

## Business Processes and Internal Control of the Green Island Power Authority

### Cash Receipts and Disbursements

All bank account activity is reviewed daily by the CFO. This is done through Internet banking with Pioneer Commercial Bank (PCB), the Authority's only active depository.

Every business day the CFO accesses the Authority's bank accounts over the Internet and reviews the balances and activity to determine if any unintended activity has occurred. Any unexplained activity is researched and resolved immediately. In order to verify completeness, the CFO reconciles the accounts receivable balances in the billing software (CUSI) with general ledger postings based off of the deposit slips.

Authority cash and check receipts are prepared for deposit by the billing clerks. After the deposit is prepared it is reviewed and signed off by the deputy billing clerk, recording secretary, or the Village clerk to avoid errors. Deposits are prepared daily and deposited with PSB daily. A daily cash proof is then given to the CFO with the details of the deposit which are then entered into the general ledger by the CFO.

The Authority's disbursements are handled by the CFO, with back-up signing privileges given to the CEO. Invoices are input into the accounting software via the deputy billing clerk and then reviewed for accuracy by the CFO. Prior to the board meeting, the CEO reviews and signs off on all invoices. At the monthly board meeting the board members verify all invoices, ask any questions they may have in reference to the invoices, and vote to approve invoices for payment. All disbursements (mailings) are picked up daily by the US Post Office.

All bank accounts (Checking and Savings) are reconciled monthly by the CFO. The CEO receives, opens, and reviews the bank statements prior to reconciliation. After approval, they are then handed to the CFO for the monthly reconciliation.

### Capitalization Policy

The Authority has set its capitalization threshold at \$1,000 depending on useful life of the item purchased. Individual expenses in excess of this amount will be included in a fixed asset inventory.

#### Dissemination of Financial Information to Board Members

In the normal course of business the CFO mails the Board Members and Authority Senior Staff monthly financial statements and other related information required to keep them updated on Authority financial activities. These documents are discussed at the monthly Authority Board meetings.

#### Assessment of Effectiveness of Internal Control

Based on the above information the Authority considers its internal control to be sufficient to detect any fraud or material impropriety.