



Manhasset Union Free School District

Non-Payroll Disbursements

2025M-45 | September 2025

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Audit Results

Manhasset Union Free School District



Audit Objective

Audit Period

Did Manhasset Union Free School District (District) officials ensure that non-payroll disbursements were adequately supported, for valid District purposes and properly audited and approved?

July 1, 2023 – December 31, 2024

Understanding the Audit Area

Non-payroll disbursements represent a significant portion of a school district's (district's) expenditures, covering a wide range of operational costs, such as equipment, supplies and contractual services for capital projects. District officials are responsible for overseeing and approving these disbursements to ensure they are appropriate, properly documented and in accordance with the district's budget and procurement policies. During our audit period, the District made 4,343 non-payroll disbursements totaling \$112.9 million, including 157 wire transfers totaling \$44.7 million and 4,186 other non-payroll disbursements totaling \$68.2 million.

The Board of Education (Board) appointed the claims auditor to audit and approve all claims, including non-payroll disbursements. The Assistant Superintendent for Business (ASB) is responsible for overseeing the financial operations in the Business Office, including the Purchasing Agent who is responsible for authorizing the expenditure of funds for the purchase of goods and services. The Treasurer is responsible for preparing and completing wire transfers, which are reviewed by the ASB and claims auditor.

Audit Summary

While the Board and District officials generally ensured that the non-payroll disbursements we reviewed totaling approximately \$2.8 million were adequately supported and for valid District purposes, they did not always ensure that the disbursements were properly audited and approved before officials made the disbursements. As a result, there was an increased risk that improper or unsupported payments could have been made and may not have been detected and corrected.

We reviewed 15 wire transfers totaling \$2.4 million and determined officials properly reviewed and approved them. We also reviewed 50 non-payroll disbursements, including 137 invoices, totaling \$379,209 to determine whether officials ensured disbursements were adequately supported, for valid

District purposes and properly audited and approved. We determined that the disbursements reviewed included 10 invoices totaling \$26,441 that were not properly audited or approved before they were paid.

The 10 invoices contained eight confirming purchase orders, meaning that purchase orders were issued after goods and services were received rather than approving purchase orders before the goods and services were acquired. Confirming purchase orders do not allow for a proper audit of claims because the claims auditor could not complete the approval and price verification steps of the claims audit process. This weakness in the District's disbursements process increased the risk that purchases were made before ensuring that funds were available, and appropriations could have been overspent.

The report includes two recommendations that, if implemented, will improve District officials' ability to properly audit and approve non-payroll disbursements. District officials agreed with our findings and recommendations and indicated they planned to initiate 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.

Non-Payroll Disbursements: Findings and Recommendations

For non-payroll disbursements, the approval of purchases should ensure that expenditures align with the district's budgetary appropriations and comply with established financial controls. Before authorizing a purchase, district officials should verify that efficient budgetary funds are available, that the purchase is necessary and appropriate, and that it adheres to district policies and regulations. Proper approval should be documented, with supporting evidence showing that the purchase was reviewed against the adopted budget and approved by an individual with the authority to do so prior to the disbursement being made. More details on the criteria used in this report, as well as resources we make available to district officials that can help officials improve operations (Figure 1), are included in Appendix A.

Finding 1 – District officials did not always ensure that non-payroll disbursements were properly audited and approved.

District officials generally ensured that non-payroll disbursements were adequately supported and for valid District purposes. However, officials did not always ensure that disbursements were properly audited and approved.

We reviewed 15 wire transfers totaling \$2.4 million and 50 other non-payroll disbursements, including 137 invoices, totaling \$379,209.¹ We determined the following:

Other Non-Payroll Disbursements – The District's process for non-payroll disbursements (excluding wire transfers) begins with the Purchasing Agent authorizing the expenditure of funds for the purchase of goods or services. District policy requires that, before approving a purchase order, the Purchasing Agent verifies that there are sufficient funds available to pay for the requested purchase. If a budget transfer is required to ensure that sufficient appropriations for a purchase are available, the transfer is generally completed before the purchase is made. After Business Office officials prepare the claims packet with the necessary supporting documentation for payment, the Board-appointed claims auditor reviews and approves the claims for payment.

We determined that eight disbursements (16 percent) totaling \$61,410 could not be properly audited and approved because the eight disbursements contained 10 invoices totaling \$26,441 that were dated before the eight associated purchase orders were created and approved, resulting in confirming purchase orders. This meant that District officials allowed staff to purchase goods and services before the Purchasing Agent verified that sufficient funds were available. Confirming purchase orders do not allow for a proper audit of claims because they are issued after goods or services are received, and the claims auditor could not complete the approval and price verification steps of the claims audit process. Although officials indicated that this was a result of the District not having a Purchasing Agent for a portion of our audit period, only one confirming purchase order for an invoice totaling \$912 occurred between March 2024 and July 2024 when the District did not have a Purchasing Agent. The other nine

¹ See Appendix C for our sampling methodology.

invoices involving seven confirming purchase orders totaling \$25,529 were dated between July 2023 and December 2023 when the District had a Purchasing Agent.

The ASB said that staffing shortages and key personnel transitions contributed to the confirming purchase orders, as staff took on additional responsibilities to maintain daily operations. These challenges led to delays in initiating purchase requisitions before goods and services were ordered. To address these issues, the ASB said that the District hired permanent staff for key positions and provided training on the purchasing and accounts payable process. Additionally, due to the nature of certain purchases, the ASB said that some invoices are received on the same day that the related purchase orders are approved. The District is working with vendors and staff to minimize this issue by ensuring that purchase orders are created as soon as services are requested.

Wire Transfers – The District’s process for initiating wire transfers begins with the Treasurer providing supporting documentation detailing the amount, purpose and destination of the transfer to the ASB for review and approval. The claims auditor and accounts payable clerk also review and approve the wire transfer. After receiving the necessary approvals, the Treasurer executes the wire transfer. We determined that the 15 wire transfers reviewed totaling \$2.4 million were properly reviewed and approved by District officials.

The use of confirming purchase orders bypasses key internal controls, weakening accountability and oversight in the disbursements process. Without properly verifying that there are sufficient funds available before purchases are made, there is a greater risk that the District could overspend specific appropriations or, ultimately, its budget. This could result in a greater reliance on available fund balance which, over time, could negatively impact the District’s finances.

Recommendations

The Board and ASB should ensure:

1. The Purchasing Agent verifies that there are sufficient funds available and approve purchase orders before staff purchase goods and services.
2. The claims auditor is provided the appropriate supporting documentation in order to properly audit and approve disbursements.

Appendix A: Profile, Criteria and Resources

Profile

The District is located in the Town of North Hempstead in Nassau County. It operates three schools with approximately 3,000 students and 639 employees. The District's budgeted appropriations for the 2024-25 fiscal year were \$111.3 million, which were funded primarily with real property taxes and State aid.

The elected five-member Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The ASB oversees the Business Office staff responsible for performing the District's financial duties. The Purchasing Agent is responsible for authorizing the expenditure of funds for the purchase of goods and services.

During our audit period, the District's Business Office experienced significant turnover, including the Purchasing Agent who abruptly resigned in March 2024. District officials used temporary staff from a staffing agency to assist with processing purchases for approximately four months until the new Purchasing Agent was hired in July 2024.


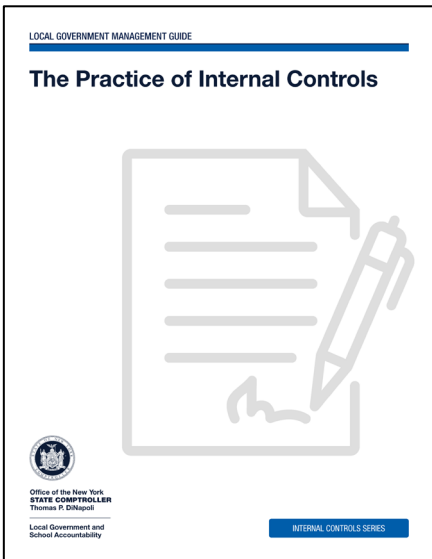
Criteria – Non-Payroll Disbursements

For non-payroll disbursements, the approval of purchases should ensure that expenditures align with the district's budgetary appropriations and comply with established financial controls. Before authorizing a purchase, district officials should verify that sufficient budgetary funds are available, that the purchase is necessary and appropriate, and that it adheres to district policies and regulations. Proper approval should be documented, with supporting evidence showing that the purchase was reviewed against the adopted budget and approved by an individual with the authority to do so prior to the disbursement being made.

When purchases are made before formal approval, this results in a confirming purchase order which weakens budgetary controls and increases the risk of overspending or misallocating funds. Confirming purchase orders bypass the intended pre-approval process, limiting the district's ability to ensure funds are available before the commitment is made. Over time, this practice can undermine financial oversight and lead to budget shortfalls or inefficiencies in resource allocation.

Additional Non-Payroll Disbursements Resources

Figure 1: OSC Publications

OSC <i>Local Government Management Guides</i> available on our website to help officials understand and perform their responsibilities.	
<i>Improving the Effectiveness of Your Claims Auditing Process</i>	<i>The Practice of Internal Controls</i>
 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>Improving the Effectiveness of Your Claims Auditing Process</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>	 <p>LOCAL GOVERNMENT MANAGEMENT GUIDE</p> <p>The Practice of Internal Controls</p> <p>Office of the New York STATE COMPTROLLER Thomas P. DiNapoli</p> <p>Local Government and School Accountability</p> <p>INTERNAL CONTROLS SERIES</p>
https://www.osc.ny.gov/files/local-government/publications/pdf/improving-the-effectiveness-of-claims-auditing-process.pdf	https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.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



Manhasset Public Schools

Gerard Antoine
*Assistant Superintendent
for Business and Operations*

August 26, 2025

Ira McCracken
Chief of Municipal Audits
Office of the State Comptroller
Hauppauge Regional Office
250 Veterans Memorial Highway
Hauppauge, NY 11788-5533

Dear Mr. McCracken:

This letter serves as the Manhasset Union Free School District's formal written response to the draft audit report titled Non-Payroll Disbursements – Report of Examination 2025M-45. We appreciate the opportunity to review the report.

We acknowledge the findings and recommendations presented in the draft report and find them to be accurate. The audit has been a valuable tool in helping the District identify areas for strengthening internal controls and improving operational efficiency.

We are pleased that, of the \$3.8 million in audited non-payroll disbursements, only approximately \$26,500 had deficiencies related to confirming purchase orders. This represents an error rate of approximately 0.7%, and none of these disbursements were fraudulent in nature.

We acknowledge the recommendations regarding confirming purchase orders and the documentation provided to the claims auditor, which we are taking steps to address. The District has already taken corrective action and will file our formal Corrective Action Plan within 90 days of the report being finalized.

We would also like to thank the staff assigned to our audit for their professionalism and collaboration throughout the process. They exercised considerable skill and represented the interests of the State in an exemplary manner.

Sincerely,

Gerard Antoine
Assistant Superintendent for Business & Operations

200 Memorial Place – Manhasset, New York 11030 – Gerard_Antoine@ManhassetSchools.org - (516) 267-7713

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 Board members, District officials and Business Office personnel and reviewed Board meeting minutes and District policies to gain an understanding of the District's disbursements process.
- The District made 4,186 non-payroll disbursements totaling \$68.2 million between July 1, 2023 and December 31, 2024. We used a random number generator to select a sample of 50 non-payroll disbursements of \$500 or more that totaled \$379,209, including 17 disbursements between March 2024 and July 2024 when the District did not have a Purchasing Agent. We reviewed the 50 disbursements to ensure they were properly audited and approved, adequately supported and for valid District purposes. To determine whether disbursements were properly approved, we ensured that the sufficiency of funds was verified, the Treasurer signed all checks and the Assistant Treasurer was second signatory on checks of \$2,000 or more.
- We examined the related cancelled check images for the 50 disbursements selected to determine whether any checks were handwritten.
- The District made 157 wire transfers totaling \$44.7 million. We used a random number generator to select 15 of the 157 wire transfers (10 percent) totaling \$2.4 million to confirm that these disbursements were approved by appropriate District officials and properly supported. We also verified that the wire transfers were not prepared, initiated and recorded by the same individual.

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.

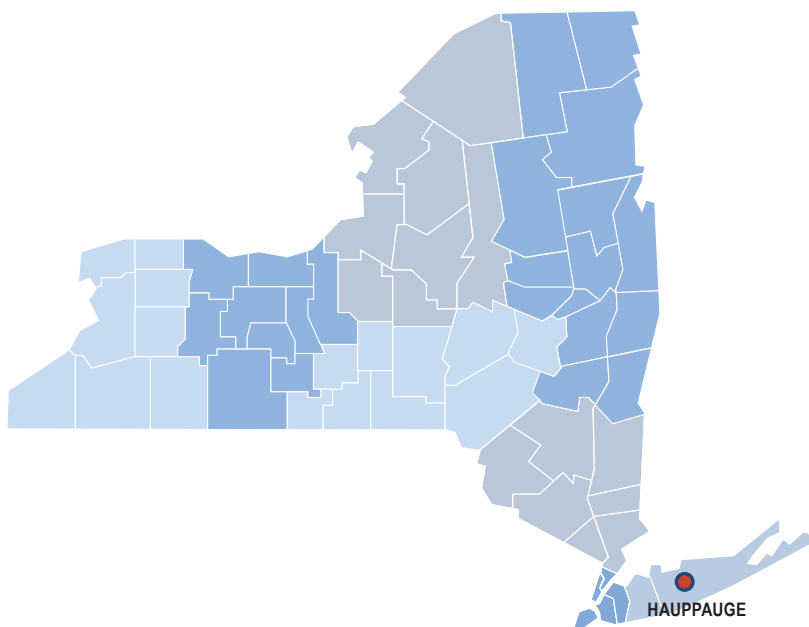
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