New York State Comptroller
THOMAS P. DiNAPOLI

Canisteo-Greenwood Central School District

Claims Auditing

2025M-84 | October 2025

Division of Local Government and School Accountability

Contents

Audit Results

Canisteo-Greenwood Central School District

Audit Objective	Audit Period
Did the Canisteo-Greenwood Central School District (District) Board of Education's (Board) appointed claims auditor properly audit claims prior to payment?	July 1, 2023 – June 5, 2025

Understanding the Audit Area

The audit of claims is often the last line of defense for preventing unauthorized, improper or fraudulent claims from being paid. A board of education (board) must audit the claims against a school district before they are paid or appoint a claims auditor to assume the board's powers and duties to audit and approve claims. A proper claims audit ensures all claims are subjected to an independent, thorough and deliberate review that, among other things, determines that the school district complied with its written policies, and that each purchase was for a proper school district purpose.

The District's Board delegated its claims auditing duties to an appointed claims auditor who was responsible for examining and allowing or rejecting accounts, charges, claims or demands against the District.

The District's 2024-25 budgeted appropriations totaled $29.2 million. During the audit period, the District processed 2,943 claims totaling $23.7 million.

Audit Summary

The claims auditor did not properly audit all claims prior to payment. As a result, there was an increased risk that improper or unsupported payments could have been made and not detected or corrected. Of the 2,943 claims totaling $23.7 million, we reviewed 202 claims[1] totaling $1.4 million and determined that 105 claims (52 percent) totaling approximately $804,000 should not have been approved by the claims auditor for payment. These claims did not contain sufficient supporting documentation to allow the claims auditor to determine whether the claim was a valid legal obligation, a proper charge against the District, mathematically correct, or in compliance with the District's procurement policies.

1 See Appendix C for more information on our sampling methodology.

While we were able to determine that each of the 202 claims was for a proper District purpose, the Board had no assurance that claims approved by the claims auditor complied with its written policies, and that each purchase was for a proper District purpose.

The report includes three recommendations that, if implemented, will improve the District's claims audit process. District officials agreed with our recommendations and indicated that they have initiated corrective action.

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. Our methodology and standards are included in Appendix C.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of the New York State General Municipal Law, Section 2116-a (3)(c) of the New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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. The CAP should be posted on the District's website for public review.

Claims Auditing: Findings and Recommendations

A claim packet typically includes a standard claim form (as a cover sheet) and a combination of original invoices, receiving slips, and other relevant documentation such as purchase orders, receipts and written quotes. A claim packet should contain enough detail and adequate supporting documentation so that the auditing body, or official, is supplied with sufficient information to determine that a claim is a legal obligation and a proper charge against the school district.

According to Education Law Section 1724, the board must audit all claims against the school district before they are paid or, according to Education Law Section 1709(20-a), appoint a claims auditor to assume the board's powers and duties to audit and approve claims. Although the board would no longer be responsible for auditing and approving claims, the board remains responsible for ensuring that the individual appointed to audit claims conducts a proper audit of claims and has the skills and training to effectively audit claims, including familiarity with purchasing, competitive bidding and processing claims. More details on the criteria used in this report, as well as resources we make available to officials to improve operations (Figure 1), are included in Appendix A.

Finding 1 – Claims were not always properly audited prior to payment.

We reviewed 202 of the 2,943 claims paid during the audit period, totaling $1.4 million, and determined that 105 claims (52 percent) totaling approximately $804,000 should not have been approved by the claims auditor for payment because the claim packets did not contain sufficient supporting documentation at the time of the claims auditor's review, as detailed below (some claim packets contained multiple exceptions):

- 95 claim packets totaling approximately $771,000 did not contain sufficient evidence such as a signed purchase order and/or conference attendance request form for the claims auditor to verify that the purchases were properly approved by the purchasing agent.
- 34 claim packets totaling approximately $26,000 did not contain sufficient evidence such as claim forms with item descriptions or adequate receipts or invoices to demonstrate that the goods or services purchased were for a valid and legal District purpose. We reviewed each of these purchases and obtained additional supporting documentation and determined that the goods and services for all 34 claims were for a valid and legal District purpose.
- 11 claim packets totaling approximately $51,000 did not contain evidence such as original quotes, bidding documentation or itemized receipts to demonstrate that the purchases complied with Board-adopted procurement policies which required officials and employees to obtain competitive price quotes. We were able to obtain additional information and verify that officials complied with District procurement policies.
- Nine claim packets totaling approximately $29,000 were not sufficiently itemized for the claims auditor to determine what was purchased or whether the District was charged properly. For example, multiple invoices only stated the purchased item's name or did not include the quantity purchased. Without this level of detail, the claims auditor could not verify that the District was

charged properly. We were able to obtain additional supporting documentation to verify what items were purchased and that the District was charged properly.

- Six claim packets totaling approximately $26,000 did not contain sufficient evidence (e.g., packing slip, delivery receipt or receiving signature) to demonstrate that the goods or services purchased were received. As a result, the claims auditor approved claims totaling approximately $26,000 without knowing whether the goods or services were received. We discussed with District officials and reviewed receiving logs and were able to verify that the goods or services purchased were received by the District.
- Four claim packets totaling approximately $300 were not mathematically correct because the claim packets included evidence that the District reimbursed the claimant for the payment of sales tax which the District was exempt from paying.

The claims auditor told us that her audit of claims involved verifying that the name, address, and amount on the checks matched the vendor's invoice, and that the amount and payee on the purchase order also matched the invoice. She did not compare invoice details to contracts, agreements, bids, or quotes for accuracy. She also told us that she did not review each claim to determine whether it was sufficiently itemized, properly authorized and approved, for a valid and legal purpose, or supported by documentation demonstrating compliance with Board-adopted procurement policies. Additionally, she did not verify that the goods or services were received. The claims auditor was not aware that she was expected to do these tasks as part of the audit of the claims.

She told us that she had attended claims auditor training twice in the last 20 years but could not remember the content or the presenters. Furthermore, she had not received copies of the District's procurement policies or procedures, nor had she received guidance or expectations from the Board detailing what a claims audit should include. We assisted District officials with locating specific Office of the New York State Comptroller (OSC) publications, including our *Local Government Management Guide: Improving the Effectiveness of Your Claims Auditing Process*. A link to this resource is included in Appendix A of this report.

Two Board members told us that they did not know the Board should have adopted policies and procedures to communicate their expectations for the claims audit function or for ensuring the claims auditor conducted a thorough audit of claims. The remaining five Board members did not respond to our requests to discuss the audit findings before we concluded our fieldwork. Had the Board communicated its expectations, the claims auditor would have known she was responsible for conducting a thorough and independent audit of claims and understood what that audit should have included.

Although we obtained sufficient supporting documentation to determine that all claims in our sample were for appropriate District purposes, when the claims audit process is inadequate, there is an increased risk that improper or unsupported payments could be made and go undetected or uncorrected.

Recommendations

1. The Board should adopt policies and procedures that clearly communicate its expectations for the claims audit function and ensure that the claims auditor performs a proper claims audit that includes determining whether a claim is accurate, properly authorized, supported, itemized, approved, for a valid District purpose and in compliance with District policies and that goods and services are received.

2. The Board should ensure that all necessary procurement policies and procedures needed for a proper claims audit are provided to the claims auditor.

3. The claims auditor should perform a thorough and proper audit of all claims before payment.

Appendix A: Profile, Criteria and Resources

Profile

The District's boundaries include the Town of Andover in Allegany County, and the Towns of Bath, Canisteo, Greenwood, Hartsville, Hornellsville, Howard, Jasper, Troupsburg and West Union in Steuben County. The seven-member Board is responsible for the District's general management and control of financial affairs.

The Superintendent of Schools is the chief executive officer responsible for the District's day-to-day management. The School Business Official is responsible for general oversight of all purchasing activities, serves as the District's purchasing agent and approves all purchase orders.

The Board delegated its claims auditing duties to an appointed claims auditor to audit and approve the District's claims.

The District's 2024-25 budgeted appropriations totaled $29.2 million and during the audit period the District processed 2,943 claims totaling $23.7 million.

Criteria – Claims Auditing

Education Law Section 1724 states that the board must audit the claims against a school district before they are paid or, according to Education Law Section 1709(20-a), appoint a claims auditor to assume the board's powers and duties to audit and approve claims. The claims auditor is responsible for examining and allowing or rejecting accounts, charges, claims or demands against the school district.

A proper claims audit is a thorough and deliberate examination to determine that a claim is a legal obligation and proper charge against a school district. A claim packet should contain enough detail and supporting documentation so that the auditing body or official is supplied with sufficient information to make that determination.

A claims auditor's responsibilities include determining whether claims are:

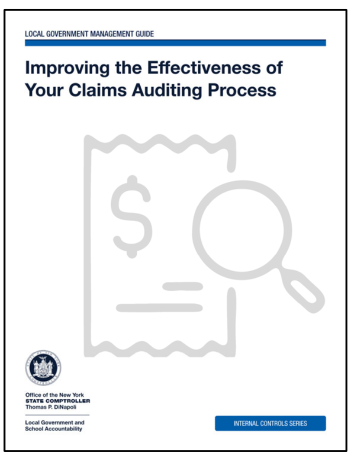
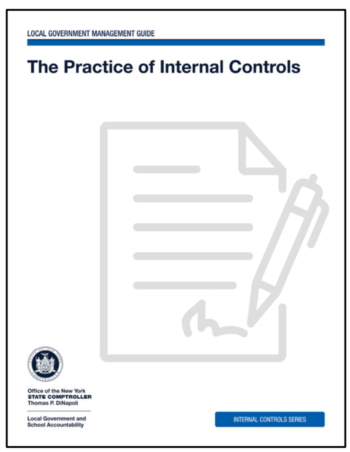
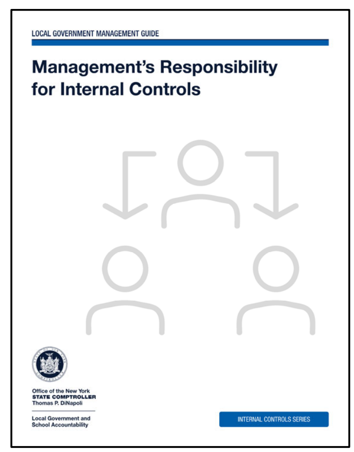
- For a valid and legal purpose,
- Properly authorized and approved,
- Mathematically correct,
- Sufficiently itemized,
- Following board-adopted procurement requirements,
- Exclusive of reimbursements for sales tax,

- For received goods or services described,
- Sufficiently supported with documentation such as detailed receipts, invoices and packing slips.

The board remains responsible for ensuring that the individual appointed to audit claims conducts a proper audit of claims and has the skills and training to effectively audit claims, including familiarity with purchasing, competitive bidding and processing claims. The board and school district officials should provide the claims auditor written policies and procedures detailing the claims auditor's specific duties and responsibilities for reviewing claims, and the documentation required to be included in a claims packet.

Additional Claims Auditing Resources

Figure 1: OSC Publications

OSC *Local Government Management Guides* available on our website to help officials understand and perform their responsibilities.		
Improving the Effectiveness of Your Claims Auditing Process	***The Practice of Internal Controls***	***Management's Responsibility for Internal Controls***
		
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In addition, our website can be used to search for audits, resources, publications and training for officials: https://www.osc.ny.gov/local-government.

Appendix B: Response From District Officials

Canisteo - Greenwood Central School District

84 Greenwood Street * Canisteo, New York 14823 Phone: 607-698-4225 * Fax: 607.698-2833

October 10, 2025

By US Mail and E-Mail

Chief Examination Officer
Division of Local Government and School Accountability
295 Main Street, Suite 1032
Buffalo, NY 14203-2510

Muni-Buffalo@osc.ny.gov

Dear Chief Examiner,

This letter serves as the initial response from Canisteo-Greenwood Central School District to the Claims Audit Report for the period of July 1, 2023 through June 5, 2025, which was provided to the District on October 1, 2025.

We have reviewed the report, and it is our assessment that the finding and recommendations outlined within appear to be both accurate and appropriate. The district is committed to addressing the issues identified in the report, and even started this during the audit and once the final audit report is issued, we will prepare and submit a Corrective Action Plan (CAP) within 90 days. This plan will be filed with the Office of State Comptroller and the New York State Education Department and will be made available for public inspection.

Audit Finding:
Finding 1 – Claims were not always properly audited prior to payment

The Board of Education and Administration value opportunities to refine and strengthen the operational practices of our district, particularly with respect to financial oversight. We are taking these finding seriously and will implement measures to ensure that our claims audit process is robust, thorough and aligned with state requirements. Our commitment remains steadfast in protecting the fiscal integrity of the district while maintaining the high standards of service that our community has come to expect. We are dedicated to balancing this commitment with the responsibility of providing a cost-effective yet high-quality education for our students.

The district wishes to express our appreciation for the professional and respectful manner in which your team conducted the audit. We found the process to be both thorough and collaborative, and we look forward to implementing the improvements suggested in your report.

Sincerely

Thomas Crook
Superintendent of Schools

Cultivating Greatness Committed to Success

Appendix C: Audit Methodology and Standards

We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials, including two Board members, the claims auditor and other employees, and we reviewed policies, regulations, procedures and Board meeting minutes to gain an understanding of the District's process to prepare, approve, audit and pay claims.
- From a population of 2,943 claims totaling $23.7 million, we used our professional judgment to select a sample of 202 claims totaling $1.4 million. We selected our sample to include all claims paid during January 2025 which represented the month in the current year of the audit period that had the greatest number of transactions occurring. We selected claims from the month with the greatest number of transactions because as the number of claims being processed and needing to be audited increases, there could also be an increased risk of errors or irregularities occurring and not being detected. We also selected all claims paid during the audit period to District officials involved in the claims approval or audit process. The claims selected were reviewed by the claims auditor during the audit period and included claims from a variety of vendors.
- We reviewed the claims selected to determine whether the claims were:
  - For an appropriate District purpose,
  - Properly authorized and approved,
  - Mathematically correct,
  - Sufficiently itemized,
  - Following procurement requirements,
  - Exclusive of sales tax reimbursement,
  - For received goods or services as described,
  - Sufficiently supported, with documentation such as detailed receipts, invoices and packing slips.

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 relevant population size and the sample selected for examination.

Contact

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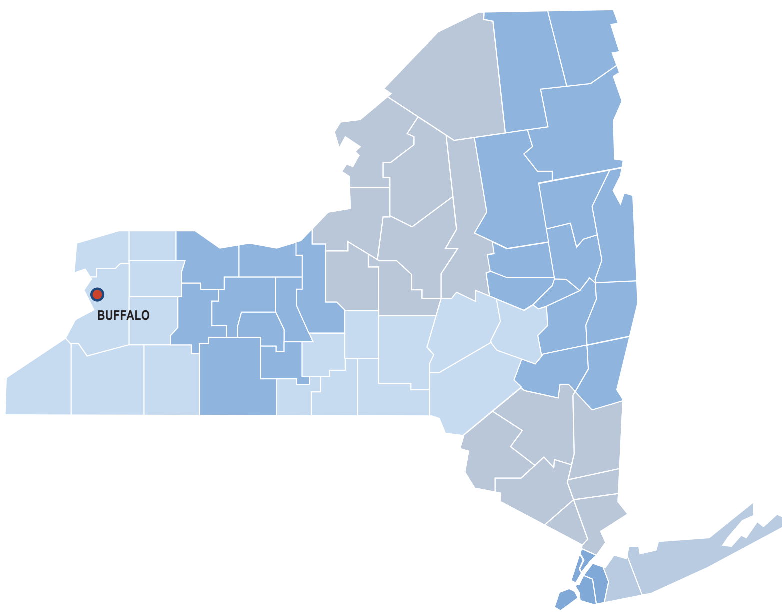

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