



Control Cycle Audit of Utilities Expense for the 2022-23 cycle

GENEVA CITY SCHOOL DISTRICT

**Geneva City School District
400 West North Street
Geneva, NY 14456**

October 5, 2023



To the Audit Committee
Geneva City School District
Geneva, New York

We have performed a review of the internal controls of the District's utilities expenses. We obtained an understanding of these internal controls by inquiry, observation and the inspection of documents and records. Our review of the District's utilities expenses included examining its budget and year to date expenditures, procurement/bid procedures, monthly utility bills, and supporting documentation from a consultant engaged by the Wayne Finger Lakes (WFL) BOCES to monitor invoice pricing for consistency with the bid award. We also performed testing on the monthly utility bills to determine the accuracy of the pricing and the amount of natural gas and electricity used.

This consulting engagement was conducted in accordance with Statements on Standards for Consulting Services as issued by the American Institute of Certified Public Accountants Management Consulting Services Executive Committee. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which this report has been requested or for any other purpose.

Our procedures consisted of a review of financial reports and documentation as well as interviews with pertinent District personnel. We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. It should be noted that the comments herein may be critical by nature and do not include the many strengths inherent within the District.

This report is intended solely for the information and use of the Geneva City School District and is not intended to be, and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

EFPR Group, CPAs, PLLC
Rochester, New York

BACKGROUND:

The Geneva City School District (District) is located in Ontario County and has a total enrollment of approximately 2,100 students. The District's utilities expense budget was \$719,800 for the 2022-23 fiscal year.

The District is a component district of the Wayne Finger Lakes (WFL) BOCES. Each year the WFL BOCES coordinates a competitive bid process for the supply of natural gas and electricity to participating component school districts. WFL BOCES publishes the bid invitation and specifications and receives bids from interested vendors. WFL BOCES analyzes the bids and makes a recommendation for awarding the bid to the lowest price vendor who has met the bid specifications. The bid award is approved by the WFL BOCES Board of Education.

WFL BOCES has also engaged a consultant, KB Marketing, to assist in the bid preparation and award process. The consultant is also involved with monitoring vendor invoicing throughout the bid period to ensure that pricing is consistent with the terms of the bid award.

The District receives its supply of natural gas and electricity from the vendors who were awarded the bid. These vendors invoice the District directly based on the actual amount of natural gas and electricity used (supplied). These vendors actually supply the natural gas or electricity to NYSEG, who then delivers it to the District's schools/properties. NYSEG invoices the District for the delivery component of the utilities expenses. The monthly amounts of natural gas and electricity that are invoiced (supplied and delivered) to the District should be the same by each vendor.

The following competitive bids for Cooperative Natural Gas Supply were applicable to our review:

WFL 2022-19	Cooperative Natural Gas Supply	valid October 1, 2021-September 30, 2022
WFL 2023-19	Cooperative Natural Gas Supply	valid October 1, 2022-September 30, 2023

The following competitive bid for Cooperative Electricity Supply were applicable to our review:

WFL 2022-12	Cooperative Electricity Supply	valid January 1, 2022-December 31, 2022
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The applicable vendors during the period reviewed were the following:

Electricity supply-	Energy Cooperative of America
Natural gas supply-	Empire Natural Gas Corporation
Electricity & Natural gas delivery –	NYSEG

OBJECTIVE:

The objective of our audit was to evaluate the internal controls and oversight of the accuracy of utilities expenses for the supply of natural gas and electricity invoiced to the District.

AUDIT SCOPE, PROCEDURES AND FINDINGS:

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard the assets of the Geneva City School District. To accomplish this, we performed a risk assessment of the District's internal controls so we could evaluate the risk within each control cycle. Our risk assessment evaluated the following areas: Budgeting; Cash Receipts and Revenue; Transportation; Food Service; Extra-Classroom Activity Fund; Capital Assets/Projects and Indebtedness; Purchasing, Claims, Accounts Payable and Cash Disbursements; Payroll and Personnel; and Accounting, Reporting and Information Technology. Using our updated risk assessment report dated January 11, 2023, and other criteria, the Audit Committee of the District selected to review its utility expenses. As a result, our testing was limited to this area. The scope of our review covered the period July 1, 2022 through December 31, 2022.

In performing our review of this area, we obtained the applicable bid documents from WFL BOCES. In addition, we received the District's NYSEG utility bills for its various schools and other properties. We also obtained the invoices associated with the vendors who were awarded the bid for the cooperative supply of natural gas and electricity.

Using the information gathered, our examination included the following procedures:

Utility Expenses:

- Inquiry related to the District's procurement process for securing its supply of natural gas and electricity.
- Review the applicable bid awards for the scope period of our review.
- Determine the role that WFL BOCES, and/or its consultant play, in monitoring utilities charges for adherence to the bid contract pricing.
- Summarize the monthly NYSEG invoices representing charges for the delivery of natural gas and electricity to the District's various schools/properties.
- Summarize the monthly vendor invoices representing charges for the supply of natural gas and electricity to the District's various schools/properties.
- Perform testing to determine whether the District's utilities invoices are consistent with the rates documented in the applicable bid awards.
- Perform testing to determine whether the total amount of natural gas and electricity charged (supplied) by the vendors who were awarded the bid is consistent with the amount of natural gas and electricity charged (delivered) by NYSEG.

AUDIT SCOPE, PROCEDURES AND FINDINGS (Continued):

FINDING:

The controls over the District's utility expenses are operating effectively with the following exception noted:

1. We noted that it does not appear that the District maintains a spreadsheet to track monthly usage of natural gas and electricity and the related charges. This document could provide a record of key data that can be monitored for changes from the prior month and/or comparisons with prior years.

RECOMMENDATION:

1. We recommend that the District consider implementing a process to document and track key data related to utilities usage. Management should regularly review the document to identify potential anomalies in usage and/or charges. Significant variances from expected and/or historical usage should be examined in a timely manner to determine whether corrective action is necessary.

Our testing also determined that:

- Our review of the invoices from the vendor awarded the Cooperative Natural Gas Supply bid (Empire Natural Gas Corporation) determined that the monthly decotherm unit pricing for each property was consistent with the bid award. No material exceptions were noted.
- Our review of the invoices from the vendor awarded the Cooperative Electricity Supply bid (Energy Cooperative of America) determined that the monthly kilowatt hour unit pricing for each property was consistent with the bid award. No exceptions were noted.
- Our review of the District's NYSEG invoices determined that the beginning meter readings for natural gas and electricity were consistent with the ending meter reading from the prior month for every month in the audit scope period. No exceptions were noted.
- Our review of the District's NYSEG invoices determined that the amount of natural gas delivered to the District's properties, as documented by the meter readings indicated on its invoices, was consistent with the amount of natural gas supplied by the District's natural gas supply vendor. No exceptions were noted.

AUDIT SCOPE, PROCEDURES AND FINDINGS (Continued):

- Our review of the District's NYSEG invoices determined that the amount of electricity delivered to the District's properties, as documented by the meter readings indicated on its invoices, was consistent with the amount of electricity supplied by the District's electricity supply vendor. No exceptions were noted.
- Based on our discussions with the WFL BOCES consultant (KB Marketing) and our review of documentation provided by the consultant, it appears that the consultant is providing effective oversight of the bid award vendor invoices to verify that the monthly unit pricing invoiced is consistent with the bid award rates.

CLOSING REMARKS:

We would like to thank the staff of the Geneva City School District for their cooperation and hospitality during the audit.