



---

## Financial Performance Audit Report

### Electric Submetering

The Internal Audit Department of the Rhode Island Airport Corporation (“RIAC”) presents its report concerning the financial performance of the Electric Submetering (“ES”) for airport tenants at Rhode Island T.F. Green International Airport (“Airport”) for the period July 1, 2024, through June 30, 2025, as follows:

#### ***Background***

RIAC has executed agreements with its tenants to operate various food, retail, and other businesses. In addition to paying certain concession fees, the tenants are required to reimburse RIAC for their electric usage (kWh) which is captured monthly utilization a submetering tracking system (“EMON”). The usage is applied to a rate that is derived from specific amounts shown on RIAC’s utility invoices from Rhode Island Energy, and NRG (Direct Energy). The calculation for each of the tenants is provided to Finance that prepares and submits the invoice to those tenants. For FY 2025 there were seventeen (17) tenants that were included in the submetering process and are required to reimburse RIAC for there electrical usage monthly. All these tenants have language in their contracts discussing the reimbursement.

#### ***Objectives and Scope***

The objectives of this audit were to determine if RIAC was correctly calculating the electric submetering monthly rates and was billing its tenants accordingly. Another key objective was to determine if any vendors were incorrectly excluded from the submetering billing process. To meet these objectives, our audit focused on the calculation of the billing rates from RIAC’s utility invoices, the accuracy of meter usage from each customer’s account, the invoices provided to the tenants, and a review of all tenants and their location on the Airport. If any discrepancies are identified, they will be noted in this report.

The scope of the audit was limited due to the unavailability of certain information and system capabilities. Some of those limitations included documenting the detailed process to identify control points and weaknesses, testing electric usage readings from the EMONS, determining if any independent meter

reading verifications were performed, and other items. Therefore, the scope of our audit was limited to the following:

- recalculate the billing rates and invoices using electric bills and usage.
- Utilize hard copy usage reports, rather than newly generated during the audit.
- Confirm that accounting reports and billings are consistent.
- Discuss with Finance supporting information received during FY 2025 for actual billing.
- Determine if there are any other tenants that should be included for submeter billing.

### ***Testing and Procedures***

To meet the objectives of our audit, we performed the following procedures:

- Selected February 2025 for detailed testing to ensure ES is being performed as intended.
- Obtained the following reports and documents to confirm the accuracy of the recording:
  - List of tenants who have ES.
  - List of all tenants in the terminal and other areas of the airport.
  - Map of terminal noting tenants' location.
  - Electric bills from Rhode Island Energy and NRG utilized for the test month.
  - Calculations of ES amounts for each tenant.
  - Invoices for test month issued to tenants.
  - Company Revenue Analysis by Accounting Period, FY 2024 - 2026.
  - Concessions Revenue Report by Accounting Period, FY 2024 - 2026.
- Obtained a list of all the tenants who have ES.
- Recalculated the billing of ES for test month and confirmed accuracy.
- Confirmed that ES invoices are submitted to tenants in a timely manner.
- Confirmed that payments of ES invoices are received by the due date.
- Summarized billings to tenants the past few years and analyzed as necessary.
- Compared the list of all tenants to those with ES and identify any tenants that may have been erroneously omitted from billing.
- Confirmed that meter usage is reasonable considering tenants business.
- Confirmed that factors utilized for identifying tenants for ES inclusion is reasonable, accurate, and consistently applied.
- Discussed with RIAC staff the audit scope, testing procedures, and findings and recommendations.

We conducted this financial performance and compliance audit in accordance with generally accepted government auditing standards set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objectives.

### ***Audit Results***

Based on the results of our testing for the period July 1, 2024, through June 30, 2025, all amounts were properly calculated, billed, and reported based on the information that was available. Noted below are the audit findings that came to our attention during the audit.

- **Saugy, Inc.** that operates a food service business, and its concession agreement was executed on July 28, 2023, is not included in the submetering process. Article X of the concession agreement discusses utilities, and that the concessionaire will “be solely responsible for, all utilities required, used, or consumed in the Assigned Premises”. It does not appear that electric usage is being reimbursed to RIAC by Saugy, Inc. either directly or through the submetering process. It is possible that the electric usage from this business is being reimbursed from another tenant but could not be verified.

RIAC should confirm if another tenant is paying for Saugy, Inc.’s electrical usage, and if so, provide the appropriate credits for past payments, and adjust the billings going forward. RIAC should confirm that Saugy, Inc. is included in the monthly submetering process in the future and consider billing them for past usage.

- **The administration of the submetering process** was being performed by a consultant and that RIAC employees had limited knowledge of the EMONS, monthly calculations, and other specific items. Although outside the scope of the audit timeframe, it was also noted in the first half of FY 2026 that estimated, rather than actual invoices were submitted to tenants as actual information was not provided to Finance.

RIAC should ensure that key employees are familiar with all RIAC processes and functions, and that knowledge is passed on to others as roles change, as well as providing proper oversight. Written procedures are an effective tool that provides continuity of administration of important functions and systems and mitigates the level of risk when changes do occur. Currently, RIAC has reassigned the administration and oversight of this process to a full time RIAC employee.

- EMON has been utilized by the Building Maintenance Department for many years. Based on Internal Audits previous knowledge of the system, it does provide benefits, but also has its limitations. Although Internal audit could not verify the data retrieval parameters, we were informed that data usage for the electrical usage (kWh) was only available for 90 days.

RIAC should investigate what other options are available to better support the ES process including the purchase of a new system.

#### ***Electric Submetering statistics reported for FY 2025***

- The number of unique electric submeters being billed was 17.
- Total payments received from tenants was \$222,681. (For FY 2024 it was \$243,812).

#### ***Conclusion***

Except for the specific findings and scope limitations noted in this report, we conclude that the tenant submetering usage was properly calculated, billed, and recorded properly during FY 2025.

**This report is intended solely for the information and use of RIAC and is not intended to be and should not be provided or used by anyone else.**



Douglas Dansereau, CIA, CMA, CPA,

Internal Auditor

April 29, 2026