. The City's M/WBE Officer should maintain records of all NYS contracts/grants with M/WBE components to verify compliance with NYS requirements. The Bureau of Purchasing should prepare a summary report of NYS M/WBE compliance and submit to City administration on an annual basis.

In addition, the City should verify that any NYS required forms related to administering of the grants, whether required to be completed by the City

or the prime contractor, are submitted to NYS and copies maintained in department project files as well as filed with the City's M/WBE Officer. Unless otherwise noted in State requirements, only certified M/WBE companies should be included in the reporting of participation.

Any department administering a NYS grant that foresees circumstances in which M/WBE goals cannot be met should seek a waiver of M/WBE participation goals in a timely manner. Waivers should be requested prior to the administration of the contract if no qualifying M/WBE firm can be secured.

Each department administering a contract/grant with NYS M/WBE utilization goals should maintain a summary report of each project/contract including all applicable goals, target and actual utilization, and the sub-group classification of each vendor utilized that has been verified as a certified M/WBE. In addition, each department should maintain supporting documentation to verify M/WBE expenditures.

MUNIS:

- OPI noted numerous clerical errors in the MUNIS information programs for M/WBE reporting. Either the MUNIS fields are inaccurate or not consistently utilized. In addition, the City's vendor input forms, to add/modify vendor records on MUNIS, do not distinguish between certified and non-certified M/WBE vendors.

The M/WBE progress forms completed by the prime contractor throughout the phases of each public works contract are not included on MUNIS nor are they used to reconcile or to verify goals achieved or actual payments made to sub-contractors.

M/WBE data that is collected for a given contract is not centralized in a single, easily accessible location, such as MUNIS. Rather, the data is fragmented amongst various departments/bureaus.

- **Recommendations**

If the City chooses to utilize MUNIS to track M/WBE data, City departments should receive additional guidance on how to properly use the MWBE/DBE (Disadvantaged Business Enterprise) checkbox feature within the contract entry program of MUNIS. It should be clearly communicated that this field should be properly completed for all contracts entered into MUNIS indicating whether or not the City, State, or Federal funding requires an M/WBE or DBE plan.

The MUNIS sub-contractor tab has experienced recent upgrades and these upgrades have allowed for additional enhancements to be included within this field. OPI recommends City personnel utilize this feature for

sub-contractor information and attach all sub-contractor supporting documentation (Form F, copies of cancelled checks, invoices for materials/supplies, sub-contractor invoices to the prime contractor, certified payroll sheets, etc.) to the contract entry program.

The City's vendor input forms used to add/modify vendor records on MUNIS should be revised to distinguish certified and non-certified M/WBE vendors. City personnel inputting new/modified vendor data should reference the NYS certified M/WBE directory prior to inputting the vendor information into MUNIS and verify whether they are a certified M/WBE or a non-certified M/WBE company. Any duplication of vendor records should be identified and combined under one vendor number.

Required documentation, such as the preconstruction forms, progress completion reports, revised utilization plans and waivers should be reviewed and analyzed for accuracy and completeness. In addition to placing this content on MUNIS or other software designated specifically to track M/WBE data, effective communication should be enhanced between the various parties involved (i.e. project manager, prime contractors and sub-contractors, Wage and Compliance personnel, the M/WBE Officer, and additional members of the Bureau of Purchasing), so that each member is aware of any changes, shortfalls, or discrepancies that may arise.

The M/WBE Officer should be able to locate all of the necessary data and supporting documentation for the M/WBE fiscal year report on MUNIS or other software designated specifically to track M/WBE data. This supporting documentation, including Form F, should be available to substantiate M/WBE participation and expenses and used to aide in the verification that M/WBE goals have been achieved.

Management Response: Finance personnel are in agreement with some of the findings noted in this report and indicated that they will look to update the program to reflect current circumstances and seek to improve the administration of the program, both within the Finance Department and across other departments. Refer to the final audit report for further details.

EQUIPMENT SERVICES DIVISION STOCKROOM REVIEW OBSERVATION

Executive Summary

The Office of Public Integrity (OPI) performed a surprise count of inventory items in the Department of Environmental Services, Bureau of Operations and Parks, Equipment Services Division auto parts stockrooms on January 10, 2018. The results of the review indicate that Equipment Services maintains adequate inventory control.

- The Office of Public Integrity noted variances in 1.6% of our sample selection indicative of differences between the physical counts and the quantities recorded in the perpetual records.

- Recommendation

Equipment Services should continue to make inventory control a priority.

Management Response: DES personnel are in agreement with the recommendation noted in this report and indicated that they will continue to make inventory control a priority.

BUILDING SERVICES DIVISION STOCKROOM INVENTORY OBSERVATION

Executive Summary

The Office of Public Integrity (OPI) observed the annual physical inventory of the Bureau of Buildings and Parks, Building Services Division stockroom on January 24 and 25, 2018. The results of the review indicate that Building Services maintains adequate inventory control.

- The Office of Public Integrity noted three variances in our sample selection indicative of differences between the physical counts and the quantities recorded in the perpetual records. The result is a variance rate of 1.6%. In the previous inventory, we noted a 0% variance in this stockroom.

- Recommendation

Building Services should continue to make inventory control a priority.

Management Response: DES personnel are in agreement with the recommendation noted in this report and indicated that they will continue to make inventory control a priority.

SMALL BUSINESS MATCHING GRANT PROGRAM

Executive Summary

In this review, the Office of Public Integrity (OPI) reviewed the U.S. Department of Housing and Urban Development's (HUD) Small Business Matching Grant Program that is coordinated through the City's Department of Neighborhood and Business Development (NBD). This grant provides funding for new retail and select consumer services with annual gross revenues of \$5,000,000 or less, serving low/moderate income areas of the City of Rochester and located within commercially zoned areas. In general, the results of the review indicate that NBD is operating the program in accordance with the terms of the agreement

between HUD and NBD. We noted that NBD utilized grant funding in full compliance with the terms of the agreement and City policy without exception.

REVIEW OF FEDERAL FORFEITURE PROCEEDS

Executive Summary

The Office of Public Integrity (OPI) examined accountability of federal forfeiture proceeds, related internal controls, and compliance with federal, City, and Rochester Police Department (RPD) policies. The results of this review indicate adequate internal control procedures over federal forfeiture proceeds and compliance with prescribed policies. We did not note any adverse findings during this review.

LIVING WAGE ORDINANCE REVIEW

Executive Summary

In this review, the Office of Public Integrity (OPI) examined compliance with Rochester Living Wage Ordinance No. 2001-36. The results of this review indicate that, in general, internal controls are adequate, and contractors are complying with the Living Wage Ordinance. We noted the following finding during this review:

- The City contact for an employee with a Living Wage complaint that is indicated in the City's Living Wage Procedures for Contract Administrators differs from the contact listed on the Notice to Employees of Living Wage document that employers are required to post in their workplace.
 - Recommendation

The Living Wage Procedures for Contract Administrators should be updated to agree with the Notice to Employees of Living Wage that employers are required to post in the workplace. Contract Administrators should inform any potential consultant or contractor to whom the Living Wage provisions may apply of the notice requirement for complainants to contact the Office of Public Integrity.
- We noted that all vendor request payments for payroll included documentation to support wages paid to employees and that the rate paid was in accordance with the Living Wage Ordinance without exception.
 - Recommendation

City personnel should continue to ensure that vendors submit wage certifications and that they comply with all directives per the City Ordinance.

Management Response: Finance personnel are in agreement with the finding noted in this report and indicated that they will take corrective action.

REVIEW OF COMMERCIAL REFUSE BILLING

Executive Summary

In this review, the Office of Public Integrity (OPI) examined the commercial refuse billing activity to determine the effectiveness of internal controls and the propriety of customer bills relative to services received. The results of the review indicate that, in general, internal controls over commercial refuse billing are adequate and commercial refuse account holders are being properly billed for services provided. 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 incorrect refuse charges for 11 of the 187 commercial refuse accounts selected for detail testing. This is an error rate of 5.9%. This included 9 undercharges totaling \$714.51 and 2 overcharges totaling \$59.29 per quarter.

- Recommendation

The Solid Waste Collection Commercial Refuse unit should systematically review commercial refuse accounts to identify customers with incorrect bills or those not billed for services provided, and update those accounts appropriately.

- OPI could not locate a customer file and customer service agreement for 9 of the 187 commercial refuse accounts examined. This is an error rate of 4.8%.

In addition, OPI could not locate current commercial refuse agreements for 8 of the 187 accounts examined. In all cases the files for these account holders contained outdated agreements. This is an error rate of 4.3%.

- Recommendation

The Solid Waste Collection Division should maintain adequate documentation supporting amounts billed to all customers and correct the discrepancies found.

Management Response: DES personnel are in agreement with some of the findings noted in this report and indicated that they will take corrective action. Refer to the final audit report for further details.

Customer Service Satisfaction Survey

As part of OPI's quality assurance process, and to facilitate auditees' involvement, if appropriate, 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 rate higher than their peers. Judgment will be required in the interpretation of all replies. It is also recognized that recipients of the surveys are our customers, and we must work to improve our product and how it is delivered. 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-----					
	Excellent 5	Good 4	Average 3	Fair 2	Poor 1	N/A
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:

Deborah Cole

Executive Assistant

85 Allen Street - Suite 100

Rochester , NY 14608

Phone: (585) 428-7245

Fax: (585) 428-7972

E-mail: Coled@cityofrochester.gov

Following are the results of the FY 2018 OPI Customer Satisfaction Surveys:

Average Scores - FY 2018 Audits

Section 1: Specific Audit Questions

Survey Questions	Average Scores
1. Pre-audit notification to you of audit purpose and scope.	4.43
2. Feedback auditors provided to you on emerging issues during the audit.	4.50
3. Professionalism of auditors.	4.86
4. Objectivity of auditors.	4.71
5. Duration of the audit.	4.57
6. Opportunity given to discuss findings in the audit report.	4.67
7. Accuracy of the audit findings.	4.50
8. Practicability of implementing audit recommendations.	4.67
9. Usefulness of the audit in improving business process and controls.	4.50

Number of audits included: 12

Number of surveys sent to auditees by OPI: 28

Number of completed surveys returned to OPI: 7

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 2017-18 OPI received the following:

Hotline/phone	18
Walk-in	2
E-mail	18
USPS mail	4
Referrals	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 reviews, surveillance, and data research and 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 received 43 complaints which led to the opening of 25 investigations. The investigations addressed allegations of the following misconduct:

- Misappropriation of City Resources
- Unfair Treatment
- Unprofessional Conduct
- Falsification of Business Records
- Favoritism
- Workplace Violence
- Conflict of Interest

The completed investigations resulted in the following dispositions:

Sustained	1
Unfounded	5
Not Provable	1
Exonerated	1
Office	2
Referral	12
Not Applicable	1

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. When appropriate, issues are referred to the City's Ethics Board for Advisory Opinions. The Director of OPI serves as Secretary of the City's Ethics Board.

During the fiscal year, OPI provided fourteen 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
Office of Management and Budget
Police Department
Recreation and Youth Services
Rochester Public Library
Rochester Urban Fellows

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 or surface mail to: Office of Public Integrity, 85 Allen Street, Suite 100, Rochester, New York, 14608.