

Cuba-Rushford Central School District

Cafeteria Purchases

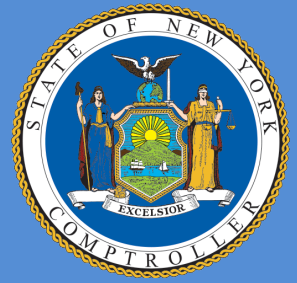
2025M-28 | July 2025

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Audit Results

Cuba-Rushford Central School District



Audit Objective

Audit Period

Were Cuba-Rushford Central School District (District) cafeteria purchases for proper District purposes?

July 1, 2022 – January 17, 2025

Understanding the Program

The Superintendent of Schools (Superintendent) is the chief executive officer (CEO) and is responsible for the District's day-to-day management under the District's Board of Education's (Board's) direction. These duties include supervising the activities of the Cafeteria Manager (Manager) and the purchasing agent. While the Superintendent would supervise an appointed claims auditor from an administrative point of view, to keep the claims auditing function as independent as possible, the claims auditor should discuss the approval of specific claims with the Board.

The Manager is responsible for ordering food and supplies to provide meals and refreshments for students, sell a la carte items in the District's two cafeterias, and cater meals and refreshments for allowable District meetings and events. The purchasing agent is responsible for confirming that each proposed purchase meets the requirements of the District's Purchasing Policy¹ before approving them for purchase. The claims auditor is responsible for confirming that each purchase conforms with the Purchasing Policy before approving them for final payment. Cafeteria food and supply purchases averaged approximately \$257,000 each year and totaled approximately \$542,000 during our audit period.

Audit Summary

Although the Superintendent knew that District policy prohibited District employees from using District-purchased assets for personal use, he directed the Manager to purchase food totaling approximately \$1,300 for the Superintendent's private personal event. Without the Superintendent's involvement, the Manager also purchased food totaling \$100 for a District teacher to serve at a different private non-District event. Both of these purchases were inappropriate and not for a proper District purpose.

While the Superintendent and other employee reimbursed the District for the purchases made, when District management and officials circumvent or override established District controls, the likelihood of

¹ Refer to Appendix A for more information on the District's Purchasing Policy.

improper transactions taking place without detection or reimbursement drastically increases and could potentially lead to taxpayers unknowingly funding employees' personal purchases.

Other than the two purchases totaling \$1,400 mentioned previously, we determined that the remaining 267 purchases totaling approximately \$541,000 were for proper District purposes.

The report includes five recommendations that, if implemented, will improve the District's cafeteria purchasing 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.

Cafeteria Purchases Findings and Recommendations

The purchasing agent and claims auditor should ensure that cafeteria purchases are made only for proper District purposes and that each purchase complies with the District's Purchasing Policy. Appropriate cafeteria purchases include those intended to provide meals for students, sell a la carte items in the cafeterias, and cater meetings and events allowed by the District's Materials and Equipment Policy.² More details on the criteria used in this report, as well as resources we make available to school district officials that can help officials improve operations (Figure 1), are included in Appendix A.

Finding 1 – The Superintendent directed the Manager to make improper cafeteria purchases.

We determined that the Manager purchased food totaling approximately \$1,400 that was not for District purposes. Specifically, the Manager purchased food for the Superintendent and another District employee to serve at two non-District private events. One of the private events was hosted by the Superintendent and featured a buffet-style taco bar, for which the Manager purchased food totaling approximately \$1,300.

The Manager told us that the Superintendent directed him to purchase food through the cafeteria for the Superintendent's private personal event. The Superintendent told us that he knew that the District's Materials and Equipment Policy prohibited District employees from using District-purchased assets for personal use. However, the Superintendent told us that he felt that the purchases were proper because he and the other District employee reimbursed the District for the items purchased.

We verified that the District received and deposited reimbursements totaling approximately \$1,000 from the Superintendent and the other District employee. The Manager told us that all the food purchased for the Superintendent was not used at the private event and that approximately \$400 of the food was subsequently used in the cafeteria. However, District records did not support that the food was returned to the District or was used for a proper District purpose. In addition, the Manager could not provide documentation to support his statement.

Regardless of the Superintendent's justification, when District management and officials circumvent or override District controls, such as the Materials and Equipment Policy, the likelihood of improper transactions taking place without detection or reimbursement drastically increases and could potentially lead to taxpayers unknowingly funding employees' personal purchases. In addition, when the Superintendent (as the CEO) does not establish a positive "tone at the top" environment by conducting an organization's affairs in an appropriate manner, which demonstrates strong support for internal controls and establishes accountability at all levels of the organization, the organization as a whole will be unlikely to practice good internal controls.

² Refer to Appendix A for more information on the District's Materials and Equipment Policy.

Also, the purchasing agent inadequately reviewed purchase orders submitted by the Manager before approving them. Because the Manager consistently used the same vendors throughout the school year for cafeteria purchases, he used a blanket or open purchase order system (blanket purchase order) to order cafeteria food and supplies. The blanket purchase order granted the approvals needed to make individual purchases at the beginning of each school year, rather than on a purchase-by-purchase basis. As a result, the purchasing agent did not review individual cafeteria purchases for appropriateness.

Had the claims auditor reviewed individual cafeteria purchases for appropriateness, she may have identified that the inappropriate purchases were not included in the Manager's regular cycle of ordering supplies and that they were specifically ordered for non-District use. Consequently, this control weakness contributed to District officials being able to improperly purchase items for personal use.

In addition, the claims auditor could improve her claims audit process. The claims auditor told us that her review of claim packets did not include comparing cafeteria invoice details to cafeteria menus, or to department function request forms, to confirm that cafeteria purchases were appropriate. She also did not review the timing of cafeteria orders to determine whether they deviated from established ordering practices. She verified only that the check amount matched the purchase order amount and the total invoice amount, but she relied on the purchasing agent's approvals to determine whether purchases were appropriate. Other than the two purchases totaling \$1,400 mentioned previously, we determined that the remaining 267 purchases totaling approximately \$541,000 were for proper District purposes. Had the claims auditor reviewed the timing of the orders, she may have identified the deviation from established ordering practices and may have detected the inappropriate orders.

Recommendations

1. The Superintendent should ensure that he and all other District employees comply with the District's policies and procedures that prohibit the use of District assets for personal use.
2. The Superintendent should reimburse the District for the approximately \$400 of food that was purchased for his personal event.
3. The Manager should immediately discontinue ordering items that are not for District operations.
4. The purchasing agent should adequately review all purchases to ensure their appropriateness, including those using a blanket purchase order, before purchases are made.
5. The claims auditor should thoroughly review all claims presented for payment against supporting documentation, and review established ordering practices, to determine whether purchases are for proper District purposes before approving them for payment.

Appendix A: Profile, Criteria and Resources

Profile

The District's boundaries include the Towns of Cuba and Rushford, parts of the Towns of Belfast, Caneadea, Centerville, Clarksville, Friendship and New Hudson in Allegany County, and parts of the Towns of Farmersville, Freedom, Hinsdale, Ischua and Lyndon in Cattaraugus County. The District is governed by the seven-member Board which is responsible for managing and controlling the District's financial and educational affairs.

The Superintendent is responsible for the District's day-to-day management. The District's Business Administrator is responsible for overseeing the District's purchasing activities. She also serves as the District's purchasing agent and reviews and approves all purchases.

The Manager oversees the operations of the District's two cafeterias, which includes placing all orders for food and supplies. The claims auditor is responsible for confirming that each purchase made conforms to the District's Purchasing Policy before final payment is made. The District's 2024-25 cafeteria appropriations were approximately \$740,000 and its 2023-24 student enrollment was 692.

Criteria – Cafeteria Purchases

The District's policy 3280 "Use of School Facilities, Materials and Equipment" (Materials and Equipment Policy) was adopted by the Board on June 13, 1995 and last revised on June 11, 2019. It states that food and supplies purchased by the District can be used only for District-related purposes and that private or personal use of District-owned materials is prohibited. Also, the District's policy 5411 "Procurement of Goods and Services" (Procurement Policy) was adopted by the Board on February 10, 2015 and last revised on March 19, 2019. It states that the purchasing agent must approve all contracts for goods and services. When officials and employees comply with these policies, they help to ensure that District employees properly purchase and use District assets.

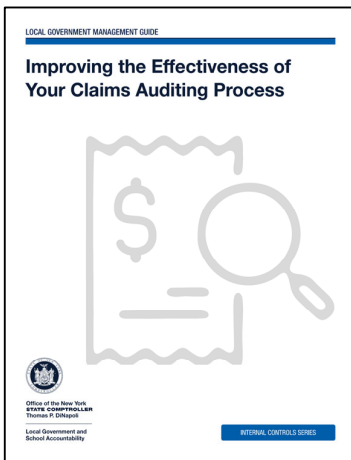
The audit of claims is often the last line of defense for preventing unauthorized, improper or fraudulent claims from being paid. Education Law Article 35, Section 1709 (20-a) states that a school board (board) must audit the claims against a school district before the claims are paid, or that the board must appoint a claims auditor to assume the board's powers and duties to audit and approve claims. A proper claims audit ensures that all claims, including cafeteria purchases, are subjected to an independent, thorough and deliberate review, which determines whether the school district complied with its written policies and whether each purchase was for a proper school district purpose.

Additional Cafeteria Purchasing Resources

FIGURE 1: OSC Publications

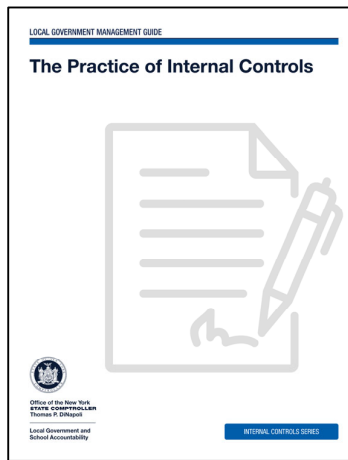
OSC's *Local Government Management Guides* are available on our website to help officials understand and perform their responsibilities.

Improving the Effectiveness of Your Claims Auditing Process



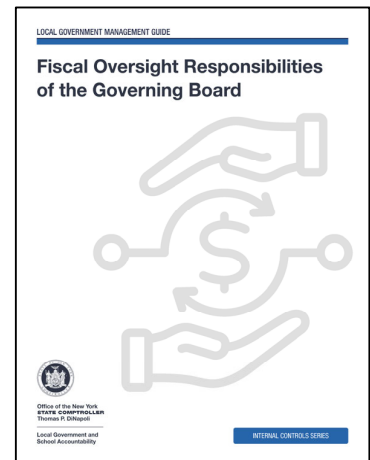
<https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf>

The Practice of Internal Controls



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Fiscal Oversight Responsibilities of the Governing Board



<https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf>

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

CUBA-RUSHFORD CENTRAL SCHOOL

*Superintendent of Schools, 585-968-2650 / Fax: 968-2651
Transportation Supervisor, 585-968-2446*

*Middle/High School
5476 Route 305N, Cuba, NY 14727
585-968-2650 / Fax: 968-1091*

*Elementary School
15 Elm Street, Cuba, NY 14727
585-968-1760 / Fax: 968-3181*

July 15, 2025

Office of the State Comptroller
Division of Local Government & School Accountability
110 State Street, 12th Floor
Albany, NY 12236

Re: Cuba-Rushford Central School District – Audit Response Letter

To Whom It May Concern:

We appreciate the thorough review conducted by the Office of the State Comptroller and value the recommendations provided in the audit report.

While the report correctly notes that under the District's previous policies, the purchase of food items through the cafeteria for personal events was not aligned with established procurement or materials-use procedures, we want to acknowledge that the intent behind the purchases was not to misuse public resources. In each cited instance, the individuals involved reimbursed the District for the full cost of the items. Additionally, in cases where items were ordered in bulk (e.g., chips or milk), any excess product not needed for the intended personal use was retained and utilized by the District for student consumption, consistent with typical cafeteria offerings. However, we recognize that documentation of this process was insufficient and have taken steps to prevent similar issues in the future.

Since the audit period, the District has taken measurable action to align our internal practices with legal and procurement standards:

- **Policy Updates:** In response to the audit findings and recommendations, the District revised and adopted an updated Purchasing Policy in March 2025 after conducting three public readings. The revised policy includes clearer procedures to ensure all purchases are for proper District purposes and that adequate review and documentation are required before any approval is granted. Additionally, our practice of providing food to students outside of standard breakfast and lunch times was not adequately addressed under Policy 5323 ("Reimbursement for Meal Expenses"). The Board of Education reviewed and revised this policy as well to better reflect community expectations and legal standards regarding feeding students during extracurricular or special events.
- **Strengthened Oversight:** The updated policy now requires more specific documentation and data to accompany purchase requests, empowering the purchasing agent to verify that each transaction meets the policy requirements before approval. This added layer of review enhances accountability and reduces the potential for errors or misuse.

CUBA-RUSHFORD CENTRAL SCHOOL

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- **Training and Tone at the Top:** As Superintendent, I fully accept the responsibility of setting a tone of integrity and compliance. The district has communicated to the Manager that employees cannot purchase items through the cafeteria for their own personal use. We believe that our policy updates and oversight practices will help prevent this from happening in the future.

We acknowledge and accept the importance of these findings and are committed to implementing all recommendations to strengthen the District's fiscal practices. The audit has helped the District refine and formalize its procedures to ensure that all purchasing activity remains compliant with New York State law and Board of Education policy.

Respectfully,
Carlos Gildemeister
Superintendent of Schools
Cuba-Rushford Central School District

Respectfully,

Carlos Gildemeister
Superintendent

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 and reviewed the District's policies to gain an understanding of the District's cafeteria purchasing operations. This included inquiries regarding the Manager's process for ordering items, the purchasing agent's process for approving purchase orders, and the claims auditor's process for reviewing and approving claims for payment.
- Using District disbursement reports, we identified a population of 269 claims totaling \$542,270 for cafeteria purchases for food and supplies paid between July 1, 2022 and August 31, 2024. From this population of purchases, we compared all invoices of items purchased to cafeteria menus or approved District function activity reports to determine whether the food and supplies purchased were used for a proper District purpose.
- For improper purchases that we identified, we reviewed the supporting documentation included in each claim packet to determine what was purchased, whether the purchases could have been for a legitimate District purpose and whether the purchases were approved by the purchasing agent and claims auditor.

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.

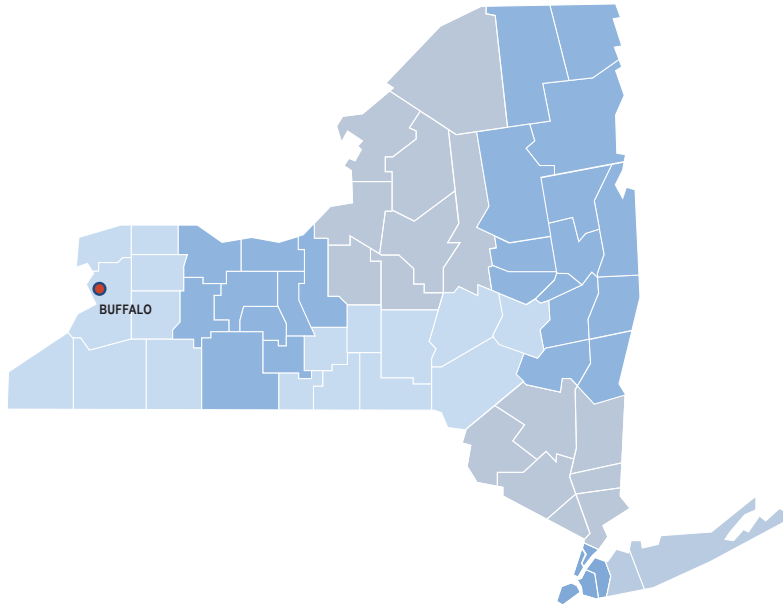
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