



# **Evergreen Charter School**

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## **Credit Card Purchases**

**2024M-143 | July 2025**

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# Report Highlights

## Evergreen Charter School

### Audit Objective

Determine whether Evergreen Charter School (School) credit card purchases were properly approved, adequately supported and for School purposes.

### Key Findings

Credit card purchases were not always properly approved and/or adequately supported to show they were for a proper School purpose. When credit card charges are not properly approved or adequately supported, it could result in inappropriate or fraudulent charges or unauthorized payments being unresolved.

- The Board of Trustees (Board) and School officials did not develop and adopt a credit card policy or procedures for monitoring and using the School's 13 credit cards that were assigned to 13 School officials.
- 255 credit card charges totaling \$113,589 were not properly approved and/or adequately supported.
- 12 of the 18 general purpose credit card payments totaling \$134,982 did not have the required signatures for payment.
- Reward points were accumulated and used during the audit period but officials could not explain who used the points and for what purpose.

### Key Recommendations

The audit report includes four recommendations that, if implemented, will help the Board and School officials improve oversight of credit card purchases.

School officials disagreed with certain aspects of our findings but indicated they have initiated or plan to initiate corrective action. Appendix B includes our comments on issues raised in the School's response letter.

### Audit Period

July 1, 2022 – December 31, 2023

### Background

The School is in the Town of Hempstead and is governed by a six-member Board responsible for the general management and control of the School's financial and educational affairs.

The Director of Finance and Operations (Director) is responsible for the day-to-day financial operations with assistance from other business office staff. The Board appointed the Director as the School's credit card administrator, who is responsible for monitoring all credit card usage. Check signers are responsible for confirming credit card charges are adequately supported and for a School purpose. The Board President, Treasurer and Secretary of the Board (Secretary) are responsible for signing checks.

The School has two credit card accounts; a general purpose credit card account, with six users issued a credit card and a home improvement store credit card account, with seven users issued a credit card. The School uses credit cards to purchase monthly subscriptions, gas for School vehicles, office supplies, travel expenses, building repairs and maintenance, classroom furniture and art supplies, among other purchases.

#### Quick Facts

##### Audit Period Credit Card Activity

Total Charges	713
Total Amount	\$193,864

# Credit Card Purchases

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## What Should a Credit Card Policy Address?

A credit card policy should include:

- The number of credit cards and users authorized by the school board (board),
- Circumstances under which credit cards may be used,
- Written prior approval(s),
- Spending limits for each purchase or for the total credit balance,
- Types of expenses for which they may be used (e.g., travel expenses),
- A description of the documentation required to support the purchase, which would require enough detail to determine what was purchased and the purchase price, and
- A requirement indicating that sales tax exemption forms are used for all applicable purchases.

The policy should also include procedures for monitoring credit card use and promote accountability and responsibility by outlining the liability for damage, loss and/or improper use. In addition, the policy should address whether reward points can be accumulated on credit card purchases. If reward points can be accumulated, the policy should indicate how reward points will be monitored and what they can and cannot be used for.

Since a board and officials are responsible for overseeing financial activities and safeguarding resources, officials must monitor credit card usage to ensure the credit card policy is adhered to and that credit card charges are properly reviewed and approved, adequately supported and for appropriate purposes. Officials should implement appropriate policies and procedures to help ensure appropriate monitoring occurs and policies are followed.

## The Board and School Officials Did Not Develop and Adopt a Credit Card Policy

The Director said the School did not have a credit card policy, and indicated that the School's 13 credit cards (six general purpose and seven home improvement credit cards) were approved by the Board more than 10 years ago. However, she could not provide Board resolutions or minutes to support the Board's authorization.

School officials also could not provide any supplemental information (e.g., Board resolution, Board minutes or memorandum) addressing credit card usage. While the Director said the School's purchasing policy covered all purchases, including those made using a credit card, the purchasing policy did not mention credit cards. For example, the purchasing policy did not address the specific circumstances under which credit cards may be used, including who is authorized to use them, prior approval(s) needed, spending limits, types of expenses for which they may be used (e.g., travel expenses), sales tax exemptions and the documentation necessary to support the claim submitted for audit. In addition, the School's purchasing policy did not include procedures for monitoring credit card use to assess the reasonableness of the nature and number of charges and promoting accountability and responsibility by outlining risks, such as liabilities for damage, loss and/or improper use.



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Without an adequate policy to address credit cards, there is a greater opportunity for improper use and wasteful spending to occur because credit cards allow users to circumvent the requirements of the School's purchasing policy.

### **What Are Properly Approved and/or Adequately Supported Credit Card Charges?**

Properly approved credit card charges are approved by individuals authorized by a board or identified by a board-adopted policy as individuals authorized to approve purchases and authorize payments. Credit cards should only be used by authorized individuals for valid school purposes. Adequately supported credit card charges are supported by sufficient documentation to demonstrate that charges are for a proper school purpose. Examples of sufficient documentation include a properly executed purchase order and itemized receipts or invoices.

In addition, charter schools are exempt from paying sales tax on purchases and uses and, as such, officials should ensure that they are not charged or paying sales tax on purchases unnecessarily.

The School's purchasing policy requires a properly completed purchase order for all purchases of goods and services in excess of \$500. The policy also requires two individuals to sign each check issued for an amount greater than \$5,000: the Board President and either the Treasurer or Secretary. The check signers are responsible for examining all original supporting documentation prior to signing the check to ensure that each purchase is properly approved, adequately supported and for School purposes.

### **Credit Card Charges Were Not Properly Approved and/or Adequately Supported**

During the 18-month audit period, the School had 713 credit card charges totaling \$193,864, including 474 general purpose credit card charges totaling \$148,553 and 239 home improvement store credit card charges totaling \$45,311. We reviewed all 713 charges totaling \$193,864 and identified the following:

General Purpose Credit Card – Based on our review, 239 general purpose credit card charges totaling \$101,492 were not properly approved and/or adequately supported. Additionally, 61 charges totaling \$32,606 had more than one exception, including charges that were not supported with a purchase order, paid without a supporting receipt or invoice, not supported with an itemized receipt or invoice, not adequately supported by indicating the purpose of the purchase and paid including sales tax. For example, the Board President used the credit card on April 5, 2023 to purchase 200 engraved ceremonial shovel paperweights. This purchase was not supported with a purchase order and was paid without a supporting receipt or invoice. The remaining 178 charges totaling \$68,886 had exceptions as follows:

- 27 charges totaling \$42,530 were not supported with a purchase order.
- 50 charges totaling \$10,971 included sales tax totaling \$896 that the School was exempt from paying.
- 85 charges totaling \$7,847 were paid without a supporting receipt or invoice.

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- Four charges totaling \$4,896 were supported with purchase orders that were dated after the receipt or invoice date.
  - Nine charges totaling \$2,188 did not have adequate support indicating the purpose of the purchase. Of these nine charges, two charges totaling \$528 may have been unnecessary purchases and seven charges totaling \$1,660 did not have sufficient support to determine if the purchase was for a valid School purpose.
  - Three charges totaling \$454 had a receipt but the receipt was not itemized.

Home Improvement Store Credit Card – We determined that 16 home improvement credit card charges totaling \$12,097 were not properly approved and/or adequately supported. Five charges totaling \$3,241 had numerous findings, including charges that were not supported with a purchase order as required by the School's purchasing policy, paid without a supporting receipt or invoice, not supported with an itemized receipt or invoice, not supported with written detail or description and paid including sales tax. For example, the credit card was used to make a purchase totaling \$1,303 on October 20, 2022, which was not supported with a purchase order and was paid without a supporting receipt or invoice. Eleven charges totaling \$8,856 each had one finding, as follows:

- Nine charges totaling \$8,597 were not supported with a purchase order.
- One charge totaling \$141 included sales tax totaling \$11.
- One charge totaling \$118 was paid without a supporting receipt or invoice.

The Director indicated that School officials failed to properly maintain credit card documentation and information, which is why some records supporting the charges could not be located.

Without properly approving and/or adequately supporting credit card charges, officials cannot effectively safeguard the School's funds, resulting in an increased risk that inappropriate and wasteful spending may occur.

### **Payments For Credit Card Charges Were Not Properly Approved**

The Director said that the School's practice for the credit card payment approval process includes business office personnel collecting necessary paperwork, such as credit card receipts, invoices, purchase orders, packing slips, email documentation and notes, for each credit card statement. Business office personnel create a payment request form and attach it to the credit card statement. The payment request form accounts for all purchases during the statement period and requires two approval signatures. Approval signatures are completed by the Director and Board members. When the signatures are complete, general purpose credit card payments are made electronically. Home improvement credit card payments are made by check that require the signature of one Board member, usually the Board President or Board Vice President. If the check payment is over \$5,000, a second Board member signature is required.

The School made 33 payments to credit card vendors totaling \$190,823 during our audit period, including 18 payments totaling \$149,512 to the general purpose credit card vendor and 15 totaling \$41,311 to the home improvement credit card vendor.

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Based on our review, although 16 charges totaling \$12,097 were not adequately supported, all 15 home improvement credit card payments totaling \$41,311 included two signatures approving the payment. Furthermore, although 239 charges totaling \$101,492 were not adequately supported, six of the 18 general purpose credit card payments totaling \$14,530 included two signatures approving the payments. Lastly, 12 of the 18 general purpose credit card payments totaling \$134,982 did not have the required signatures for payment but were still paid. For example, two credit card payments, one totaling \$6,690 on September 7, 2023 and another totaling \$6,526 on November 8, 2023, were paid based on payment request forms that were only signed by the Board President and did not have the required second approval signature.

The Director could not explain why the School's purchasing policy was not followed for credit card payments, and indicated that the policy regarding credit card payments is not clear.

Ignoring the dual approval system that was required by the Board-approved purchasing policy for credit card charges may have resulted in unnecessary and wasteful spending.

### **Credit Cards Were Issued That Allowed the Accumulation of Reward Points From Purchases**

Credit card reward points are denominated units that can be accumulated in an account, which are redeemable, or otherwise exchangeable, in whole or in part, for rewards. These rewards can include goods, services, cash, merchant-specific gift cards or travel benefits.

The School's general purpose credit card accumulated reward points during our audit period. Reward points do not expire and can be redeemed for benefits such as travel, gift cards, payments to participating vendors or statement credits. The value of each point varies according to how you choose to use them. For example, 10,000 rewards points would be worth \$70 at participating pay-with-points vendors, exchanged for a \$100 gift card, or a \$60 statement credit. We determined that credit card purchases made by six School officials during the audit period resulted in the accumulation of at least 153,369 reward points. The Director and Board President did not monitor accumulated reward points and the School did not have procedures in place to address reward points usage.

The School's July 2022 credit card statement indicated that the School had an opening balance of 62,283 reward points and as of December 31, 2023, the reward point balance was 205,856. Each month during our audit period, reward points were added based on the total purchases in the specific month. A total of at least 153,369 reward points were accumulated during our audit period, which were worth \$1,074 at participating pay-with-points vendors, \$1,534 in gift cards, or a \$920 statement credit. In October 2022, the reward points balance decreased from 141,384 to 131,588, which indicated that 9,796 reward points were used. The Director said she does not have access to the reward points. The Board President is the owner of the account and is authorized to manage the reward points. The Board President could not explain why there was a decrease in reward points or how the points were used and what they were used for.

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By issuing credit cards that accumulate reward points from purchases, the Board President can use reward points for personal items unrelated to a School purpose or other potential unnecessary purchases, and may also be incentivized to use credit cards to accumulate points that can be used for personal benefit.

## **What Do We Recommend?**

The Board should:

1. Update the existing purchasing policy, or develop and adopt a credit card policy, to include:
  - The specific circumstances under which credit cards should be used, including authorized users, prior approval(s) needed, dollar limits and types of expenses for which they may be used (e.g., travel expenses) and a description of the documentation required to support the purchase.
  - Procedures for monitoring credit card use to assess the reasonableness of the nature and number of charges and for promoting accountability and responsibility by outlining the risks, such as liability for damage, loss and/or improper use.

The Board President should:

2. Contact the general purpose credit card company to disable the ability to accumulate reward points on the School's credit card account, or track the use of reward points to ensure that they are used for a School purpose.

The Director should:

3. Complete purchase orders when applicable, discontinue the practice of paying sales tax and retain itemized receipts/invoices and sufficient supporting documentation to substantiate the appropriateness and purpose of credit card purchases in compliance with the School's purchasing policy.
4. Ensure that all payments for credit card charges are approved in compliance with the School's purchasing policy.

# Appendix A: Response From School Officials

The School's response refers to attachments that support the response letter. Because the attachments contained personal, private and sensitive information and the School's response letter provides sufficient detail, we did not include the attachments in Appendix A.



Evergreen Charter Elementary School	Evergreen Charter Intermediate School	Evergreen Charter Middle School	Evergreen Charter High School	Evergreen Charter Office Building
605 Peninsula Blvd Hempstead, NY 11550 P: (516) 292-2060 F: (516) 292-0575	436 Front St Hempstead, NY 11550 P: (516) 226-8680 F: (516) 226-8658	120 Greenwich St. Hempstead, NY 11550 P: (516) 399-1020 F: (516) 292-0575	94 Fulton Ave. Hempstead NY 11550 P: (516)-216-5981 F: (516) 216-1973	28 Richardson Place Hempstead NY 11550 P: (516)-226-8680 F: (516) 226-8658

April 27, 2025

Mr. Ira McCracken  
Chief of Municipal Audits  
Division of Local Government and School Accountability  
Office of The New York State Comptroller  
250 Veterans Memorial Highway #A10  
Hauppauge, NY 11788

Dear Mr. McCracken,

We have received your report on Evergreen Charter School and thank you and your team for your review of our Charter School.

Please see our response below in italics.

## **KEY FINDINGS:**

- **The Board of Trustees (Board) and School officials did not develop and adopt a credit card policy or procedures for monitoring and using the School's 13 credit cards that were assigned to 13 school officials.**
  - *We have followed a credit card policy that was part of our operations*
  - *We do acknowledge that our credit card policy can improve as our school has grown and we need to update our policies.*
- **255 credit card charges totaling \$113,589 were not properly approved and adequately supported.**
  - *All credit card transactions were approved at least by one Board Officer and the Director of Finance and Operations. Some transactions did not have a PO issued if they fell into the following categories: emergency purchases for building maintenance and repairs, monthly subscriptions such as [REDACTED] and [REDACTED] licenses for the staff,*

See  
Note 1  
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See  
Note 2  
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<b>Evergreen Charter Elementary School</b> 605 Peninsula Blvd Hempstead, NY 11550 P: (516) 292-2060 F: (516) 292-0575	<b>Evergreen Charter Intermediate School</b> 436 Front St Hempstead, NY 11550 P: (516) 226-8680 F: (516) 226-8658	<b>Evergreen Charter Middle School</b> 120 Greenwich St. Hempstead, NY 11550 P: (516) 399-1020 F: (516) 292-0575	<b>Evergreen Charter High School</b> 94 Fulton Ave. Hempstead NY 11550 P: (516)-216-5981 F: (516) 216-1973	<b>Evergreen Charter Office Building</b> 28 Richardson Place Hempstead NY 11550 P: (516)-226-8680 F: (516) 226-8658
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*employment ads to fill open vacancies in the school, trainings or conferences that were approved by the Board.*

- **12 of the 18 general purpose credit card payments totaling \$134,982 did not have the required signatures for payment.**
  - *It has been our policy that a Board Officer reviews and approves all credit card payments in addition to a representative from the Business Office. This is what we have done. All payments reflect at least one Board Officer and a representative from the Business Office.*
  - *When a payment request is over \$5,000, two Board Officers sign the check. We do not require two officers to sign the payment request page; only the check.*
  - *We will review our policy to always have two approvers on all purchases made with a credit card.*
- **Reward points were accumulated and used during the audit period, but officials could not explain who used the points and for what purpose.**
  - *Officials including myself could not explain who used the points or what the points were for **because NO ONE in fact did use the points.***
  - *After an investigation from [REDACTED] we were told that points on the October statements that should have been accumulated were in fact forfeited because a payment was received late. We forfeited 9,796 points. (See Appendix A page 5).*
  - *When COVID started there was a history of delayed delivery of mail by the Hempstead Postal Office and for that reason the Board approved the ability to pay [REDACTED] balances electronically with the approval from a Board member.*

See  
Note 3  
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#### **KEY RECOMMENDATIONS:**

- **Adopt new, or update existing, policies to address credit card use.**
  - *We are currently updating our credit card use policy for Board review and consideration at the upcoming May 2025 meeting.*

See  
Note 1  
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- **Complete purchase orders when applicable, discontinue the practice of paying sales tax and retain sufficient supporting documentation to substantiate the purpose of credit card purchases in compliance with the School's purchasing policy.**
  - *We will ensure that all staff and Board members complete purchase orders, when applicable.*
  - *It is not our practice to pay sales tax. If you review records, you will find that there have been occasions when sales tax was paid. We asked staff to return to the store and to obtain credit for sales tax. Evidence of this includes [REDACTED] employment advertisements.*
  - *Furthermore, we have several travel-related expenses to conferences for which we were not able to avoid the sales tax as exemption from New York was not accepted in other states.*
  - *We will continue to reiterate policies to our staff to ensure they follow procedures.*

See  
Note 4  
Page 20

## CREDIT CARD PURCHASES

### The Board and School Officials Did Not Develop and Adopts a Credit Card Policy

The Director said the School did not have a credit card policy, and indicated that the School's 13 credit cards (six general purpose and seven home improvement credit cards) were approved by the Board more than 10 years ago. However, she could not provide Board resolutions or minutes to support the Board's authorization.

School officials also could not provide any supplemental information (e.g., Board resolution, Board minutes or memorandum) addressing credit card usage. While the Director said the School's purchasing policy covered all purchases, including those made using a credit card, the purchasing policy did not mention credit cards. For example, the purchasing policy did not address the specific circumstances under which credit cards may be used, including who is authorized to use them, prior approval(s) needed, spending limits, types of expenses for which they may be used (e.g., travel expenses), sales tax exemptions and the documentation necessary to support the claim submitted for audit. In addition, the School's purchasing policy did not include procedures for monitoring credit card use to assess the reasonableness of the nature and number of charges and promoting accountability and responsibility by outlining risks, such as liabilities for damage, loss and/or improper use.



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Without an adequate policy to address credit cards, there is a greater opportunity for improper use and wasteful spending to occur because credit cards allow users to circumvent the requirements of its purchasing policy.

- The school is updating its credit card policy to address concerns. This will be reviewed by the Board of Trustees at their April 2025 meeting.

See  
Note 1  
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#### Credit Card Charges Were Not Properly Approved and Adequately Supported

- As explained above, we only required two signatures on the payment request form to pay [REDACTED] electronically: one by a Board Officer and one by the Director of Finance and Operations. Other credit card payments by check only require the Director of Finance and Operations to approve the payment request.
- Per your recommendation we will include two signatures from Board Officers on all electronic payments for amounts over \$5,000.

#### What are Properly Approved and Adequately Supported Credit Card Charges?

Properly approved credit card charges are approved by individuals authorized by a board or identified by a board-adopted policy as individuals authorized to approve purchases and authorize payments. Credit cards should only be used by authorized individuals for valid school purposes. Adequately supported credit card charges are supported by sufficient documentation to demonstrate that charges are for a proper school purpose. Examples of sufficient documentation include a properly executed purchase order and itemized receipts or invoices.

- All [REDACTED] credit card transactions are approved by at least one Officer of the Board of Trustees. If the amount is over \$5,000 it requires two Board Officer signatures on the check to issue payment.
- We will ensure that all staff and Board members complete purchase orders, when applicable.

In addition, charter schools are exempt from paying sales tax on purchases and uses and, as such, officials should ensure that they are not charged or paying sales tax on purchases unnecessarily.

- Our school has not been able to obtain tax exemption from outside of NYS. Sales tax paid to [REDACTED] for employment ads were refunded to our school once tax exemption was

See  
Note 4  
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*processed in their office.*

- *Sales taxes paid by error were caught and refunds of sales tax were issued.*
- *Sales tax paid for platforms such as [REDACTED] were refunded to the school once the tax exemption was processed by the vendor.*

**The School's purchasing policy requires a properly completed purchase order for all purchases of goods and services in excess of \$500. The policy also requires two individuals to sign each check issued for an amount greater than \$5,000: the Board President and either the Treasurer or Secretary of the Board. The check signers are responsible for examining all original supporting documentation prior to signing the check to ensure that each purchase is properly approved, adequately supported and for School purposes**

- *We do follow this policy. All checks for more than \$5,000 are signed by two Officers of the Board of Trustees.*
- *While the actual purchase order may have not had two Board Officers sign, if the order was for more than \$5,000 two Board Officers signed the check to issue payment. Payment cannot occur without at least two Officers' signatures. At no time were we in violation of this policy when paid by check.*
- *All credit card transactions were approved at least by one Board Officer and by the Director of Finance and Operations. Some transactions did not have a PO issued if they fell into the following categories: emergency purchases for building maintenance and repairs, monthly subscriptions such as [REDACTED] and [REDACTED] licenses for the staff, employment ads to fill open vacancies in the school, trainings or conferences that were approved by the Board.*
- *Per your recommendation we will include two signatures from Board Officers on all electronic payments for amounts over \$5,000.*

See  
Note 2  
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#### **Credit Card Charges Were Not Properly Approved and Adequately Supported**

**During the 18-month audit period, the School had 713 credit card charges totaling \$193,864, including 474 general purpose credit card charges totaling \$148,553 and 239 home improvement store credit card charges totaling \$45,311. We reviewed all 713 charges totaling \$193,864 and identified the following:**



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**General Purpose Credit Card** – Based on our review, 239 general purpose credit card charges totaling \$101,492 were not properly approved and adequately supported. Additionally, 61 charges totaling \$32,606 had more than one exception, including charges that were not supported with a purchase order, paid without a supporting receipt or invoice, not supported with an itemized receipt or invoice, not adequately supported by indicating the purpose of the purchase and paid including sales tax. For example, the Board President used the credit card on April 5, 2023, to purchase 200 engraved ceremonial shovel paperweights. This purchase was not supported with a purchase order and was paid without a supporting receipt or invoice. The remaining 178 charges totaling \$68,886 had exceptions as follows:

- *Receipts were given to the business office on April 5, 2023, for the transaction noted above. They may have been misplaced during our move if the Business office did not provide them at the time of your request, however the receipts were provided after your findings were shared with us. As you can see from the email attached, information was submitted to the Business Office on April 5 for this transaction, in a timely manner. See Appendix B.*
- **27 charges totaling \$42,530 were not supported with a purchase order.**
  - *It is true that some purchase orders were not created for all charges. As mentioned above some transactions did not have a PO issued if they fell into the following categories: emergency purchases for building maintenance and repairs, monthly subscriptions such as [REDACTED] and [REDACTED] licenses for the staff, employment ads to fill open vacancies in the school, trainings or conferences that were approved by the Board.*
- **50 charges totaling \$10,971 included sales tax that the School was exempt from paying.**
  - *Some charges were credited back to us such as [REDACTED] after they processed our tax-exempt information, however for other charges, including out of state charges such as for conferences and travel-related expenses, we were not able to get taxes waived.*
  - *In a few cases, staff have used the card and forgot to use the tax-exempt paperwork. They were then asked to return to the store to get the sales taxes back, and this shows up as a credit in all cases when it involves NYS tax, and it was reflected in the credit card statements.*

See  
Note 5  
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Note 2  
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Note 4  
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F: (516) 292-0575	F: (516) 226-8658	F: (516) 292-0575	F: (516) 216-1973	F: (516) 226-8658

- **85 charges totaling \$7,847 were paid without a supporting receipt or invoice.**
  - *It should be clarified that except for one receipt that was misplaced from [REDACTED] in the amount of \$585.97, we provided receipts or statements with detail on what was purchased for all other transactions but some transactions were noted by the auditor agent as "Receipt not supported with detail", "Receipt was illegible" or "Receipt not itemized".*
- **Four charges totaling \$4,896 were supported with purchase orders that were dated after the receipt or invoice date.**
  - *Our school has had the need to pay for emergency repairs, or emergency supplies where the PO is completed after the verbal approval from a Board Officer or the Director of Finance and Operations.*
- **Nine charges totaling \$2,188 did not have adequate support indicating the purpose of the purchase. Of these nine charges, two charges totaling \$528 may have been unnecessary purchases and seven charges totaling \$1,660 did not have sufficient support to determine if the purchase was for a valid school purpose.**
  - *We will review and ensure that all charges have adequate support indicating the purpose of the purchase.*
- **Three charges totaling \$454 had a receipt but the receipt was not itemized.**
  - *We will ensure that we also include an itemized receipt for all charges.*

See  
Note 6  
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See  
Note 2  
Page 20

**Home Improvement Store Credit Card** – We determined that 16 home improvement credit card charges totaling \$12,097 were not properly approved and adequately supported. Five charges totaling \$3,241 had numerous findings, including charges that were not supported with a purchase order as required by the School's purchasing policy, paid without a supporting receipt or invoice, not supported with an itemized receipt or invoice, not supported with written detail or description and paid including sales tax. For example, the credit card was used to make a purchase totaling \$1,303 on October 20, 2022, which was not supported with a purchase order and was paid without a supporting receipt or invoice. Eleven charges totaling \$8,856 each had one finding, as follows:



Evergreen Charter Elementary School	Evergreen Charter Intermediate School	Evergreen Charter Middle School	Evergreen Charter High School	Evergreen Charter Office Building
605 Peninsula Blvd Hempstead, NY 11550	436 Front St Hempstead, NY 11550	120 Greenwich St. Hempstead, NY 11550	94 Fulton Ave. Hempstead NY 11550	28 Richardson Pl. Hempstead NY 11
P: (516) 292-2060 F: (516) 292-0575	P: (516) 226-8680 F: (516) 226-8658	P: (516) 399-1020 F: (516) 292-0575	P: (516)-216-5981 F: (516) 216-1973	P: (516)-226-8681 F: (516) 226-8658

- **Nine charges totaling \$8,597 were not supported with a purchase order.**
  - *If the purchase was for an emergency, no PO was prepared. Emergency purchases will be identified in the updated credit card policy.*
- **One charge totaling \$141 included sales tax totaling \$11.**
  - *The tax was returned the following day, but we understand that this was not accepted by the auditing official as it was not itemized.*
- **One charge totaling \$118 was paid without a supporting receipt or invoice.**
  - *We had some facility supervisors who misplaced receipts and did not follow procedures. This is not common practice in our school. Those individuals received warnings. Three of them were no longer employed by our school during the audit. We are reviewing this internally and will continue to enforce policy and create new ones to address your concerns.*

See  
Note 2  
Page 20

See  
Note 7  
Page 20

**Without properly approving and adequately supporting credit card charges, officials cannot effectively safeguard the School's funds, resulting in an increased risk that inappropriate and wasteful spending may occur.**

- *We understand and agree.*

#### **Payments For Credit Card Charges Were Not Properly Approved**

The Director said that the School's practice for the credit card payment approval process includes business office personnel collecting necessary paperwork, such as credit card receipts, invoices, purchase orders, packing slips, email documentation and notes, for each credit card statement. Business office personnel create a payment request form and attach it to the credit card statement. The payment request form accounts for all purchases during the statement period and requires two approval signatures. Approval signatures are completed by the Director and Board members. When the signatures are complete, general purpose credit card payments are made electronically. Home improvement credit card payments are made by check that require the signature of one Board member, usually the Board President or Board Vice President. If the check payment is over \$5,000, a





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**second Board member signature is required.**

**The School made 33 payments to credit card vendors totaling \$190,823 during our audit period, including 18 payments totaling \$149,512 to the general purpose credit card vendor and 15 totaling \$41,311 to the home improvement credit card vendor.**

**Based on our review, although 16 charges totaling \$12,097 were not adequately supported, all 15 home improvement credit card payments totaling \$41,311 included two signatures approving the payment. Furthermore, although 239 charges totaling \$101,492 were not adequately supported, six of the 18 general purpose credit card payments totaling \$14,530 included two signatures approving the payments. Lastly, 12 of the 18 general purpose credit card payments totaling \$134,982 did not have the required signatures for payment but were still paid. For example, two credit card payments, one totaling \$6,690 on September 7, 2023 and another totaling \$6,526 on November 8, 2023, were paid based on payment request forms that were only signed by the Board President and did not have the required second approval signature.**

- *For any payments over \$5,000 two signatures are required on a check. We do not have a requirement that two Board Officers sign off on purchase orders. No check payments were ever issued without the second signature of a Board Officer.*
- *Per your recommendation we will include two signatures from Board Officers on all electronic payments for amounts exceeding \$5,000.*

**The Director could not explain why the School's purchasing policy was not followed for credit card payments, and indicated that the policy regarding credit card payments is not clear.**

- *The school has followed the same purchasing policy as when supplies, materials or services have been rendered. The only exception is electronic payments to [REDACTED] exceeding \$5,000. As this was electronic, two Board Officers did not sign as they would for a check. Our current electronic payment policy states only one Board Officer's approval is required.*
- *We will revise this policy to require two Board Officer's to approve all payments including electronic transactions exceeding \$5,000.00.*



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**Ignoring the dual approval system that was required by the Board-approved purchasing policy for credit card charges may have resulted in unnecessary and wasteful spending.**

- *Dual approval was done through the signatures on the checks. No one has ignored the dual approval system. The second signature on the check is something that we enforce. We don't use the second signature on the payment request. The form includes the business office staff and a Board Officer.*
- *Our current policy requires two Board Officers to sign checks above \$5,000, but it does not state that two Board Officers have to sign or approve the electronic payments. This will be addressed in the policy we are creating.*

#### **Credit Cards Were Issued That Allowed the Accumulation of Reward Points From Purchases**

Credit card reward points are denominated units that can be accumulated in an account, which are redeemable, or otherwise exchangeable, in whole or in part, for rewards. These rewards can include goods, services, cash, merchant-specific gift cards or travel benefits.

The School's general purpose credit card accumulated reward points during our audit period. Reward points do not expire and can be redeemed for benefits such as travel, gift cards, payments to participating vendors or statement credits. The value of each point varies according to how you choose to use them. For example, 10,000 rewards points would be worth \$70 at participating pay-with-points vendors, exchanged for a \$100 gift card, or a \$60 statement credit. We determined that credit card purchases, made by six School officials, during the audit period resulted in at least 153,369 reward points. The Director and Board President did not monitor accumulated reward points and the School did not have procedures in place to address reward points usage.

The School's July 2022 credit card statement indicated that the School had an opening balance of 62,283 reward points and as of December 31, 2023, the reward point balance was 205,856. Each month during our audit period, reward points were added based on the total purchases in the specific month. A total of at least 153,369 reward points were accumulated during our audit period, which were worth \$1,074 at participating pay-with-points vendors, \$1,534 in gift cards, or a \$920 statement credit. In October 2022, the reward points balance decreased from 141,384 to 131,588, which indicated that 9,796 reward points were used. The Director said she does not believe she has access to the reward points, and that the Board President controls the reward points. The Director and Board President could not explain why there was a decrease in reward points or how the points



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were used and what they were used for.

- Officials including myself could not explain who used the points or what the points were for **because NO ONE in fact did use the points.**
- After an investigation from [REDACTED] we were told that points on the October statements that should have been accumulated were in fact forfeited because a payment was received late. We forfeited 9,796 points. (See Appendix A, page 5 of the [REDACTED] card statement).
- There has been a history of delayed delivery of mail by the Hempstead postal office and for that reason the Board approved the ability to pay [REDACTED] balances electronically with the approval from a Board officer.

See  
Note 3  
Page 20

By issuing credit cards that accumulate reward points from purchases, the Board President can use reward points for personal items unrelated to a School purpose or other potential unnecessary purchases, and may also be incentivized to use credit cards to accumulate points that can be used for personal benefit.

- We understand your concerns and will develop a policy to ensure that no one can use any points for individual gain.
- At the same time, we want to vehemently deny allegations Audit staff have made suggesting that the Board President may have used points for personal gain and that this was the reason for the reduction in points. This allegation is false and is highly defamatory to my reputation as Board President and Founder. I have not benefited from points at any time nor have any card holders.

See  
Note 8  
Page 20

## WHAT DO WE RECOMMEND?

The Board should:

1. Update the existing purchasing policy, or develop and adopt a credit card policy, to include:
  - The specific circumstances under which credit cards should be used, including authorized users, prior approval(s) needed, dollar limits and types of expenses for which they may be used (e.g., travel expenses) and a description of the



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**documentation required to support the purchase.**

- *We are drafting a policy to address recommendations and this will be considered by the Board of Trustees for review and approval.*
- **Procedures for monitoring credit card use to assess the reasonableness of the nature and number of charges and for promoting accountability and responsibility by outlining the risks, such as liability for damage, loss and/or improper use.**
  - *We are drafting a policy to address this recommendation.*

**The Board President should:**

1. **Contact the general-purpose credit card company to disable the ability to accumulate reward points on the School's credit card account, or track the use of reward points to ensure that they are used for a School purpose.**
  - *We have contacted the credit card company, [REDACTED] We were informed that **no one has in fact redeemed the points.** Rather the points were forfeited because of the October 2022 payment that was received late. See Appendix A. Furthermore we have asked for the 2022 [REDACTED] Credit Card policy agreement that documents this policy. We will forward it to your office upon receipt.*
  - *We will set up a rewards point tracking system to track the points earned and their use to ensure they are used for School purposes.*

See  
Note 3  
Page 20

**The Director should:**

2. **Complete purchase orders when applicable, discontinue the practice of paying sales tax and retain itemized receipts/invoices and sufficient supporting documentation to substantiate the appropriateness and purpose of credit card purchases in compliance with the School's purchasing policy.**
  - *We will not continue to pay sales tax unless we are denied exempt status.*





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- *We have been denied in some states.*
- *We will ensure that all payments for credit card charges are approved in compliance with the School's purchasing policy.*

We will work to address your concerns, and we will implement updates to our fiscal policy manual to include our credit card policy.

We want to ensure our policies reflect the highest practices and welcome your feedback for improvement.

Thank you for your review and consideration.

Sincerely,

  
Gil Bernardino  
President of the Board of Trustees

Cc: ECS Board of Trustees  
Dr. Elena Litescu, Superintendent  
Ms. Lisett Knox, Director of Finance and Operations

Enclosures: Appendix A  
Appendix B

## Appendix B: OSC Comments on the School's Response

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### Note 1

As stated on page 4 of the audit report, the District does not have a credit card policy.

### Note 2

The Board's purchasing policy does not authorize exceptions for monthly subscriptions, licenses for staff, employment ads or trainings and conferences. The purchasing policy indicated that in the event of an emergency, officials can bypass the quotation requirement but does not exempt an emergency purchase from the purchase order requirement. Officials could not provide evidence that the 255 credit card charges totaling \$113,589 were emergency purchases.

### Note 3

The credit card statement included with the School's response did not support the assertion that reward points were forfeited. We also determined the credit card company's reward point guidelines do not support that a late payment results in the forfeiture of points.

### Note 4

During our exit conference, the audit team emphasized to School officials that the sales tax cited in the report is tax that the School was exempt from paying.

### Note 5

The documentation provided by School officials did not contain a supporting receipt or invoice. School officials provided a copy of the receipt/invoice at the exit conference. However, this does not change the finding that items noted in the report were paid for without a supporting receipt or invoice at the time of payment.

### Note 6

A properly supported and approved claim packet must have the supporting receipts or invoices attached. As a result, officials approved claim packets that were not properly supported.

### Note 7

The School did not provide any support showing that sales tax was returned for this purchase.

### Note 8

Neither the report nor the auditors accused the Board President of any wrongdoing. The report states the Board President is the reward account owner. It also states that the Board President and Director did not monitor the reward points and the School lacked procedures to address reward point usage. Furthermore, the report states that although we asked the Board President, as the reward account owner, how the reward points were used, he could not explain how the points were used or why the reward point balance decreased.

## Appendix C: Audit Methodology and Standards

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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. 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 School officials and reviewed the School's Accounting Policy Manual, which included the purchasing policy, to gain an understanding of the School's credit card practices and procedures and to determine whether the policies related to credit card use were adequate.
- We reviewed all 36 credit card statements to determine whether the credit card statements showed an accumulation of reward points and the reward points decreased from one credit card statement to the subsequent credit card statement indicating that points were used.
- We reviewed all 713 charges on the School's general purpose and home improvement store credit cards totaling \$193,864 to determine whether the charges were supported with purchase orders (if applicable), itemized receipts/invoices or other supporting documentation, were for a proper school purpose and excluded sales tax.
- We reviewed all 33 credit card payments to determine whether each credit card payment was properly approved by either the Board President or the Treasurer if the credit card payment was under \$5,000, and by the Board President and either the Treasurer or Secretary if the credit card payment was over \$5,000.

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 size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. We encourage the Board to prepare a written corrective action plan (CAP) that addresses the recommendations in this report and forward it to our office within 90 days. 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. We encourage the Board to make the CAP available for public review.

## Appendix D: Resources and Services

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### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

### **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf)

### **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

### **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

[www.osc.ny.gov/local-government/academy](http://www.osc.ny.gov/local-government/academy)

## Contact

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Division of Local Government and School Accountability  
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