



Board of Trustees  
Green Island Power Authority  
Green Island, New York

In planning and performing our audit of the financial statements of the Green Island Power Authority (Authority) as of and for the year ended May 31, 2023, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A deficiency in design exists when: (a) a control necessary to meet the control objective is missing; or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following is a description of an identified deficiency in internal control that we determined constitutes a significant deficiency:

### **Inventory Pricing**

*Finding:* During the current audit it was noted that inventory prices were not being updated as new inventory items were purchased, in accordance with regulations prescribed by the Public Service Commission and U.S. GAAP and as outlined in Note 1i to the financial statements.

*Recommendation:* To accurately determine and maintain inventory assets in accordance with regulations, we recommend management upgrade the software currently in use to track inventory and related unit costs or develop a manual process to perform this function.

Following is a description of an identified deficiency in internal control that we determined did not constitute a significant deficiency or a material weakness:

### **Segregation of Duties**

*Finding:* During our current and prior year audits, it was noted that due to limited members of management of the Authority, critical duties are combined and assigned to certain individuals. At the present time, a member of management prepares, and signs checks, reconciles bank accounts, and maintains the general ledger. During our audit procedures, we noted that while the majority of cash disbursements are approved by the Board of Trustees prior to payment, certain cash disbursements requiring immediate payment, in addition to certain recurring expenditures, do not require the authorization of the Board of Trustees.

*Recommendation:* To maintain strong internal control over the cash disbursement process, we recommend at least one member of the Board of Trustees authorize all cash disbursements prior to payment. The Authority should implement controls over expenditures requiring immediate payment, such as a process whereby invoices are approved remotely by a member of the Board of Trustees.

This communication is intended solely for the information and use of the Board of Trustees and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

BST + Co. CPAs, LLP

Latham, New York  
November 20, 2023

