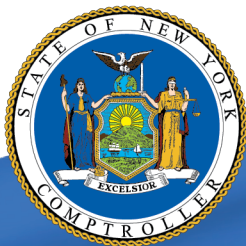


Jamestown Board of Public Utilities

Energy Efficiency and Recycling Programs

DECEMBER 2018



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

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Report Highlights

Jamestown Board of Public Utilities

Audit Objective

Determine whether energy efficiency and recycling rebates and credits were issued in accordance with program guidelines.

Key Findings

- The Board did not adopt adequate written policies or procedures, and management did not provide sufficient oversight.
- Twenty-six applications for energy rebates totaling \$127,000 did not have sufficient technical documentation attached and 25 totaling \$150,876 did not have required documentation to clearly identify the type and/or quantity of materials purchased.
- Recycling credits were not processed accurately resulting in 1,004 customer accounts being under credited by \$2,050 over a six-month period.

Key Recommendations

- Adopt written policies and procedures for processing and reviewing rebates and credits.
- Ensure all rebates and credits have appropriate documentation and are paid at appropriate rates.
- Provide adequate management oversight.

BPU officials agreed with our recommendations and indicated they planned to initiate corrective action. Appendix B includes our comment on an issue raised in the BPU's response.

Background

The City of Jamestown (City) is located in Chautauqua County and has five municipally owned public utilities that provide electricity, water, wastewater, sanitation and heating and cooling services. The Board of Public Utilities (BPU) is responsible for managing the utility operations. The BPU is governed by a nine-member Board (Board).

The BPU General Manager is responsible for the utilities' day-to-day operations and the BPU Finance and Customer Service Accounts Manager is responsible for financial operations. An Energy Efficiency Program Coordinator administers the energy rebate program. The BPU offers energy efficiency and recycling rebate and credit programs to approximately 18,000 electric and 12,000 sanitation customers.

Quick Facts*

Energy Rebates	549 totaling \$1.1 million
Energy Credits	1,189 totaling \$180,000
Recycling Credits	353,835 totaling \$3.6 million

*From January 1, 2014 through June 27, 2017

Audit Period

January 1, 2014 – March 22, 2018

Energy Efficiency and Recycling Programs

The BPU encourages energy conservation and recycling by offering savings initiatives to its customers.

In 2009, the BPU began offering electric customers rebates and billing credits through Energy Efficiency Programs (energy programs). As of December 31, 2017, the BPU issued rebates and credits to customers who purchased and installed certain energy efficient equipment, lighting and motors (e.g., LED lighting), commercial and residential weatherization and other customized incentives.¹ The energy programs also include energy audits to assist customers in identifying areas for improvement.

The BPU issued rebates and credits to customers after they submitted an application and provided sufficient documentation (e.g., original receipts, energy guides or labels) demonstrating that an eligible purchase and installation had been completed. The Energy Efficiency Program Coordinator (EEP Coordinator) and customer service department approved, processed and retained customer applications.² Energy program rebates were issued by check and credits were issued against customers' utility accounts (electric charges).

To recover associated costs of the program, the BPU collected a surcharge from its electric customers. According to information provided by BPU officials, since inception, approximately \$3.5 million has been spent on the program and electric consumption has been reduced by 16 million kilowatt-hours.

In April 2014, in an effort to increase residential participation in the City's recycling program and reduce the amount of solid waste taken to the landfill, the BPU also instituted the Residential Recycling Credit Program (recycling credit program). As part of the recycling credit program, customers who participated in the City's recycling program at least once during a billing cycle received a billing credit that consisted of a 50 percent reduction against their monthly solid waste charge.

To track customer participation, the BPU purchased recycling bins embedded with radio frequency identification (RFID) tags that contained information unique to each billing address. When picking up customers recycling bins, employees scanned the tags to indicate that customers were participating in the program. The scanned information was recorded into a database that downloaded to the BPU's billing and collection software system and the standard credit was automatically applied. In 2016, approximately \$1.2 million in credits were issued with an estimated 80 percent participation rate.³

1 Residential attic insulation, custom incentives and commercial weatherization rebates and credits were discontinued in 2018.

2 The customer service department generally limited its approvals to energy efficiency applications requesting amounts less than \$500.

3 This percentage represented customers who received at least one credit during a 12-month billing period. The percentage decreases to approximately 47 percent for customers who participate 11- to 12-months per year.

How Should Rebates and Credits Be Processed?

The Board is responsible for adopting written policies and procedures to provide sufficient guidance for employees who process energy program and recycling credit program rebates and credits. These policies and procedures should help ensure that rebates and credits are issued in compliance with program guidelines and are accurate and properly supported. Additionally, these policies and procedures should involve segregating key financial duties to ensure that one employee does not perform all phases of a transaction. When key duties cannot be adequately segregated, the Board should implement compensating controls such as additional management oversight to minimize inherent risks associated with the lack of segregation. Once the policies and procedures are established, BPU management should monitor compliance with these policies.

Energy and recycling program guidelines should include detailed rate structures and qualifying criteria to receive a rebate or credit. Guidelines also should include procedures for post inspections to verify project completion and measure and/or verify energy savings. Established rates could include standard or reduced (i.e., prorated) rates and annual maximum payments. Qualifying criteria and program conditions should be established to ensure equitable treatment of all program participants. When necessary, exceptions to the program guidelines should be approved by the Board.

When employees' job duties require them to determine whether participants meet program criteria or conditions before resources are expended, management must ensure employees adequately perform these duties. If employees allow exceptions to adopted rates or from submitting required documentation, policies or procedures must require management to approve the exceptions or exemptions and require employees to document justifications for the allowances.

Energy Efficiency Rebates and Credits Were Not Processed in Accordance With Guidelines

Although the Board annually adopted energy program guidelines establishing rates and eligibility criteria, BPU management did not implement procedures to ensure that all rebates and credits were accurately processed in accordance with these guidelines.

During our audit period, the energy program provided 549 rebates totaling approximately \$1.1 million and 1,189 credits totaling approximately \$180,000 to customers. We reviewed 69 rebates totaling \$401,815 and 139 credits totaling \$23,837 to determine whether approved applications were on file, payments and credits were issued at the appropriate rates and all required supporting documentation was attached.⁴ We found the following exceptions:

⁴ Refer to Appendix C for information on sampling methodology.

-
- Forty-six credit applications (33 percent) totaling \$6,600 did not have adequate supporting documentation. Typically, customer service employees would stamp the original supporting documentation (e.g., receipts) to prevent customers from resubmitting it, then photocopy the documentation and attach the copies to the application. However, the photocopied documentation for 40 credit applications totaling \$5,835 were either not stamped or inappropriately stamped.⁵ The remaining six applications lacked at least one piece of required documentation.
 - Of the 69 rebates reviewed, 50 totaling \$262,141 required technical documentation to be submitted with the application to demonstrate that the purchased and installed materials met the applicable efficiency standards. We found 26 (52 percent) totaling \$127,000 that did not have sufficient technical documentation attached.⁶
 - Of the 69 rebates reviewed, 65 totaling \$385,769 required sufficiently itemized invoices or receipts that clearly identified the type and/or quantity of materials purchased. We found 25 (38 percent) totaling \$150,876 that did not have the required documentation. As a result, because rebate amounts were determined by the type, size and amount of materials purchased, we could not verify employees' calculations for these rebates. For example, one rebate totaling \$6,492 that was calculated based on square footage was supported by an invoice for the installation of 60 energy efficient windows, but the invoice attached did not indicate all the window sizes. The EEP Coordinator told us that the rebate could have ranged between \$6,965 and \$7,957, but he could not explain how the actual rebate amount of \$6,492 was determined, other than that was the amount requested by the customer.
 - Seven rebates (11 percent) totaling \$46,027 were issued for incorrect amounts. Most of the errors were immaterial and due to mathematical or clerical errors.
 - Six rebates (9 percent) totaling \$21,561 were issued without an application on file, and one application totaling \$445 was paid twice.⁷

Because BPU management did not establish adequate review procedures or provide appropriate oversight, it was unaware that employees were not adequately reviewing applications to ensure that all qualifying information is attached or accurate. As a result, the Board cannot ensure that rebates and credits were paid in accordance with adopted guidelines.

⁵ For six applications, the photocopied documentation was stamped after the copy was made, which could have allowed customers to use it again.

⁶ It was not our intent to determine whether the product met efficiency standards, but only whether the required supporting documentation was attached.

⁷ Two payments for the same application

Standard Recycling Credits Were Processed Correctly

We conducted field tests by accompanying sanitation workers and observing whether recycling bins were being scanned, reviewed database information and traced scans into the billing system to determine whether information was accurately recorded. We reviewed recycling credits to determine whether they were applied at the appropriate rate and limited to residential customers and whether credits that were manually applied had reasonable justification. We also determined whether temporary exemptions (e.g., for customers who were out of town) were limited to a reasonable time period. Our testing did not disclose any material deficiencies or errors.

Manual Recycling Credits Were Processed Without Adequate Oversight

We found that BPU management did not provide adequate oversight over the processing of recycling program credits that occurred outside of the standard scanning system (i.e., manual credits). For example, employees used their own discretion when adding credits based on customer complaints (e.g., bin was not properly scanned), customers claiming they were unable to put out their recycling and when processing final bills for customers who moved to new locations.⁸

Further, we found there was no consistent practice among employees for documenting their justifications when allowing or disallowing a credit. We also found that BPU management did not request reports identifying manual credits⁹ that could have helped managers identify trends, such as one account receiving multiple manual credits or the lack of reasonable explanations for giving or denying credits, which could be an indication of preferential treatment for certain customers (e.g., friends or relatives of employees).

We reviewed various reports and several types of manual credits¹⁰ to determine whether there were reasonable explanations for manual credits being given. Except for minor deficiencies that we discussed with officials, we found that reasonable explanations were provided. However, because employees had a wide range of discretionary authority and BPU management provided minimal oversight of manual credits, officials cannot ensure that recycling credits were issued only to those customers who legitimately participated in the program.

⁸ Final bills occurred when a customer moved or transferred their solid waste accounts to a new location. However, when customers moved, they did not always move or transfer their solid waste billing accounts on the day their bin was scanned. To determine the final bill for these customers, employees told us they typically reviewed customers' past participation history in the recycling program when deciding whether they would add the credit.

⁹ These reports would have indicated which employee processed specific credits.

¹⁰ Refer to Appendix C for information on our sampling methodology

Prorated Recycling Credits Were Not Calculated Correctly

We found that the billing system did not always calculate prorated credits correctly for partial billing periods (e.g., first or final bill). We recalculated prorated credits for January 1, 2017 through June 30, 2017 and determined that 1,004 customer accounts were under credited by a net total of \$2,050.¹¹

The BPU's information systems manager told us he assumed that the prorated credits were being calculated correctly. However, we found that the billing system was using incorrect parameters to calculate prorated credits. Had employees periodically reviewed billing registers and adjustments, such as prorated credits, these errors might have been detected and corrected.

Energy Rebates Exceeded the Annual Maximum

We reviewed the 69 rebates and 139 credits in our sample¹² to determine whether they exceeded the annual maximum allowed per project or account and whether there were reasonable explanations for exceptions provided. We found that the EEP Coordinator had complete discretion over allowing exceptions to the Board's adopted guidelines (e.g., rebates and credits provided over established maximums) and identified eight customers¹³ who received rebates that exceeded the annual maximum allowance of \$15,000.

The EEP Coordinator reviewed and approved applications for energy efficiency rebates that exceeded \$500. Prior to approving applications, the EEP coordinator was supposed to verify that the project had not already exceeded the annual maximum allowance. However, we found that the EEP Coordinator approved payments over the established maximum without obtaining Board approval. Further, he did not document his justification for allowing payments in excess of the maximum.

The EEP Coordinator told us that he typically allows exceptions when amounts are immaterial or not approving them could discourage customers from completing a project. For example, he considered four of the eight exceptions to be immaterial overages because they exceeded the annual maximum by \$150, \$852, \$960 and \$1,750. However, the other four exceptions exceeded the annual maximum by more material amounts, as follows:

- Two customers received rebates exceeding the annual maximum by \$29,670 and \$5,070. The maximum was exceeded, in part, because a portion of the rebates were paid to the customers under a special project code used for

11 Three accounts were over credited.

12 Refer to the "Energy Efficiency Rebates and Credits Were Not Processed in Accordance With Guidelines" section and Appendix C for further information on our sample selection.

13 One vendor received overages for two different projects: one completed in 2015 and one in 2016.

custom projects. According to program guidelines custom incentives can be created for “any project that would not be covered by another BPU energy efficiency program.” The EEP Coordinator indicated that once the maximum rebate amount had been reached for a project he no longer considered it “eligible” for that project and would then consider it eligible for a custom incentive.

- One customer’s rebates exceeded the maximum by \$4,467. According to the EEP Coordinator this project spanned two years and was actually two projects. Therefore, he felt that the customer would be eligible to receive an amount up to the maximum in each year. However, the applications on file indicated that the rebates were actually for the same project and, therefore, would not be eligible for the maximum in both years. We did not find any other supporting documentation to demonstrate that there were two projects or that the project spanned two years.
- The EEP Coordinator approved an \$18,292 rebate based on an itemized list¹⁴ of material purchased. However, the customer calculated the rebate amount incorrectly, and the requested amount exceeded the maximum allowed by \$3,292.

Because program revenues were limited,¹⁵ the maximum allowances were essential for ensuring resources were allocated fairly among customers. Allowing the EEP Coordinator complete discretion to approve rebates in excess of the Board-approved amount increases the risk that improper payments could occur and resources may not be allocated as the Board intends.

Post Inspections Were Not Always Completed or Documented

The EEP Coordinator was responsible for conducting post inspections to ensure projects were completed and customers were entitled to receive their rebates and/or credits.¹⁶ He told us the selection process for post inspections included materiality¹⁷ and past experience with the contractors’ work. We requested to review post inspection results completed during our audit period to determine whether the work completed supported the approved applications. Although the EEP Coordinator provided us with a list of inspections, he said he did not retain any documentation for the inspections’ results.

14 Vendor invoices were not attached.

15 Rebates and credits were limited to the amount of surcharge revenue received to fund the energy efficiency program.

16 The EEP Coordinator indicated that he mainly limited his post inspections to lighting and motor projects, but he also worked closely with customers or contractors throughout other types of larger projects.

17 For projects of at least \$1,000

In addition, BPU management did not request or review the list of inspections to assess whether they were conducted and what the results were. Further, the EEP Coordinator did not do any post inspections for projects with energy rebates that were issued as credits. We conducted three on-site inspections and 16 “drive-by” inspections¹⁸ and found minor deficiencies that we discussed with BPU management.

Without adequate post inspections, BPU management cannot ensure that projects have been completed or that credits and rebates were warranted.

Employees Processed and Approved Their Own Applications

The Board did not establish policies or procedures addressing how applications for energy rebates and credits submitted by BPU employees and their relatives should be approved and processed. The EEP Coordinator and customer service employees approved rebates and credits for BPU employees. Also, no policies existed to prevent or prohibit employees from approving and processing their own applications.

Of the 69 rebates and 139 credits that we reviewed,¹⁹ we identified four rebates totaling \$2,191 and 12 credits totaling \$1,460 issued to employees. Five credits (42 percent) totaling \$385 were not processed in accordance with guidelines,²⁰ and one customer service employee processed three of her own credits totaling \$280.

Allowing employees to approve their own or their relatives’ applications increases the risk that inappropriate payments or credits could be issued. During our fieldwork, officials told us they implemented new procedures to provide some oversight in both programs.

Although the Board annually reviewed program guidelines and received reports on program results, it and other BPU management did not implement sufficient oversight to ensure that rebates and credits were issued in an appropriate manner. As a result, maximum amounts were exceeded, evidence of post inspections were not maintained and an employee processed her own credits.

While we commend the BPU for its green initiatives and recycling programs, it is paramount that the programs be monitored to ensure the maximization of program goals and provide assurance that program participants are being treated in a fair and equitable manner.

¹⁸ Refer to Appendix C for information on our sampling methodology.

¹⁹ See supra, note 12.

²⁰ Although there were no stamps on the photocopies of original supporting documentation with the applications, all credits were issued at appropriate rates.

What Do We Recommend?

The Board and BPU management should:

1. Establish written policies and review procedures for processing and reviewing rebates and credits.
2. Ensure rebates and credits are processed accurately and in accordance with guidelines and take appropriate action to address the exceptions we identified.
3. Determine and document how prorated recycling credits should be calculated and ensure billing system parameters are properly adjusted.
4. Provide proper oversight and ensure the Board approves rebates in excess of the maximum and exceptions to adopted guidelines.
5. Periodically request and review post inspection results.
6. Establish policies and procedures for approving and processing applications for rebates and credits submitted by employees and prohibit employees from approving and processing their own applications and those submitted by their relatives.

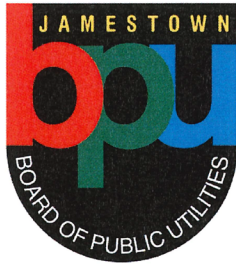
Customer service employees should:

7. Attach all supporting documentation to applications for rebates and credits and retain all information.
8. Verify whether application amounts agree with adopted rates and calculations are accurate.

The EEP Coordinator should:

9. Document and retain adequate support regarding the justification for issuing rebates and credits outside of standard procedures.
10. Perform post inspections and retain information related to the inspection results.

Appendix A: Response From Board of Public Utilities Officials²¹



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**ELECTRIC
DISTRICT HEAT
WATER
WASTEWATER
SOLID WASTE**

November 26, 2018

Mr. Jeffrey D. Mazula
Chief Examiner of Local Government and School Accountability
Buffalo Regional Office
Office of the State Comptroller (O.S.C.)
295 Main Street, Suite 1032
Buffalo, New York 14203-2510

Dear Mr. Mazula,

We have completed our review of the draft audit report provided by your office for the Jamestown Board of Public Utilities (JBPU) Residential Recycling Credit Program (RRCP) and Energy Efficiency Program (EEP) covering the period January 1, 2014 – March 22, 2018 and have the following comments as required in a requested response letter:

We recommend a chronology of the audit be included in the final report. We received audit notification on January 19, 2017 and participated in an opening meeting on March 10, 2017. After approximately three months of risk assessment auditing and analysis of the JBPU financial systems and reporting, a conclusion was made that no further detailed auditing was required on the utility financial reporting system. At that time, both the RRCP and the EEP were selected to audit. The RRCP analysis was completed first, from approximately July 2017 to December 2017. The EEP analysis was initiated towards the end of December 2017 and completed by the beginning of April 2018. JBPU management staff participated in an exit interview meeting with O.S.C. staff on April 6, 2018. We then received the draft report on October 30, 2018 and participated in an exit discussion on November 6, 2018.

See
Note 1
Page 13

Related to the specific items highlighted in the draft report –

Energy Efficiency Rebates and Credits – Page 5

The report highlights, and we acknowledge that BPU management did not implement procedures to ensure that all rebates and credits were accurately processed in accordance with program guidelines. When these items were raised during the audit process, the following corrective actions were developed and put into place:

- The Customer Service Supervisor now reviews and signs all credit documentation prior to filing.

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²¹ The BPU's response letter refers to page numbers that appeared in the draft report. The page numbers have changed during the formatting of this final report.

- A new Customer Service Standard Operating Procedure (SOP) has been developed for the credit process and associated requirements.
- A second review and sign-off of Energy Efficiency rebates prior to final approval and rebate authorization was implemented.
- A new Energy Efficiency SOP has been developed and is being implemented defining specific requirements related to the application, site visit, application approval, post-inspection, and rebate authorization process; there are now three separate individuals included in the initiation, review, verification, and approval process related to rebates.
- A “periodic check audit” will occur with Customer Service and Energy Efficiency Program files, to select a sample of authorized credits and rebates for verification of policy and procedure compliance.

We are confident that highlighted concerns have been resolved. All these changes and improvements will be included in our formal submission of Corrective Action Plans (CAP’s) after the final O.S.C. report is issued.

Standard Recycling Credits – Page 6

We agree that in approximately six months of detailed auditing, O.S.C. testing did not disclose any material deficiencies or errors with our standard recycling credits, and we appreciate the confirmation of the strength, value, and credibility of our RRCP. We are very proud of BPU staff that created and now manage this benchmark recycling incentive program.

Manual Recycling Credits – Page 7

The report highlights, and we acknowledge that BPU management did not provide adequate oversight over the processing of recycling program credits that occurred outside of the standard scanning system (i.e. manual credits). We also agree that except for minor deficiencies that were discussed with BPU staff, O.S.C. found that reasonable explanations were provided related to this concern. When these items were raised during the audit process, the following corrective actions were developed and put into place:

- A new Customer Service SOP has been developed for the manual credit process and associated requirements.
- A weekly Void Report is now automatically created and the Customer Service Supervisor reviews and monitors account adjustments; these weekly review results are provided to the Finance & Customer Accounts Manager and I/T Manager for their review and awareness.

We are confident that highlighted concerns have been resolved. All these changes and improvements will be included in our formal submission of CAP’s after the final O.S.C. report is issued.

Prorated Recycling Credits – Page 7

The report highlights, and we acknowledge that the billing system did not always calculate prorated credits correctly for partial billing periods. We have adopted a new, simple process for first-month and last-month customer accounts to resolve and eliminate this minor system discrepancy that was highlighted.

All other findings in the report beyond page 7 we acknowledge, and these discrepancies have been or will be addressed with the same corrective actions already provided above in this letter. In all these areas, we are confident that highlighted concerns have been or are being resolved. The changes and improvements will be included in our formal submission of CAP's after the final O.S.C. report is issued.

On behalf of all involved JBPU staff members and our Board members, I would like to thank the members of the on-site audit team for their professional efforts and cooperation during this process. Clearly, we recognize and accept this initiative as a valuable performance enhancement tool as we seek to improve the level and quality of service that we provide to our municipal utility customers.

During the coming weeks, we look forward to receiving the final version of the audit report so that we may proceed with the finalization and submission of the required corrective action responses.

Should any additional questions arise or if we can provide any further clarification of issues or assistance in this process, please do not hesitate to contact me directly.

Respectfully submitted,

David L. Leathers
General Manager
City of Jamestown, Board of Public Utilities

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Jamestown Board of Public Utilities
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Appendix B: OSC Comment on the BPU's Response

Note 1

The chronology presented by officials is misleading because it incorrectly characterizes the amount of time spent on the audit. Audit staff are often responsible for multiple audits and do not always work continuously or exclusively on a single audit. Additionally, many variables can have an impact on the length of time it takes to complete an audit, including the audit's complexity, accessibility of a local government's staff and records and availability of OSC staff and resources.

Appendix C: Audit Methodology and Standards

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, our audit procedures included the following:

- We interviewed BPU officials and employees and reviewed guidelines to gain an understanding of the energy efficiency and recycling programs.
- We selected 69 rebates paid by check and 139 credits applied against 75 customer accounts from January 1, 2014 through June 27, 2017 to determine whether approved applications were on file and supported by sufficient documentation, rebates and credits were issued at appropriate rates and maximum annual rebates amounts were exceeded. We used a risk-based approach focusing primarily on customers or contractors who received multiple payments or credits. We reviewed all payments or credits made to the customers selected for our sample. We also randomly selected 10 percent of the multiple payments identified and included all payments to employees and any that exceeded the annual maximum rebate allowance.
- We selected additional samples using auditor judgment (e.g., those that arose from discussions with officials or "odd" payments, such as the same amount being paid twice to the same individual). We also randomly selected 5 percent of any payment not included in other categories. Our credit sample included all accounts that exceeded five individual credits, a 10 percent random sample of accounts with multiple credits and a 5 percent sample of remaining credits. We also included all payments to BPU employees and their relatives and those paid over the maximum annual allowance.
- We conducted on-site post inspections on three judgmentally selected rebates. We based our selection on materiality (over \$1,000) and included those that did not have pre or post inspections. We selected our sample from a list provided by the EEP Coordinator that included lighting and motor rebates paid between January 1, 2014 and November 16, 2017. We also conducted "drive-by" inspections of 15 judgmentally selected customers (those who received a total of 35 credits from our initial sample of 139 credits) and one rebate (from our initial sample of 69). Our sample included customers with multiple credits who had a large number of items replaced and was limited to those that we could view from the road (e.g., window and door installations). Our drive-by rebate sample included applications without itemized invoices.
- We observed the RFID scanning process by selecting four streets and following one sanitation truck (four separate trucks) down each street in highly residential neighborhoods to ensure the billing system was correctly recording data. We also compared RFID bin numbers (those observed at

the curb) against bin numbers assigned in the scanning system to determine whether the correct bins were being used at the correct location.

- We compared scanned (database) information to billing information from recycling credit program billing registers for January 1, 2014 through July 14, 2017. We randomly selected 100 accounts (25 from each year) and verified the number of times the bin was scanned, the bin number, customer name and address and whether the credit was applied at the appropriate rate.
- We determined credits for prorated accounts were not calculated properly and recalculated all credits issued between January 1, 2017 and June 30, 2017 using 50 percent of the charge and compared them against the actual credits applied and documented the differences.
- We reviewed recycling credit program billing registers for January 11, 2017 through February 16, 2017 to determine whether recycling credits were limited to residential customers.
- We reviewed 53 manual recycling credits added after a billing period to determine whether there was a reasonable explanation for the adjustments. We limited our review to all accounts with greater than five credits and manual credits issued to employees. We also included 10 accounts with billing adjustments that were made the longest number of days after the billing date and all accounts adjusted prior to the billing date.
- We obtained a manual credit report issued as “credit memo” or “adjustments to garbage” (credits added prior to billing) for January 1, 2014 through July 31, 2017 to determine whether there were reasonable explanations for the manual credits. We limited our review to credits added by customer service personnel between January 1, 2016 and July 31, 2017 and those not added for final billing purposes. We then selected a 10 percent random sample of 20 credits. We included an additional five credits based on auditor judgment related to higher risk either because of the collection location or individual processing the credit.
- We identified all customers receiving five or more recycling credits or charge exemptions and determined whether there were applications on file for the charge exemptions. We also discussed explanations for the credit exemptions with the solid waste administrator.

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

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.

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 City Clerk's office.

Appendix D: Resources and Services

Regional Office Directory

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

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

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

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

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/lgli/pdf/cybersecurityguide.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

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

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

Contact

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