

I. EXECUTIVE SUMMARY

In this review, we assessed the validity of reported financial information and compliance with applicable regulations. The Office of Public Integrity (OPI) selected for examination five of the 10 organizations that currently conduct bingo games in the City of Rochester. Additionally, we performed an analysis of rent collected by the Bingo Palace for calendar year 2010 to ensure that the City received the required 3% fee from this type of revenue. The results of the review indicate general compliance with regulations, and reported transactions appear accurate and reliable. However, we noted the following exceptions:

- ◆ OPI noted that three of the five organizations tested had at least one individual working at their bingo games who was not on their approved membership list. State law requires that only individuals approved by the City, after Police Department background reviews, work at bingo games.

II. BACKGROUND, OBJECTIVES, AND SCOPE

A. Assignment

The Office of Public Integrity routinely examines the detail records of a selection of various organizations licensed by the City of Rochester to conduct bingo games. The work plan for the current fiscal year includes the examination of five of these organizations. Additionally, as part of this review, we included an analysis of rent revenue reported to the City by the Bingo Palace.

B. Background

The City of Rochester currently authorizes 10 organizations to conduct bingo games in the City. Each organization plays at least once weekly for a total of 21 weekly bingo game occasions, and uses the net proceeds from the games to benefit community-based activities.

State law and City Code strictly regulate all aspects of bingo including bookkeeping requirements and maintenance, record retention, allowable and unallowable expenditures, required amounts of charitable donations, reporting requirements, and game play procedures.

For the calendar year ended December 31, 2010, the City collected \$11,660.59 in net revenue from bingo licensing fees.

C. Objectives and Scope

The objectives of this review were to determine the validity of reported

financial information and to verify compliance with applicable regulations.

The Office of Public Integrity randomly selected five organizations for an examination of reported transactions for all games played during the calendar year ended December 31, 2010. We judgmentally selected a sample of expenditures from the organizations for testing and determined the validity of each selected transaction.

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

Friends of RHHS – Elmwood Building Fund
Empire Cadets
St. Stanislaus Parish
Miriam and Baruch Elencwajg Foundation
Holy Apostles Parish

Additionally, we completed an analysis of all 2010 rent revenue reported by the organization who operates the Bingo Palace facility to ensure that they properly submitted to the City 3% of the net profit related to this rent revenue.

III. RESULTS OF REVIEW

The results of the review indicate that the organizations generally comply with State and local bingo regulations, and reported transactions appear accurate and reliable. However, we noted the exceptions summarized in the following table:

<u>Organization</u>	<u>Workers Not On Approved Membership Lists</u>
Friends of Roch. Hebrew High School Elmwood Bldg.	X
Empire Cadets	X
St. Stanislaus Parish	No Findings Noted
Miriam and Baruch Elencwajg Foundation	No Findings Noted
Holy Apostles Parish	X

A. Workers Not On Approved Membership Lists

New York State General Municipal Law requires bingo organizations to submit for approval, a list of all potential bingo workers. The law permits only those approved individuals to work at bingo games. The City maintains a list of approved workers on file.

The Office of Public Integrity noted three individuals working at the Empire Cadets bingo game, one individual working at the Friends of Rochester Hebrew High School Elmwood Building Fund bingo game, and two individuals working at the Holy Apostles Parish bingo game that are not on the approved membership lists for those organizations. We advised the organizations of the State requirements and they indicated that either they would add these individuals to their approved membership lists, or they would no longer allow them to work at their bingo games.

IV. CONCLUSION

The validity of the reported transactions for the organizations tested appears reasonable. However, we noted occurrences in which organizations were in violation of State regulations to a limited extent. The Office of Public Integrity informed the organizations of these violations and they agreed to conform to required regulations. Based on these results, the Office of Public Integrity does not consider any further testing necessary.