



Monroe No. 1 Board of Cooperative Educational Services

Credit Cards

2024M-156 | June 2025

Contents

Report Highlights 1

Credit Cards 2

 How Should BOCES Officials Ensure Credit Card Charges Are Approved, Supported
 and Appropriate?. 2

 Certain Credit Card Charges Were Not Properly Approved or Supported. 2

 What Do We Recommend? 4

Appendix A – Response From BOCES Officials 5

Appendix B – Audit Methodology and Standards 6

Appendix C – Resources and Services. 7

Report Highlights

Monroe No. 1 Board of Cooperative Educational Services

Audit Objective

Determine whether Monroe No. 1 Board of Cooperative Educational Services (BOCES) officials ensured credit card charges were properly approved, supported and for appropriate BOCES purposes.

Key Findings

BOCES officials did not ensure that all credit card charges were properly approved and supported. Therefore, it could not be determined whether all charges were for appropriate BOCES purposes. Additionally, officials did not ensure that credit card charges were reconciled to receipts in a timely manner and audited, as required, prior to payment.

We reviewed 532 credit card charges totaling \$138,238 and determined that 461 charges totaling \$110,539 had one or more exceptions:

- 424 charges totaling \$99,308 were paid prior to audit and approval by the claims auditor.
- 166 charges totaling \$35,927 did not have adequate support including a specific BOCES purpose.
- 97 charges totaling \$12,938 required pre-approval but were not properly approved before the purchase.

Recommendations

The audit report includes seven recommendations to help BOCES officials improve the credit card purchasing processes.

BOCES officials generally agreed with the recommendations and indicated they will initiate corrective action.

Audit Period

July 1, 2022 – December 11, 2024

Background

BOCES provides educational and support services to 10 component school districts and other participating school districts. BOCES is governed by a 10-member Board of Education (Board) elected by the boards of the component school districts. The Board is responsible for the general management and control of BOCES’ financial and education affairs.

The District Superintendent is the chief executive officer and is responsible, along with other administrative staff, for day-to-day management.

The Assistant Superintendent for Finance and Operations (Assistant Superintendent) oversees business operations, including purchasing, with the assistance of other business office staff. The purchasing supervisor is the purchasing agent and directly oversees all purchasing and accounts payable functions and procedures, including credit card purchasing. The claims auditor is responsible for ensuring claims are properly supported and for appropriate BOCES purposes. The Treasurer is responsible for the disbursement of funds.

Quick Facts	
Total Number of Credit Cards	26
Credit Card Charges Reviewed July 1, 2022 – September 30, 2024	
Amount	\$138,238
Total Number	532

Credit Cards

How Should BOCES Officials Ensure Credit Card Charges Are Approved, Supported and Appropriate?

BOCES officials should develop written credit card policies that address the specific circumstances under which credit cards may be used, including who is authorized to use them, prior approval(s) needed, dollar limits and types of expenses for which they may be used (e.g., travel expenses), what documentation must be presented to support the claim submitted for audit and timeline for submission. The policy should also include procedures for monitoring credit card use to assess the reasonableness of the nature and number of charges and to promote accountability and responsibility by outlining the risks, such as liability for damage, loss and/or improper use.

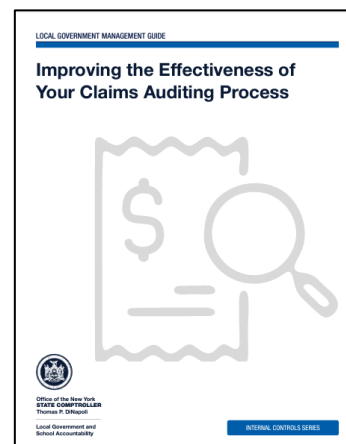
BOCES officials should ensure the BOCES' written credit card, meals and refreshments and travel policies, regulations and guidelines are adhered to. They require:

- An approved purchase order (PO), prior to using the credit card.
- Preauthorization using designated forms for travel or conferences and meals or refreshments (at BOCES meetings or events).

BOCES officials should ensure all credit card charges are audited prior to payment. The BOCES Board must audit the claims against BOCES before they are paid or appoint a claims auditor to assume the board's powers and duties to audit and approve claims.

An effective credit card claims audit ensures that every purchase made with a credit card is subjected to an independent, thorough and deliberate review to determine that each claim is properly supported by appropriate approvals, itemized invoices or receipts and other documentation necessary to determine that the goods and services received are for an appropriate BOCES purpose and in accordance with BOCES' policies, regulations and guidelines. Officials can learn more about how an effective claims audit is performed by reviewing our Local Government Management Guide entitled *Improving the Effectiveness of Your Claims Auditing Process* (Figure 1).

FIGURE 1



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

Certain Credit Card Charges Were Not Properly Approved or Supported

The credit card policy did not address the timeline for the submission of receipts and other supporting documentation to the business office to enable timely reconciliation but the Assistant Superintendent and the purchasing supervisor told us they verbally communicated to card users that they must submit receipts within 48 hours of the purchase to the business office. However, BOCES officials did not ensure the written credit card, meals and refreshments and travel policies, regulations and other guidelines were followed.

As of October 30, 2024, BOCES had 26 credit cards. During the period July 1, 2022 through September 30, 2024, BOCES made credit card payments totaling \$422,512. We reviewed 532 credit card charges totaling \$138,238 and determined that BOCES officials did not ensure charges were:

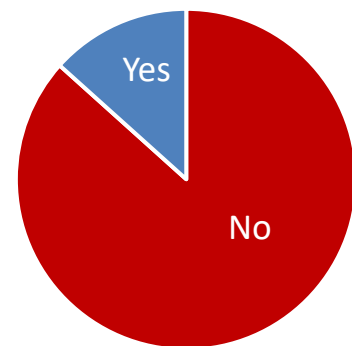
- Properly approved,
- Adequately supported, including the specific BOCES purpose for each charge, and
- Made in accordance with the BOCES' written policies, regulations and guidelines.

There were 461 charges totaling \$110,539 that had one or more exceptions (Figure 2), including:

- 424 charges totaling \$99,308 that were not audited and approved, as required, prior to payment. Most of these occurred because the purchasing staff did not reconcile charges to the credit card statements to receipts before the credit card vendor withdrew payment from BOCES' bank account. This was due to users not submitting receipts to the business office in a timely manner. In addition, the vendor's withdrawals were improper because they were not directly authorized.
- 166 charges totaling \$35,927 did not have adequate support including a justification to support that the charge was for an appropriate BOCES purpose. While these purchases were generally for items that could be for reasonable BOCES purposes, most of the purchases were for goods that could also be for non-BOCES purposes, such as food, fabric and clothing, and maintenance and repair-related supplies. Therefore, without the specific BOCES purpose documented, we could not determine whether the purchases were for BOCES purposes. For example, various teachers made purchases for food and cooking supplies for classroom activities. However, the documentation for these charges did not always include details, such as what the class was making or the number of participants, to determine whether the type and quantity of supplies purchased were reasonable.
- 97 charges totaling \$12,938 that required pre-approval but were not properly approved. This included charges without adequately detailed, pre-approved POs and pre-approved forms for travel, conferences, meals or refreshments.

FIGURE 2

Were Charges Properly Approved and Supported?



Credit cards provide a convenient method for making small one-time purchases. However, when credit card use is not properly controlled and monitored or BOCES officials and staff are allowed to circumvent existing policies, there is an increased risk that inappropriate and wasteful spending may occur. Furthermore, allowing automatic withdrawals from the BOCES' bank account increases the risk that money may be improperly transferred. In addition, payment prior to audit and approval increases the risk of inappropriate charges being paid and undetected.

What Do We Recommend?

The Board should:

1. Update the policies and regulations to include requiring due dates for receipt submission and reconciliation of charges.

The Assistant Superintendent should:

2. Ensure compliance with the BOCES policies, regulations and guidelines and enforce penalties for noncompliance.
3. Ensure supporting documentation is provided to the business office for all credit card charges in a timely manner.

The Treasurer should:

4. Discontinue allowing the credit card vendor access to the BOCES' bank account.

The purchasing supervisor should:

5. Ensure credit card statements are reconciled in a timely manner.
6. Ensure all credit card charges are audited prior to payment.

The claims auditor should:

7. Ensure all credit card charges have appropriate approvals and contain sufficient supporting documentation, such as pre-approved POs or forms for travel, conferences, meals or refreshments; itemized receipts and documented purpose, prior to approving them for payment.

Appendix A: Response From BOCES Officials



Daniel T. White
District Superintendent

Stephanie Howes, Chief of Municipal Audits
Division of Local Government and School Accountability
Office of the State Comptroller
16 West Main Street – Suite 522
Rochester, NY 14614

Dear Ms. Howe,

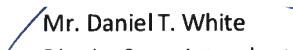
Monroe #1 BOCES are in receipt of the “draft” Report of Examination of the Monroe No. 1 Board of Cooperative Educational Services (Report ID 2024M-156). The exit conference with members from your office was held with us on April 2nd for the purpose of ensuring the facts that were relied upon for the conduct of the audit were accurate and complete. Based upon our review of the “draft” report of examination some clarifications were provided.

As a BOCES entrusted with educating students and safeguarding taxpayers’ resources, we take this report seriously and with an objective to improving our policies and procedures. We appreciate the Office of the New York State Comptroller and the staff for providing guidance throughout the engagement of the report. As noted in the document entitled “Responding to an OSC Audit Report” we are issuing this audit response and will follow up with a corrective action plan within the timeframe noted.

In response to the recommendations noted in the “draft” report we have noted one pertaining to our credit card policy. The Board of Education (The Board) will be working through the Policy Committee (a subcommittee of the Board) on reviewing the policy and adding a regulation to it. Additionally, the Monroe No. 1 BOCES Administration has begun analyzing the recommendations in your report for immediate action and the formal corrective action plan will provide procedures that are in process.

Sincerely Yours,

Ms. Kim McCluski
Board of Education, President

Mr. Daniel T. White
District Superintendent

BOARD OF COOPERATIVE EDUCATIONAL SERVICES • 41 O'CONNOR ROAD, FAIRPORT, NY 14450
(585) 383-6403 • www.monroe.edu

Appendix B: Audit Methodology and Standards

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 BOCES officials and staff, and reviewed written policies, regulations and guidelines to gain an understanding of the use and monitoring of credit cards.
- We reviewed a list of all active BOCES credit cards as of October 30, 2024.
- We reviewed the credit card warrants to identify all credit card payments from July 1, 2022 through September 30, 2024 totaling \$422,512. We used professional judgment to select six months for testing to include three months from each fiscal year (2022-23 and 2023-24). We selected four months for testing (March 2023, June 2023, March 2024 and May 2024), based on the higher number and total dollar amount of transactions within these months. We also selected the months of September 2023 and September 2024 based on these being the first month of the regular school year which may present additional risk or increased transactions. In total, there were 532 charges totaling \$138,238 in these six months, which we reviewed to determine whether charges were properly approved, adequately supported, for appropriate BOCES purposes and complied with written policies, regulations and guideline requirements.
- We reviewed the warrants and credit card claims packets for the 532 charges and compared them with payment dates to determine when credit card claims were audited.

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. 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 General Municipal Law, Section 2116-a (3)(c) of 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 BOCES' website for public review.

Appendix C: Resources and Services

Regional Office Directory

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

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

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

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

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

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

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

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

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503

ROCHESTER REGIONAL OFFICE – Stephanie Howes, Chief of Municipal Audits

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545 • Email: Muni-Rochester@osc.ny.gov

Serving: Cayuga, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Wayne, Yates counties