



# Green Island Power Authority

## Electric Billing and Collection

### Report of Examination

Period Covered:

June 1, 2013 — February 28, 2015

2015M-137



Thomas P. DiNapoli

# Table of Contents

|   | <b>Page</b> |
|---|-------------|
| <b>AUTHORITY LETTER</b>   | 1           |
| <b>INTRODUCTION</b>   | 2           |
| Background  | 2           |
| Objective   | 2           |
| Scope and Methodology   | 2           |
| Comments of Authority Officials                                 | 3           |
| <b>BILLING AND COLLECTION</b>                                   | 4           |
| <b>APPENDIX A</b> Response From Authority Officials             | 7           |
| <b>APPENDIX B</b> Audit Methodology and Standards               | 9           |
| <b>APPENDIX C</b> How to Obtain Additional Copies of the Report | 10          |
| <b>APPENDIX D</b> Local Regional Office Listing                 | 11          |

# State of New York Office of the State Comptroller

---

---

## **Division of Local Government and School Accountability**

September 2015

Dear Authority Officials:

A top priority of the Office of the State Comptroller is to help authority officials manage their authorities efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support authority operations. The Comptroller oversees the fiscal affairs of authorities statewide, as well as authorities' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving authority operations and Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard authority assets.

Following is a report of our audit of the Green Island Power Authority, entitled Electric Billing and Collection. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution.

This audit's results are resources for authority officials to use in effectively managing operations and in meeting the expectations of taxpayers. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The Green Island Power Authority (Authority) is a public benefit corporation located in the Village of Green Island (Village) in Albany County. The Authority was created under Title I-A, Article 5 of the New York State Public Authorities Law, in 1986. The Authority distributes retail electric power in the Village and generates and sells electricity from a hydroelectric facility. In July 1987, the Authority acquired the assets and certain liabilities of the Village's electric department (Department). In 2000, the Authority acquired the assets and certain liabilities of the Erie Boulevard Hydropower, LP related to a hydroelectric generating facility located on the Hudson River.

The Authority is governed by a five-member Board of Trustees (Board) who are appointed by the Village Board of Trustees upon designation by the Mayor. The Board is responsible for the general management of the Authority's financial affairs. The Board appoints a chief executive officer (CEO) who is responsible for the Authority's day-to-day operations. The Board also appoints a chief financial officer (CFO) who is responsible for maintaining the accounting records, budget information and preparing financial reports.

The Authority provides electric power to approximately 1,600 residential and commercial customers. For the fiscal year ended May 31, 2014, the Authority generated revenues totaling approximately \$5.8 million.

## Objective

The objective of our audit was to examine the Authority's internal controls over the amounts billed and collected for electric power provided to its customers. Our audit addressed the following related question:

- Has the Board established adequate internal controls over the billing and collection for electric power provided to customers of the Authority?

## Scope and Methodology

We examined the Authority's billing and collection processes for period June 1, 2013 through February 28, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire

population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

**Comments of  
Authority Officials**

The results of our audit and recommendations have been discussed with Authority officials, and their comments, which appear in Appendix A, have been considered in preparing this report. Authority officials agreed with our report.

## Billing and Collection

The Board is responsible for establishing adequate controls over the billing and collection procedures for electric power sold to ensure that Authority customers are accurately billed and the payments received are properly accounted for and deposited intact and in a timely manner. In addition, there should be a process to ensure that billing adjustments are properly authorized and documented and that procedures are in place to enforce unpaid utility bills. Authority management must also provide sufficient oversight of employees involved in the billing and collection process.

We commend the Board for establishing and implementing strong internal controls over the Authority's billing and collection process. The controls in place include formal and informal procedures that provided adequate supervision and guidance to Authority staff involved with generating monthly bills, collecting payments, preparing bank deposits and reconciling customer accounts.

The billing process begins with the monthly meter readings for residential and commercial electric customers. Meters are read by an Authority employee and the information obtained is manually entered into a hand-held device that is later downloaded into the utility billing software (software) so the billing office clerks can generate the monthly bills. To ensure meter readings are accurate, the software is equipped with reading parameters to notify the meter reader when a reading appears inaccurate. The billing office clerks also review the readings prior to generating the bills to identify any inconsistencies.

Bills are then printed and mailed to customers by the 16th of each month with payment due on the 17th of the following month. The software automatically assesses a 1.5 percent fee for customers who have not paid their bills by the due date. Furthermore, the billing clerks generate a shut-off register report<sup>1</sup> that lists the customers who have not paid their bills. Shut-off notices are sent to all those customers listed. Approximately 35 days after the bill's due date, a 24-hour shut-off notice is placed at the customer's location and the customer is required to either enter into a payment agreement or the electric service is disconnected.

Customers may pay their bills by mail, in person at the business office or online with a credit card. There are two clerks involved

---

<sup>1</sup> This report identifies customers that have not paid the current month's charges 20 days after the current billing due date.

in the collection process and both have unique user identification in the software to track who is receiving and entering payments. Upon receipt of payment, the clerks date stamp the bill as paid, place payment in the cash drawer and enter the payment in the software to update the individual customer records. The remittance slip portion of the customer bill<sup>2</sup> is also date-stamped and detached from the customer bill and retained by the billing clerks. The remaining portion of the bill is returned to the customer as receipt for payment.

At the end of each business day, the clerks organize the cash and checks received during the day and put them, along with the remittance slips, into a safe. At the beginning of the next business day, the clerks total the cash and checks and reconcile the remittance slips to a report<sup>3</sup> generated by the software. The clerks then complete a daily cash proof sheet<sup>4</sup> before preparing the deposit slip.

The amounts collected are recounted by another Authority employee not involved with the collection process, who certifies that the amounts collected agree with the remittance slips by signing the daily cash proof sheet and then submitting the amounts collected to the CEO for deposit using a locked bank bag. Once the deposit has been made, the CEO returns the validated bank deposit slips to the CFO. The CFO then records the deposit in the accounting records after receiving the signed daily cash proof sheet and uses read-only access to the billing system to confirm the amount the clerks received and recorded in the system agrees with the daily cash proof sheet and the validated deposit slip.

We examined the December 2014 bills for 50 customer accounts<sup>5</sup> and found these bills were calculated properly, individual customer accounts were updated and cash receipts were accurately accounted for and deposited intact in a timely manner. We also reviewed these customers' bills and payment records to determine if the bills were accurately calculated based on the meter readings and payments received were correctly recorded and deposited. We traced the kilowatt hours of electricity used from the original meter readings to the billing register and recalculated the amounts billed each customer.

---

<sup>2</sup> The software generates a customer bill which consists of two parts—a customer receipt and a detachable remittance slip which is retained by the billing office staff for reconciliation purposes.

<sup>3</sup> This report is called an edit list and the clerks generate it from the software to reconcile collections (cash and checks) and billing remittance slips with data input into the billing system.

<sup>4</sup> The daily cash proof sheet lists the cash and checks received and is prepared by the billing clerks each day to reconcile the cash receipts and remittance slips with the edit list before preparing the bank deposit slip.

<sup>5</sup> See Appendix B for more information on our sampling selection.

We then traced each customer's payment receipt to the bank deposit. Except for minor discrepancies, which we discussed with Authority officials, the bills were accurate and cash receipts were properly recorded and deposited intact in a timely manner.

We reviewed 25 Village properties listed on the Village tax roll to determine if these properties received electricity from the Authority and were appropriately being billed<sup>6</sup> by tracing the individual property owners' name to a customer account and the billing register. We also reviewed the December 2014 shut-off register and found the unpaid charges for the customer accounts listed were enforced in accordance with Authority policies. Furthermore, the CEO provides the Board with an adjustment report at each monthly meeting and, upon request, provides an explanation to the Board before it approves the adjustments to customer accounts.

To ensure that billing adjustments were proper and approved by the Board, we examined 10 customers' bills that were adjusted during the December 2014 billing period. Each adjustment we reviewed was proper, Board-approved and documented in the Board minutes. We found no discrepancies with the Village properties we reviewed or any billing adjustments that were made.

---

<sup>6</sup> The certified tax roll was obtained from the Village assessor as of May 31, 2014. See Appendix B for more information on our sample selection.

## **APPENDIX A**

### **RESPONSE FROM AUTHORITY OFFICIALS**

The Authority officials' response to this audit can be found on the following page.

# GREEN ISLAND POWER AUTHORITY

## **BILLING OFFICE**

20 Clinton Street  
Green Island, New York 12183  
(518) 272-4790 (Office)  
(518) 271-1924 (Fax)

## **EXECUTIVE OFFICES**

69 Hudson Avenue  
Green Island, New York 12183  
(518) 271-9397 (Office)  
(518) 689-9700 (Fax)

## **ELECTRICAL FACILITIES CENTER**

50 Cohoes Avenue  
Green Island, New York 12183  
(518) 274-5125 (Office)  
(518) 274-9040 (Fax)

August 6, 2015

Mr. Jeffrey P. Leonard, Chief Examiner  
Office of the State Comptroller  
Glens Falls Regional Office  
One Broad Street Plaza  
Glens Falls, New York 12801-4396

Re: Green Island Power Authority  
Electric Billing and Collection Report of Examination 2015M-137

Dear Mr. Leonard:

On behalf of the Green Island Power Authority, please accept this letter in response to the audit report referenced above for the period June 1, 2013 – February 28, 2015. The Authority accepts this report and since there were no findings we will not be submitting a corrective action plan. We are always trying to improve the efficiency and effectiveness of our billing and collection process and are very proud to be commended for establishing and implementing strong internal controls over the process. We thank you and your staff for the professionalism and time involved in this audit.

Sincerely yours,

Ellen M. McNulty-Ryan  
Chairperson

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to determine if the Board implemented effective internal controls over the Authority's billing and collection process. To accomplish our objective and obtain valid audit evidence, our procedures included the following:

- We interviewed Authority officials and employees to gain an understanding of the billing and collection process.
- We reviewed customer account records for 50 customers to determine if the records were up-to-date and the bills were accurate. We randomly selected 40 customer accounts and also included 10 additional accounts in our sample (five for Authority employees and five for Village employees).<sup>7</sup> We traced the bills for these accounts from the original meter reading to the billing register and the customer account to determine if the billing rates were correct and any billing adjustments were Board-approved. We also recalculated the bills for accuracy.
- We reviewed shut-off reports for the December 2014 billing period generated from the utility billing software to determine if the process to enforce unpaid charges was completed correctly in accordance with Authority policy.
- We reviewed the properties owned by 25 individuals as listed on the May 2014 year-end Village tax roll.<sup>8</sup> We traced the individual property owners' name to a customer account and the billing register to determine if these properties received electricity from the Authority and were being billed.
- We reviewed all 10 customers' bills that were adjusted during the December 2014 billing period to determine if the adjustments were proper and Board-approved.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

---

<sup>7</sup> We used a random number generator to choose the 40 customer accounts from a population of 1,604 active customer accounts for the December 2014 billing period.

<sup>8</sup> We used a random number generator to select our sample from the certified tax roll obtained from the Village assessor. We selected 25 parcels to review from the 868 parcels listed on the tax roll.

## APPENDIX C

### HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller  
Public Information Office  
110 State Street, 15th Floor  
Albany, New York 12236  
(518) 474-4015  
<http://www.osc.state.ny.us/localgov/>

**APPENDIX D**  
**OFFICE OF THE STATE COMPTROLLER**  
**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller

**LOCAL REGIONAL OFFICE LISTING**

---

**BINGHAMTON REGIONAL OFFICE**

H. Todd Eames, Chief Examiner  
Office of the State Comptroller  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313  
Email: [Muni-Binghamton@osc.state.ny.us](mailto:Muni-Binghamton@osc.state.ny.us)

Serving: Broome, Chenango, Cortland, Delaware,  
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

**BUFFALO REGIONAL OFFICE**

Jeffrey D. Mazula, Chief Examiner  
Office of the State Comptroller  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510  
(716) 847-3647 Fax (716) 847-3643  
Email: [Muni-Bufferalo@osc.state.ny.us](mailto:Muni-Bufferalo@osc.state.ny.us)

Serving: Allegany, Cattaraugus, Chautauqua, Erie,  
Genesee, Niagara, Orleans, Wyoming Counties

**GLENS FALLS REGIONAL OFFICE**

Jeffrey P. Leonard, Chief Examiner  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, New York 12801-4396  
(518) 793-0057 Fax (518) 793-5797  
Email: [Muni-GlensFalls@osc.state.ny.us](mailto:Muni-GlensFalls@osc.state.ny.us)

Serving: Albany, Clinton, Essex, Franklin,  
Fulton, Hamilton, Montgomery, Rensselaer,  
Saratoga, Schenectady, Warren, Washington Counties

**HAUPPAUGE REGIONAL OFFICE**

Ira McCracken, Chief Examiner  
Office of the State Comptroller  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, New York 11788-5533  
(631) 952-6534 Fax (631) 952-6530  
Email: [Muni-Hauppauge@osc.state.ny.us](mailto:Muni-Hauppauge@osc.state.ny.us)

Serving: Nassau and Suffolk Counties

**NEWBURGH REGIONAL OFFICE**

Tenneh Blamah, Chief Examiner  
Office of the State Comptroller  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553-4725  
(845) 567-0858 Fax (845) 567-0080  
Email: [Muni-Newburgh@osc.state.ny.us](mailto:Muni-Newburgh@osc.state.ny.us)

Serving: Columbia, Dutchess, Greene, Orange,  
Putnam, Rockland, Ulster, Westchester Counties

**ROCHESTER REGIONAL OFFICE**

Edward V. Grant, Jr., Chief Examiner  
Office of the State Comptroller  
The Powers Building  
16 West Main Street, Suite 522  
Rochester, New York 14614-1608  
(585) 454-2460 Fax (585) 454-3545  
Email: [Muni-Rochester@osc.state.ny.us](mailto:Muni-Rochester@osc.state.ny.us)

Serving: Cayuga, Chemung, Livingston, Monroe,  
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

**SYRACUSE REGIONAL OFFICE**

Rebecca Wilcox, Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, New York 13202-1428  
(315) 428-4192 Fax (315) 426-2119  
Email: [Muni-Syracuse@osc.state.ny.us](mailto:Muni-Syracuse@osc.state.ny.us)

Serving: Herkimer, Jefferson, Lewis, Madison,  
Oneida, Onondaga, Oswego, St. Lawrence Counties

**STATEWIDE AUDITS**

Ann C. Singer, Chief Examiner  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313