

Office of Public Integrity Annual Report

June 30

2022

FY 2021-22 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, 2022:

- Hired positions of Executive Assistant, Senior Field Auditor and Senior Field Auditor/Investigations to fill vacancies due to retirement and resignation.
- OPI Principal Auditor attended the City's 10-week Supervisor Leadership Development & Skills Training
- OPI staff attended the Institute of Internal Auditor's Winter Summit.
- OPI attended monthly meetings as a member of the City's Data Governance Committee.
- Two OPI staff continued their participation as part of the Mayor's Office Equity Team.
- Dedicated 133 hours to data analytics training, research and related projects.
- Evaluated 195 complaints, tips, and information received via walk-ins, telephone or email hotline, and other sources.
- Finalized nine audits and issued 12 findings and recommendations.
- Conducted 25 administrative investigations and issued eight findings and recommendations.
- Provided ethics training materials for New Employee Orientation sessions held virtually each month and provided in-person training to RFD management personnel.
- Staff completed 163 hours of professional development training focused on internal audit and investigations.
- Administered the City's Board of Ethics and Financial Disclosure Program.

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.
- Issue audit reports to include findings of deficiency and recommendations for improvement to City leadership.

¹ 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 2022, 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.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).

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 163 hours of continuing professional education (CPE) in the following areas:

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

¹ Quality of Standards for Offices excluded

- Fraud and Corruption Risks
- Forensic Accounting
- Data Analytics
- Diversity and Inclusion
- Covid-19 Related Issues

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 amended budget for fiscal year (FY) 2022 was \$661,300 with actual expenditures of \$ 596,600. The Office of Public Integrity's approved budget for FY 2023 is \$651,438. OPI's FY 2023 budget represents 0.10% 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 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, 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 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.

**Office of Public Integrity
Summary of Audits and Projects
For the Fiscal Year Ended June 30, 2022**

| Department | Audit | FY '22 Hours | Status |
|--|---|--------------|--------------|
| Administration | Financial Disclosure Conflict Review FY'21 | 11 | Completed *~ |
| NBD | Property Code Violations 2021 | 5 | Completed*~ |
| RPD | Federal Forfeiture Proceeds | 200 | Completed |
| Finance | Freed Maxick Audit of City FY'21 | 132 | Completed*/ |
| Finance | Purchasing Card Review | 320 | Completed |
| DES | Water Bureau Inventory | 184 | Completed |
| DES | Riverside Cemetery Cash Handling Audit | 332 | Completed |
| DRHS | Public Market Cash Handling Audit | 374 | Completed |
| Administration | Financial Disclosure Conflict Review FY'22 | 55 | Completed~ |
| DES | ROC City Skate Park Grant | 161 | 8/30/22** |
| Finance | Washington Square Garage | 424 | 8/30/22** |
| Finance | Traffic Violations Agency Corrective Action | 24 | 8/30/22** |
| Library | Winton Branch Library Cash Handling Audit | 205 | Ongoing |
| Finance | Freed Maxick Audit of City FY '22 | 13 | Ongoing / |
| * Started in previous fiscal year / OPI provides 200 hours of audit support (per contract) ~ Office Projects ** Estimated completion date | | | |

Audit Results

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.

Management Response

I have reviewed the audit report for the RPD Federal Forfeitures (Equitable Sharing Program). The results of the review indicate the Police Department is in compliance with federal, City and departmental policy requirements. Additionally, your staff found that internal controls over forfeiture funds appear adequate. The RPD will continue to administer the Equitable Sharing Program in accordance with prescribed policies.

Thank you for the opportunity to ensure that RPD's management and administration over federal forfeiture proceeds are meeting appropriate protocols.

PURCHASING CARD 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 January 1, 2019 through December 31, 2020. 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 four 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

I have reviewed the P-Card Audit. Although the P-cards for the four employees were returned upon their retirement, and there was no credit limit associated with the P-Cards as these were emergency cards that have a credit limit assigned when requested by the Department Liaison, the Department of Finance concurs with the recommendation.

The Program Administrator will immediately update the list for user changes.

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 15 and 16, 2021. 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 six 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 1.2%. In the previous inventory, we noted an error rate of 0%.
- OPI noted five 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 2.9%. In the previous inventory, we noted a sample error rate of 0%.
- 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 to make inventory control a priority.

Management Response

I have reviewed the report that was prepared by the Office of Public Integrity (OPI) for the October 15 and 16, 2021 audit of the Water Bureau's Felix Street stockroom annual physical inventory.

The inventory on the day of the audit consisted of 6,302 unique items with a combined value of \$6,313,374. There were no variances noted in the audit for the Water Bureau and Cemeteries stockrooms at this location. The audit did identify a 1.2% variance rate for the Street Lighting stockroom and a 3% variance rate for the Department of Recreation & Human Services (DRHS) stockroom which were higher than their 0% variance rates of 2020. Water Bureau personnel are working to identify the causes of the variances and will increase the cycle count frequency of these stockrooms to monitor the effectiveness of corrective measures.

I concur with OPI's assessment that "Water Bureau personnel have continued to maintain adequate control over the inventories."

Please be assured that the Department of Environmental Services will continue to make inventory control a priority. Thank you for your continued work in ensuring that the department has appropriate management controls in place.

RIVERSIDE CEMETERY CASH HANDLING AUDIT

Executive Summary

The Office of Public Integrity (OPI) examined the adequacy of procedures in recording sales, the effectiveness of internal controls in the cash collections process, and compliance with approved policies and practices in the Department of Environmental Services, Bureau of Buildings and Parks, Division of Cemeteries, Riverside Cemetery.

We accounted for all reported cash receipts within the test period. Additionally, the results of this review indicate adequate internal control procedures over Riverside Cemetery operations and, in general, compliance with City cash handling policies. However, we noted the following finding that requires management attention to ensure compliance with City's policy.

- OPI noted that Riverside Cemetery does not always provide receipts to record all transactions at the facility. The City's Cash Collection Policies require all cash collection areas to record cash when received. Acceptable methods to record cash include a cash register, serially numbered receipts or serially numbered tickets. Riverside Cemetery utilizes serially numbered receipts but does not always provide these receipts to

customers. In general, Riverside Cemetery does not issue receipts to funeral homes, monument companies, or revenue received by mail.

❖ Recommendation

Riverside Cemetery should comply with the City's Cash Collection Policies and record all cash when they receive it. Cemetery personnel should prepare a receipt for all collections received at the facility.

Management Response

I have reviewed the report that was prepared by the Office Of Public Integrity (OPI) for the July 1, 2021 through August 31, 2021 audit of the Division of Cemeteries cash handling procedures.

The accounting during that time period found \$276,620 in revenue received and receipts totaling \$192,567, representing 70% of the total revenue. It was noted during the audit report that Riverside Cemetery does not always provide receipts for all transactions at the facility. According to the City cash collection policy, any form of payment received (e.g. cash, check, cashier check, money order etc.) must generate a receipt even if not provided to the payer.

Effective immediately the Division of Cemeteries will take the following actions regarding this Audit:

The Cemetery Manager will issue a Memo to office staff regarding OPI findings and the actions to be taken in the handling of all cash:

The Cemetery Manager will review the cash handling procedures with staff: and

Office staff will sign off stating that the memo was received and cash handling procedures were reviewed with the manager.

Enclosed is a copy of the Cemetery Manager's memo with revisions noted- that will address cash handling procedures at Riverside Cemetery

Please be assured that the Department of Environmental Services will continue to make cash handling a priority. Thank you for your continued work in ensuring that the department is following the proper policies and procedures.

ROCHESTER PUBLIC MARKET CASH HANDLING AUDIT

Executive Summary

The Office of Public Integrity (OPI) examined the accountability of reported cash collections, the adequacy of internal control procedures, and compliance with City

policies in the Department of Recreation and Human Services (DRHS), Public Market. We accounted for all reported cash receipts within the test period. Additionally, the results of this review indicate adequate internal control procedures over the Market's operations. However, we noted one finding that requires management attention to ensure compliance with City and Departmental policies.

- OPI noted Public Market staff did not always follow the cash deposit procedures outlined in the City's Cash Collection Policies handbook. This is an increase when compared to the 4 percent delinquency rate on deposits that OPI noted in 2019. Of the 79 deposits made by Public Market staff during the test period, 9 or 11 percent were deposited beyond the period required by City policy.

❖ Recommendation

Public Market personnel should deposit cash collections in accordance with City and DRHS policies.

Management Response

On March 24, 2022 OPI reviewed findings of a review conducted for cash handling activities at the Rochester Public market.

While the findings reported that all cash receipts were accounted for and that DRHS currently exhibits adequate internal control procedures over the Market's Operations, OPI reported that there were a small number of delinquent deposits made that fell outside of deadline outlined in the City's current cash collection policy.

As a result of this review, DRHS Public Market staff have reviewed the City's current policy and clarified any areas of confusion with OPI and Finance. DRHS Public Market staff will work diligently to follow all internal process that will ensure that funds are deposited within 5 days of receipt or immediately upon the accumulation of \$300.00 (cash and/or check).

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

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Rochester, NY 14608

Phone: (585) 428-7852

Fax: (585) 428-7972

E-mail: Barbara.Campbell@cityofrochester.gov

Following are the results of the FY 2022 OPI Customer Satisfaction Surveys:

Average Scores - FY 2022 Audits

Section 1: Specific Audit Questions

| Survey Questions | Average Scores |
|---|----------------|
| 1. Pre-audit notification to you of audit purpose and scope. | 4.50 |
| 2. Feedback auditors provided to you on emerging issues during the audit. | 4.50 |
| 3. Professionalism of auditors. | 4.50 |
| 4. Objectivity of auditors. | 5.00 |
| 5. Duration of the audit. | 4.50 |
| 6. Opportunity given to discuss findings in the audit report. | 5.00 |
| 7. Accuracy of the audit findings. | 4.75 |
| 8. Practicability of implementing audit recommendations. | 5.00 |
| 9. Usefulness of the audit in improving business process and controls. | 5.00 |

Number of audits included: 5

Number of surveys sent to auditees by OPI: 11

Number of completed surveys returned to OPI: 4

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 2021-22 OPI received the following:

| | |
|---------------|-----|
| Hotline/phone | 38 |
| E-mail | 149 |
| USPS mail | 8 |
| Walk In | 0 |

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 25 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 3
- Unfounded 2
- Not Provable 1
- Office 1
- Referral 14
- Exonerated 1
- Other 1

*Two investigations pending at year end

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