

# Village of Greenwich

## Water and Sewer Financial Operations

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APRIL 2020

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OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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# Report Highlights

## Village of Greenwich

### Audit Objective

Determine whether Village officials effectively managed the billing, collecting, enforcing and accounting for water and sewer charges.

### Key Findings

- The Village lacked effective procedures to ensure water and sewer charges were accurately billed, collected and enforced.
- Board-adopted water rates were incorrectly setup in the billing and collection software.
- Customer bills were not accurately prepared. As a result, the customers we reviewed were underbilled by \$4,758 and overbilled by \$235.
- Delinquent customer accounts were not always assessed penalties in accordance with the Board-adopted local laws. As a result, for the delinquent customer accounts we reviewed the Village lost revenue totaling \$3,244.

### Key Recommendations

- Establish written policies and procedures to provide adequate guidance for the billing, collecting and enforcing of water and sewer charges.
- Ensure Board-adopted water rates are correctly setup in the billing and collection software.
- Generate billing registers for each water and sewer billing and provide them to the Board for review.
- Ensure penalties are correctly assessed on all delinquent accounts in accordance with the Board-adopted local laws.

Village officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

### Background

The Village of Greenwich (Village) is located in the Towns of Greenwich and Easton in Washington County.

An elected five-member Board of Trustees (Board), which is composed of the Mayor and four Trustees is responsible for the general oversight of operations and finances.

A Board-appointed Clerk is responsible for billing, collecting, and enforcing water and sewer charges. The Board-appointed Treasurer, as chief fiscal officer, is responsible for maintaining the accounting records.

#### Quick Facts

Water Customers	865
2018-19 Water Revenue Recorded	\$249,081
Sewer Customers	180
2018-19 Sewer Revenue Recorded	\$96,843

### Audit Period

June 1, 2018 – July 31, 2019

# Water and Sewer Financial Operations

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The Village provides water services to customers located both inside and outside Village boundaries and sewer services to customers located only inside Village boundaries. The Village bills water and sewer customers three times each year (June, October and February). Water bills are calculated based on gallons of water used, obtained from manual meter readings performed by employees. Sewer bills are calculated based on a flat rate charge per unit (e.g., a single family dwelling constitutes one unit). Both water and sewer bills include an additional flat rate water or sewer reserve charge per unit to be restricted and used to finance capital improvements to the water and sewer infrastructure.

## How Are Water and Sewer Financial Operations Effectively Managed?

A board is responsible for effectively managing a village's water and sewer financial operations. Effective management requires the board to establish policies and procedures providing guidance and oversight for employees involved in billing, collecting and enforcing water and sewer charges. These policies and procedures should provide for proper segregation of duties so one employee does not control all aspects of a transaction. When segregating duties is not possible, the board should implement compensating controls, such as providing additional managerial oversight. Once established, the board should monitor compliance with its policies and procedures.

The board is responsible for establishing rates for all water and sewer charges and overseeing all billings to ensure customer bills are accurate. All customer water and sewer charges billed should be recorded in receivable control accounts (accounts that summarize total billings and collections, account adjustments and unpaid balances for all water and sewer customer accounts). To ensure these control accounts are accurately maintained, these accounts should be reconciled each month to a delinquent customer account report from the billing and collection software.

Good business practices dictate that water and sewer collections be deposited as soon as possible to prevent loss or misuse. In addition, New York State Village Law<sup>1</sup> requires the treasurer to deposit all funds received within 10 days after receipt. Collections should be deposited intact (in the same form and amount as received) to reduce the risk of fraud and concealment. For those situations when billing adjustments are necessary, the board should establish written procedures to address the approval and documentation process of such adjustments. For example, the board or a designated official should approve the amount of each adjustment and adequately document its origination, justification and approval date.

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<sup>1</sup> New York State Village Law, Section 4-408

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Village officials are responsible for ensuring penalties on customers' delinquent accounts are properly assessed and collected. The Board should also review and approve the list of relieved water and sewer accounts<sup>2</sup> by comparing the list to a delinquent customer account report generated from the billing and collection software to ensure delinquent accounts are properly relieved.

### **Adequate Oversight Procedures Were Not Implemented**

Village officials did not have comprehensive written policies and procedures or implement sufficient compensating controls over billing, collecting and enforcing water and sewer charges. The Clerk performed all duties related to water and sewer charges, which included maintaining the customer master file, setting up the applicable rates within the billing and collection software, preparing and printing bills, collecting and recording payments, preparing and making bank deposits, making adjustments to customer accounts, applying penalties to delinquent accounts and preparing the list of unpaid customer accounts to be relieved by the County.<sup>3</sup>

Village officials did not implement adequate compensating controls to reduce the risk involved in concentrating key water and sewer financial responsibilities with the Clerk. Although the Board adopted water and sewer rates, officials did not confirm that the rates were accurately setup in the software or review the billing registers to ensure that all water and sewer customers were properly billed.

Officials did not generate adjustment reports and verify that billing adjustments were approved and for appropriate purposes. Additionally, officials did not perform an independent review of unpaid accounts to ensure late penalties were properly assessed. Furthermore, the Board did not review and approve the relevy list prepared by the Clerk before these amounts were remitted to the County.

### **Control Accounts Were Not Reconciled or Properly Maintained**

Although the Treasurer maintained water and sewer receivable control accounts during the audit period, these accounts were not reconciled to the total amount of unpaid water and sewer charges. In addition, even if reconciliations had been performed, the control account totals would not have agreed with the unpaid charges during 2018-19 because these accounts were not properly maintained.

For example, the amounts billed for water and sewer services for all three billings in 2018-19 were not recorded in the receivable control accounts. Instead, the

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<sup>2</sup> Relieved water and sewer accounts are those that are unpaid as of a certain date and are to be added to the customers' Village real property tax bills in order to enforce collection.

<sup>3</sup> The Village does not have the authority to remit unpaid accounts for water customers who reside outside the Village to the County for relevy.

Treasurer recorded the budgeted revenues for water and sewer charges from the 2018-19 adopted budget in the respective receivable control accounts. At year-end, the Treasurer adjusted the control account balances to agree with the list of unpaid water and sewer accounts to be relieved by the County, which defeated the purpose and benefit of using control accounts.

These errors went unnoticed because officials did not implement any procedures for reconciling the water and sewer receivable accounts with unpaid charges each month or reviewing and approving such reconciliations. As a result, there is an increased risk billing and collecting errors and omissions could occur and remain undetected.

### Water Rates Were Incorrectly Set Up in the Billing and Collection Software

The Board-adopted water usage rates consisted of six rate groups, each with different rates based on whether a customer's property was located inside or outside the Village boundaries and the size of their water meter. Each rate group had a minimum usage rate and consumption ranges for additional rates to be assessed for consumption in excess of minimum use.

**Figure 1: Water Rate Groups**

Rate Group	Property Location	Number of Customers	Meter Size
<b>One</b>	Inside the Village	800	5/8 inch, 3/4 inch or 1 inch
<b>Two</b>	Outside the Village	60	5/8 inch, 3/4 inch or 1 inch
<b>Three</b>	Inside the Village	0	1 and 1/2 inch
<b>Four</b>	Outside the Village	0	1 and 1/2 inch
<b>Five</b>	Inside the Village	2	2 inch
<b>Six</b>	Inside the Village	3	3 inch

We compared the Board-adopted water usage rates to the rates setup in the billing and collection software during the audit period to determine whether the rates agreed. We found that all the rates set up in the software, with the exception of the minimum usage rate for rate group one, did not agree with the adopted rates for the second and third billings in 2018-19 and the first billing in 2019-20. For example, the minimum usage rates in the software for groups two, five and six for these three billings were less than the Board-adopted rates by \$10, \$31 and \$58, respectively.

This occurred because the Clerk did not increase all water usage rates in the software by 12.7 percent, the percentage increase to water rates approved by Board resolution effective for the second billing in 2018-19. These errors resulted

in all water customers (except for customers in rate group one who were billed for minimum use) being incorrectly billed during the second and third billings in 2018-19 and the first billing in 2019-20.

Specifically, customers in rate group one who used more than the minimum were underbilled for all three billings. Customers in rate group two were underbilled in the third billing of 2018-19 and the first billing of 2019-20 and underbilled for minimum use and overbilled for use in excess of the minimum in the second billing of 2018-19. Customers in rate groups five and six were underbilled for all three billings. Officials did not bill any customers in rate groups three and four during the audit period.

We also found that the consumption ranges setup in the software during the audit period for rate groups one and two did not agree with the Board-adopted ranges.

**Figure 2: Water Consumption Ranges (Rate Groups One and Two)**

Software Ranges	Board-Adopted Ranges
<b>0 to 10,000 Gallons</b>	0 to 10,000 Gallons
<b>10,000 to 56,600 Gallons</b>	10,000 to 66,600 Gallons
<b>56,600 to 66,600 Gallons</b>	66,600 to 133,200 Gallons
<b>66,600 to 130,300 Gallons</b>	133,200 to 263,500 Gallons

As a result, any customers in these rate groups who used more than 56,600 gallons in a billing period were incorrectly billed.<sup>4</sup> In addition, any customers in these rate groups who used more than 130,300 gallons in a billing period were not billed for water used in excess of 130,300 gallons, although they should have been billed for their use of up to 263,500 gallons. Although the Board’s water rate structure did not address rates for customers who used more than 263,500 gallons, no customers used more than that amount during our audit period.

We also compared the Board-adopted rates for the water reserve charge, sewer rents and the sewer reserve charge to the rates setup in the software and found that for the audit period they agreed. However, because officials failed to ensure that the Board-approved water rates were correctly setup in the software, the Clerk did not accurately bill water customers and the Village did not realize all the water revenues it was entitled to.

<sup>4</sup> These customers were all underbilled, except for customers in rate group two during the second billing of 2018-19, who were overbilled. However, the customers in rate group two were overbilled due only to the Board-adopted water rates not being correctly setup in the software.

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## **Bills Were Inaccurate and Customers' Accounts Were Not Properly Maintained**

We reviewed the bills of 30 customers for all three billings, a total of 90 bills, in 2018-19 totaling \$52,025 (\$26,276 in water charges and \$25,749 in sewer charges) and related payments to determine whether the bills were accurate and correctly recorded in customer accounts, the payments agreed with the amount billed (including penalties, if applicable) and the payments were correctly recorded in the customers' accounts.<sup>5</sup>

We found that 58 bills (64 percent) contained inaccurate water charges. Specifically, 55 bills were inaccurate because the Board-adopted water rates were not used to bill customers and the remaining three bills were inaccurate because the customer was billed a flat rate instead of based on water use. As a result, these customers were underbilled by a combined total of \$3,165 and overbilled by a combined total of \$35. We found more than \$3,000 in under billings for our sample, which included less than 4 percent of all water customers.<sup>6</sup> As a result, total lost revenue due to the billing errors would be significantly more.

Of the 30 customers we sampled for water billings, six also had sewer charges on 18 bills which we reviewed. Nine bills (50 percent of our sample) had inaccurate sewer charges because customers were not billed based on the correct number of units. As a result, these customers were underbilled by a combined total of \$455 and overbilled by a combined total of \$200. In total, 29 of the 30 customers (97 percent) we reviewed received at least one inaccurate bill in 2018-19.

For 62 bills, the customers paid the incorrectly billed amounts and penalties were not assessed on one payment received after the due date. These billing errors resulted in lost revenue to the Village of \$3,454 and combined customer overpayments of \$70. We reviewed the relevy list to determine whether the one unpaid bill was included and found that the account was relevied for \$100 less than it should have been because all applicable penalties were not assessed.

We reviewed 60 additional water bills totaling \$2,656 for 20 customers who were billed without a meter reading<sup>7</sup> during all three billings in 2018-19 to determine whether the bills were accurately calculated using the previous water use for a comparable period of time as outlined in a Board-adopted local law.<sup>8</sup> We found that 37 bills (62 percent) were inaccurate.

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<sup>5</sup> All 90 bills included water charges and 18 bills included sewer charges.

<sup>6</sup> Refer to Appendix B for information on our sampling methodology.

<sup>7</sup> Village employees told us that 19 customer meters were broken, and they could not access the other customer's meter for readings.

<sup>8</sup> Village of Greenwich Local Law (Local Law) #2 of 2008

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This occurred because the Clerk billed all customers without a meter reading the minimum usage rate, instead of based on their previous water use for a comparable period of time as required by local law.<sup>9</sup> As a result, 15 customers (75 percent) were not billed for a combined total of approximately 313,000 gallons, which resulted in these customers being underbilled and lost revenue to the Village totaling a combined \$1,138.

We reviewed three months of recorded water and sewer collections totaling \$174,361 during the audit period to determine whether the collections were deposited intact and in a timely manner. We found that all of the collections were deposited intact and except for one minor exception, which we discussed with Village officials, these collections were deposited in a timely manner.

### **Adjustments Were Not Approved and Always for Appropriate Purposes**

We reviewed 20 of 58 adjustments made by the Clerk to customer accounts totaling \$1,263 during the audit period to determine whether they were approved by the Board or a designated official before being made and were for appropriate purposes. Officials were unable to provide us with documentation showing that any of these adjustments were approved. Instead, the Clerk made adjustments to customer accounts at her own discretion with no independent review and approval.

In addition, six adjustments totaling \$457 were not for appropriate purposes. For example, five adjustments totaling \$400 were made to remove penalties that had been assessed to customer accounts, even though the customers had not paid their bills by the due dates. The other adjustment totaling \$57 was made to reduce a customer's water use by 17,000 gallons, but this adjustment was unsupported and the Clerk did not provide an explanation for the adjustment. These adjustments resulted in lost revenue to the Village totaling \$457.

### **Delinquent Accounts Were Not Always Enforced in Accordance with Local Laws.**

Board-adopted local laws establish penalties for delinquent water and sewer accounts.<sup>10</sup> Delinquent water accounts are to be assessed a \$25 penalty for non-payment 15 days after the due date on the bill and an additional \$25 penalty for every succeeding 15-day period of non-payment.<sup>11</sup> Delinquent sewer accounts

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9 The other 23 bills were accurate only because the customers' previous water use for a comparable period of time did not exceed the minimum usage amount.

10 Local Laws #5 and #7 of 2016

11 Our audit did not address the propriety of the amount of penalties charged by the Village.

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are to be assessed a 10 percent penalty for non-payment by the due date on the bill and each month the bill remains unpaid. In addition, Board-adopted local laws establish that delinquent accounts are to be relieved onto the customer's next Village real property tax bill.<sup>12</sup>

We reviewed 40 unpaid customer accounts at the due dates during our audit period and found penalties were not assessed to nine customers (23 percent) in accordance with the local laws, resulting in lost revenue to the Village totaling \$230. This occurred because the Clerk did not always assess penalties in accordance with the local laws.

For example, the Clerk did not always assess penalties to unpaid water accounts for each 15-day period the accounts remained unpaid and did not assess penalties to unpaid sewer accounts at the beginning of the month. These errors occurred and remained undetected because there was no independent review to ensure penalties were properly assessed.

The Board did not review and approve the Clerk's list of relieved water and sewer accounts sent to the County at the end of the 2018-19 collection period or compare it to a delinquent customer account report from the billing and collection software. Therefore, the Board was unable to ensure all eligible unpaid accounts were properly relieved.

We reviewed 20 of the 60 delinquent accounts totaling \$8,527 for customers located inside the Village at the end of the 2018-19 collection period. We found that two delinquent accounts totaling \$734 for one customer were incorrectly relieved on to another customer's real property tax bill whose account was not delinquent. This occurred because the Clerk provided an incorrect tax identification number for the two delinquent accounts to the County.

The customer who had charges incorrectly relieved paid the charges and was issued a refund by the Village. In addition, we found that the Clerk added the \$734 in unpaid water charges that were not properly relieved back onto the customer's accounts. However, as of July 31, 2019, the customer had not paid this amount.

None of the delinquent accounts reviewed were remitted to the County for the correct relevy amount because these accounts were not assessed penalties in accordance with the local laws, resulting in lost revenue to the Village totaling \$2,814.

We also reviewed the one customer located outside the Village who had a delinquent account at the end of the 2018-19 collection period totaling \$1,369 and found that the unpaid balance was included in the first bill issued to the

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<sup>12</sup> Local Law #5 of 2016 and Local Law #5 of 1984

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customer in 2019-20. However, the Clerk did not properly assess penalties to this delinquent account, resulting in lost revenue to the Village of \$200.

Village officials' failure to ensure penalties were properly assessed to delinquent accounts resulted in the Village not realizing all revenues it was entitled to.

## **What Do We Recommend?**

The Board should:

1. Establish written policies and procedures to provide adequate guidance for the billing, collecting and enforcing of water and sewer charges.
2. Ensure the adopted water rates are correctly setup in the billing and collection software.
3. Review and approve all adjustments made to customer accounts and ensure they are adequately documented or designate someone independent of the billing and collecting process to perform these functions.
4. Review and approve the list of relieved water and sewer accounts by comparing it to a delinquent customer account report from the billing and collection software to ensure all eligible delinquent accounts are properly relieved.
5. Consult with its legal counsel to determine whether any retroactive billing adjustments should occur.

Village officials should:

6. Segregate duties over billing, collecting and enforcing water and sewer charges. If it is not practical to segregate duties, officials should establish appropriate compensating controls, such as increased management review procedures.
7. Generate and provide billing registers for each water and sewer billing to the Board for review.
8. Ensure penalties are correctly assessed on all delinquent accounts in accordance with the Board-adopted local laws.

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The Mayor should:

9. Ensure the Treasurer properly maintains water and sewer receivable control accounts in the Village's accounting records.
10. Ensure Village officials prepare monthly reconciliations of the water and sewer receivable control accounts with the supporting detailed records.

# Appendix A: Response From Village Officials

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**Village of Greenwich**  
6 Academy St.  
Greenwich NY 12834

February 17, 2020

Jeffery P. Leonard  
Chief Examiner,  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, NY 12801

Dear Mr. Leonard:

This letter will serve as our response to the Village of Greenwich Water and Sewer Financial Operations Report of Examination 2019M-229 and will also serve as our Corrective Action Plan.

On behalf of myself, the Board of Trustees, the Village Treasurer, the Village Clerk, and the Deputy Village Treasurer, I'd like to express my appreciation for the time and effort exerted by our team of auditors. We are a relatively new Board, and our appointed officials in the Village office are all fairly new to their positions, so we regard the audit as an opportunity to learn where we can make improvements and implement new processes that we didn't know about previously. As you read our responses, you'll see that information imparted to us by the auditors allows us to execute functions more efficiently and effectively.

We have read the Village of Greenwich Water and Sewer Financial Operations Report of Examination 2019M-229. Overall, we agree with your findings. The following remediation plan comprises our Corrective Action Plan for the findings in the report:

*1. Establish written policies and procedures to provide adequate guidance for the billing, collecting, and enforcing of water and sewer charges.*

In the four years since the Mayor assumed office, we reorganized the office from a Clerk/Treasurer position to separate Clerk and Treasurer positions, with the Clerk operating the water and sewer billing functions. In the past four years we have had three

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different people in the Clerk position and three different people in the Treasurer position. We've also changed water and sewer billing software twice. We think we finally have a system that works for us. With all of these changes, our goal has been to keep the vital functions going. We know we need a manual of best practices for the water and sewer billing, collecting, and enforcing. We plan to write and put an operating manual in place in the next calendar year.

Our working plan is for the Clerk to write the first draft of the procedures and policies manual, based on the steps taken during the billing and collecting cycle. The Clerk will share the draft with the Treasurer, the Deputy Treasurer and the Mayor for editing and developing a final version, which we will publish.

Our goal for release of the manual is the conclusion of 2020.

Responsible Person -- The Mayor will be the Chair of the operating manual committee.

*2. Ensure the adopted water rates are correctly setup in the billing and collection software*

The Village Board passed a resolution on September 18, 2019 clarifying the water and sewer rates for both inside and outside the Village. Following this meeting, the Clerk entered the correct rates, per the resolution, into the software system. The Mayor and the Clerk met to check the rates that had been entered to ensure their accuracy, immediately before the October 1, 2019 billing was generated. We set up a series of scheduled meetings that will occur immediately before the bills are generated for each cycle, for the purpose of confirming that the rates are correct.

Responsible Person: On October 7, 2019, The Board of Trustees designated the Mayor as the officer who will be responsible for confirming that the correct rates are in the system.

*3. Review and approve all adjustments made to customer accounts and ensure they are adequately documented or designate someone independent of the billing and collecting process to perform these functions.*

- The Mayor and the Clerk will compile a list of common legitimate reasons for requesting an adjustment of a water or sewer bill.
- When the need for an adjustment arises, if it falls into one of the agreed-upon categories, the clerk will make the adjustment, adding notes in the software about it.
- The Clerk will document the adjustment and add to a paper file, as she has been doing all along.
- If the requested adjustment is not on the approved list, the Clerk will consult with the Mayor before agreeing to the adjustment.
- Once a month the Mayor and Clerk will review the folder. Last month the Mayor and Clerk reviewed the folder; meetings are scheduled for the first week of each month.

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- The Mayor will be the officer responsible for reviewing the adjustments, per the Board.

*4. Review and approve the list of re-levied water and sewer accounts by comparing it to a delinquent customer account report from the billing and collection software to ensure all eligible delinquent accounts are properly re-levied.*

This activity will take place each year, in May, with the first to happen in May, 2020. A delinquent customer account report will be generated from the billing software. The list of re-levied water and sewer accounts will be generated by the Clerk. The Mayor will meet with the Clerk to compare the two lists, and once verified, the re-levies will be released.

Responsible Person – The Mayor, designated by the Board

*5. Consult with its legal counsel to determine whether any retroactive billing adjustments should occur.*

The Mayor and Board discussed this issue with our legal counsel. We agreed: since we are about to embark on a large water project that will necessitate raising water rates, we do not want to retroactively adjust bills. Further, the water system is financially healthy, so we don't specifically need to raise additional money from past bills.

Responsible Party: The Mayor and Village Board

*6. Segregate duties over billing, collecting, and enforcing water and sewer charges. If it is not practical to segregate duties, officials should establish appropriate compensating controls, such as increased management review procedures.*

In a small department such as our Village, we don't have resources to allow us to segregate duties. Therefore, the Village Board has appointed the Mayor as the managing officer. The controls planned and described in this document will provide increased management needed to ensure that the water and sewer systems are running properly. The water and sewer billing registers are also submitted for review by the Board of Trustees after each billing, three times a year. See each action for dates of implementation.

Responsible Person – Mayor

*7. Generate and provide billing registers for each water and sewer billing to the Board for review.*

Beginning with our last billing, on January 30, 2020 the Clerk provided the billing registers for water and sewer billing, for the Board review. The plan is to continue providing the registers for approval with each billing and to ensure that the total receivable amount matches the total that is generated by the [REDACTED] software billing summary reports.

Responsible Person – Clerk to prepare for Board review at regular meeting immediately following billing.

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*8. Ensure penalties are correctly assessed on all delinquent accounts in accordance with the Board-adopted local laws.*

Our penalties for accounts in arrears are assessed every two weeks beginning with the 15<sup>th</sup> day of non-payment after the first due date. Before the audit team pointed out the anomaly, we were not imposing a penalty in the final two-week period before the next bill, because doing so creates more work for releasing accurate bills. Beginning with the October 1, 2019 billing cycle, we began imposing that last penalty to accounts that remain outstanding. We will continue to use this practice in future billings.

Responsible Person – Clerk to prepare for Board review; Mayor to confirm with each billing cycle.

*9. Ensure the Treasurer properly maintains water and sewer receivable control accounts in the Village's accounting records.*

This recommendation was implemented while the auditors were on-site. Starting June 1, 2019, the Treasurer implemented the proper use of the water and sewer control accounts for the 1<sup>st</sup> tri-annual water-sewer billing of 2019 (Jan 1-April 30). Journal entries will be made to the control accounts tri-annually (June, October, and February) based on the totals from the Water and Sewer Billing Register prepared by the Clerk.

Responsible Person: The Mayor will review the journal entries made by the Treasurer at the conclusion of each billing release.

*10. Ensure Village officials prepare monthly reconciliations of the water and sewer receivable control accounts with the supporting detailed records.*

The Treasurer will prepare monthly reconciliations of the water and sewer receivable control accounts along with the supporting detailed records beginning with the most recent, 3<sup>rd</sup> tri-annual billing of 2019 (Sept 1-Dec 31).

Responsible Person: The Mayor has scheduled monthly meetings with the Treasurer to review the reconciliations.

Sincerely,

Pamela Fuller  
Mayor

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## Appendix B: Audit Methodology and Standards

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We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence,<sup>13</sup> our audit procedures included the following:

- We interviewed Village officials and reviewed Village policies, local laws, Board minutes and various water and sewer financial records and reports to gain an understanding of the Village's procedures relating to the billing, collecting, enforcing and accounting of water and sewer charges and any associated effects of deficiencies in those procedures.
- We reviewed the Village's accounting records during the audit period to determine whether the water and sewer receivable control accounts were properly maintained and reconciliations of these accounts were prepared with the supporting detailed records.
- We compared the Board-adopted water and sewer rates to the rates setup in the billing and collection software during the audit period to determine whether the rates agreed.
- We used our professional judgment to select 30 customers and reviewed their water and sewer bills for all three billings in 2018-19 and related payments to determine whether the bills were accurate and correctly recorded in customers' accounts, the payments agreed with the amount billed (including penalties, if applicable) and the payments were correctly recorded in the customers' accounts. Our sample included Village officials and employees, residential and commercial customers and customers located inside and outside Village boundaries.
- We used our professional judgment to select 20 water customers who were billed without a meter reading for all three billings in 2018-19 and reviewed their water bills to determine whether the bills were accurately calculated using the previous usage for a comparable period of time as outlined in a Board-adopted local law. Our sample included two Village officials and 18 other customers to satisfy our sample.
- We reviewed 50 customer accounts to determine whether they were billed every four months during the audit period for services received. We used a computerized random number generator to select 50 customers from the billing register for the first billing in 2018-19.
- We reviewed three months of recorded water and sewer collections during the audit period to determine whether the collections were deposited intact and in a timely manner. We used a computerized random number generator to select three months during the audit period.

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<sup>13</sup> We also issued a separate audit report, *Village of Greenwich – Cash Management (2019M-230)*.

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- We used our professional judgment to select 20 of the 58 adjustments made to customer accounts during the audit period to determine whether they were approved by the Board or a designated official before being made and were for appropriate purposes. Our sample included adjustments to customer accounts made throughout the audit period.
  - We used our professional judgment to select 40 unpaid customer accounts at the due dates during the audit period to determine whether penalties were properly assessed in accordance with the Board-adopted local laws. Our sample included unpaid customer accounts throughout the audit period.
  - We used our professional judgment to select 20 of the 60 delinquent accounts for customers located inside the Village at the end of the 2018-19 collection period to determine whether the accounts were relieved and if the relevy amounts were accurate.
  - We compared the total dollar amount of delinquent accounts for customers inside the Village at the end of the 2018-19 collection period to the list of relieved water and sewer accounts sent to the County and the 2019-20 Village tax roll to determine whether they agreed.
  - We reviewed the one customer located outside the Village who had a delinquent account at the end of the 2018-19 collection period to determine whether the unpaid balance was properly included in the first bill issued to the customer in 2019-20.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

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.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Village Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://www.osc.state.ny.us/localgov/regional_directory.pdf)

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.state.ny.us/localgov/costsavings/index.htm](http://www.osc.state.ny.us/localgov/costsavings/index.htm)

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm](http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

### **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://www.osc.state.ny.us/localgov/planbudget/index.htm)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.state.ny.us/localgov/pubs/cyber-security-guide.pdf](http://www.osc.state.ny.us/localgov/pubs/cyber-security-guide.pdf)

### **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/localgov/finreporting/index.htm](http://www.osc.state.ny.us/localgov/finreporting/index.htm)

### **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.state.ny.us/localgov/researchpubs/index.htm](http://www.osc.state.ny.us/localgov/researchpubs/index.htm)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.state.ny.us/localgov/academy/index.htm](http://www.osc.state.ny.us/localgov/academy/index.htm)

## Contact

Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

[www.osc.state.ny.us/localgov/index.htm](http://www.osc.state.ny.us/localgov/index.htm)

Local Government and School Accountability Help Line: (866) 321-8503

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