New York State Comptroller
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South Huntington Union Free School District

Credit Cards

September 2026 | 2025M-41
Prepared by the Division of Local Government and School Accountability

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Audit Results

South Huntington Union Free School District

Audit Objective

Did South Huntington Union Free School District (District) officials ensure credit card charges were authorized, adequately supported, for valid District purposes and properly approved?

Audit Period

July 1, 2022 – October 31, 2023

We extended our audit period back to August 1, 2019 and forward to November 2, 2023 to review the District's distribution of credit cards.

Understanding the Audit Area

School district officials must ensure credit card charges are properly authorized, supported, for legitimate district purposes and appropriately approved to safeguard public funds, maintain taxpayer trust and comply with legal and financial oversight responsibilities.

Strong oversight helps prevent unauthorized, wasteful or unnecessary spendings, reduces the risk of fraud and misuse and ensures purchases directly support district operations and educational objectives. Requiring adequate documentation and approval also promotes transparency and accountability by creating a clear audit trail that demonstrates who made purchases, why the purchases were necessary and the costs were reasonable and allowable. In addition, effective credit card controls help ensure accurate financial reporting, compliance with district policies and State requirements, and provide the board and taxpayers assurance that district resources are being managed prudently and in the best interest of students and the community.

During the audit period, District officials made 2,878 purchases using credit cards totaling $196,039, including 2,689 fuel card purchases totaling $165,293 and 189 general card purchases totaling $30,746.

Audit Summary

District officials did not ensure that credit card charges were authorized, adequately supported, for valid District purposes or properly approved. As a result, the Board of Education (Board) and officials did not establish adequate oversight and internal controls to provide reasonable assurance that District credit cards were used appropriately and in the best interest of taxpayers. This increased the risk that credit cards could be used for unnecessary, inappropriate, or unauthorized purchases, exposing the District to an increased risk of theft, waste and abuse, and undermining public trust. In addition, because the Board did not ensure that all claims were reviewed and approved by the claims auditor prior to payment, the District faced an increased risk of paying for goods or services that did not serve a proper District purpose.

We determined the following:

- The Board-appointed claims auditor improperly approved claims for payment and did not audit 13 of the 32 credit card claims totaling $73,628 prior to payment, including six fuel credit card (fuel card) claims totaling $57,232 and seven general purpose credit card (general card) claims totaling $16,396.
- Of the 189 general credit card purchases reviewed totaling $30,746, 31 transactions (16 percent) totaling $4,995 did not have detailed itemized receipts and 17 transactions (9 percent) totaling $506 had no supporting receipts attached.
- District officials did not consistently comply with the Board-adopted purchasing and credit card policies. Of the 189 general card purchases we reviewed totaling $30,746, we identified 196 issues involving transactions that were either made by unauthorized card users, had no District purpose, were not for a necessary District purpose, and were not made in accordance with the District's purchasing policy:

- 35 purchases (19 percent) totaling $7,401 were made by unauthorized individuals.
- 110 purchases (58 percent) totaling $7,040 were not necessary District expenditures, including 62 purchases totaling $5,518 for meals and 48 purchases totaling $1,522 for other discretionary items.
- 36 purchases totaling $5,378 were not for District operations, including purchases for Extra-Classroom Activity (ECA) clubs, gifts and event tickets.
- 15 purchases totaling $9,138 were not made in accordance with the District's purchasing policy, including $6,137 spent for Board retreats in 2022 and 2023.

- The Board and District officials did not provide adequate oversight of fuel card use. Of the 2,689 fuel card purchases totaling $165,293 reviewed, we identified weaknesses and unsupported transactions, including the following:
  - District officials did not establish written policies and procedures to provide reasonable assurance that the fuel cards were used for their intended purpose and properly accounted for.
  - District officials did not maintain a comprehensive inventory list of the 32 fuel cards that were distributed to six departments during the audit period.
  - Of the six departments that were issued fuel cards, four departments did not maintain fuel logs, and the remaining two departments maintained inconsistent logs containing varying information.
  - 166 of the 888 fuel card purchases reviewed (19 percent) totaling $12,054 were not supported by receipts.

In addition, the Transportation Supervisor used a District fuel card to purchase $134 of fuel for travel to a conference in Albany, New York and also submitted an expense reimbursement claim totaling $301 that included mileage and fuel costs for the same trip. After we brought this matter to District officials, the Transportation Supervisor repaid $301 to the District.

The report includes 16 recommendations that, if implemented, will strengthen internal controls and oversight and help ensure credit card purchases are authorized, adequately supported, for valid District purposes and appropriately reviewed and approved. District officials generally disagreed with our recommendations, and their response is included in Appendix B. Appendix C includes our comments on issues raised in the District's response letter.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the Office of the New York State Comptroller's (OSC) authority as set forth in Article 3 of the New York State General Municipal Law. Our methodology and standards are included in Appendix D.

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 GML, Section 2116-a (3)(c) of the New York State Education Law (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.

Credit Cards: Findings and Recommendations

A credit card purchase should serve a proper school district purpose, have adequate supporting documentation and comply with the district's written policies. Moreover, the use of general purpose and fuel credit cards inherently carry a significant fraud risk. Therefore, it is critical that credit card activity is monitored, properly approved and includes supporting documentation. To ensure that credit cards are used only for approved and necessary expenditures and to protect against the misuse of taxpayer funds, the board of education and school district officials should develop and adopt a credit card policy and system of appropriately designed internal controls for credit card purchases.

The District had two general cards that were assigned to the Superintendent of Schools (Superintendent) and Board President. In addition, the District issued 32 fuel cards to six District departments: Transportation, Security, School Lunch, Mail Van, Grounds and Facilities (which included Maintenance, Warehousing and Custodians).

More details on the criteria used in this report, as well as resources OSC makes available to local officials that can help them improve operations, are included in Appendix A.

Finding 1 – District officials did not comply with the Board-adopted credit card policy for general card purchases.

District officials did not always comply with the Board-adopted credit card policy. According to the policy and Board reorganization meeting minutes for 2022 and 2023, a District credit card could be used by the Superintendent and Board members to pay for actual and necessary expenses incurred by the District. The policy also states that a list of individuals who are permitted to use the credit card should be maintained and reported to the Board each year at its reorganizational meeting. However, the District did not establish an additional list of individuals permitted to use the credit card. As such, our review determined that 35 of the 189 general card purchases (19 percent) totaling $7,401 were made by officials other than the Superintendent and Board members, including the:

- Assistant Superintendent for Curriculum and Instruction,
- Assistant to the Superintendent of Elementary Education,
- District Clerk,
- Music teacher,
- Public relations consultant,
- Purchasing agent,
- Senior account clerk, and
- Treasurer.

Allowing unauthorized officials to make purchases with the District's general card increased the risk of purchases being made that were not for legitimate District purposes.

Furthermore, the policy states that the Superintendent, in consultation with the Assistant Superintendent of Business and the District's purchasing agent, must establish regulations governing the issuance and use of the credit cards. Each credit card user should be informed of the procedures governing the use of the credit card, as well as receive a copy of the credit card policy and regulations. However, we determined that District officials did not establish regulations governing the issuance or use of credit cards. Because guidance was not provided, individuals with access to the District's credit cards determined how the credit card was used. As a result, credit cards could be used for an individual's personal gain or without a valid District purpose and there is less assurance that credit card purchases are made in the best interest of taxpayers and that all purchases are for legitimate District purchases.

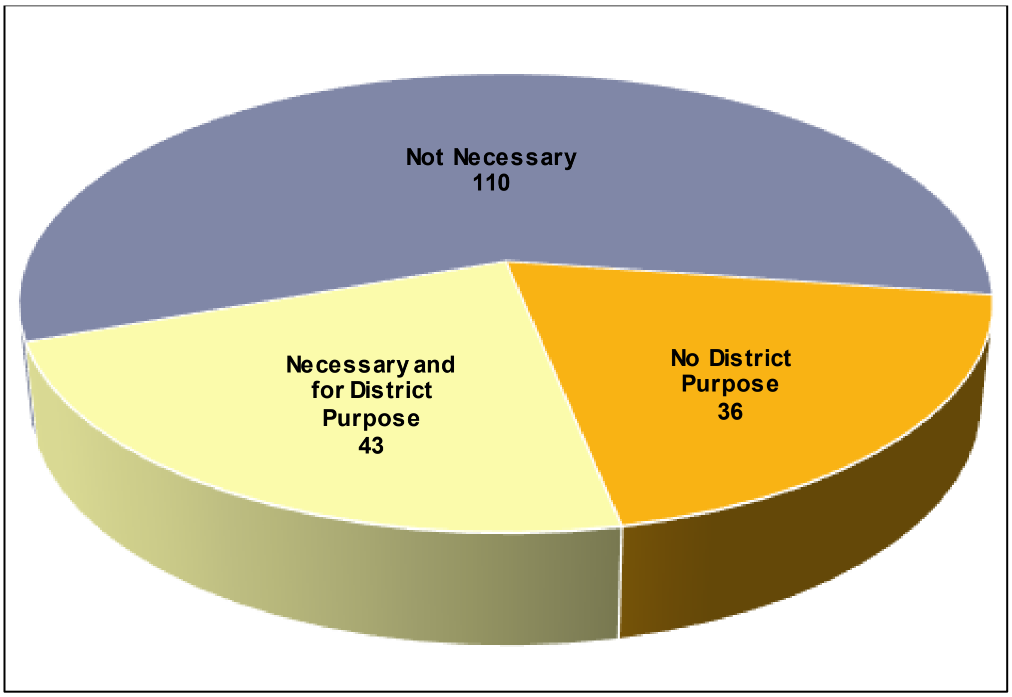
Recommendation

1. The Board and District officials should establish and maintain a list of authorized credit card users and ensure credit cards are issued and used only in accordance with District policy.

Finding 2 – District officials did not ensure general card purchases were necessary and for valid District purposes.

We determined that 36 credit card purchases totaling $5,378 were not for valid District purposes. Furthermore, 110 of the 189 general card purchases (58 percent) totaling $7,040 did not include documentation to support that the purchases were for a necessary District purpose, including 62 purchases totaling $5,518 for meals and 48 purchases totaling $1,522 for three recurring computer software subscriptions (Figure 1).

Figure 1 – Types of General Card Purchases



Meals – The Board-adopted meal and refreshments policy requires documentation indicating the date, the purpose of the meeting and the individuals in attendance. However, the claims provided by District officials for all meal purchases reviewed did not indicate the purpose of the meeting. After we brought it to the attention of District officials, supporting documentation for the purpose of the meetings was provided to us. Furthermore, according to the District's meal and refreshment policy, meal requests may be approved when an officer or employee is prevented from taking time off to eat due to a pressing need or the District is facing business of an immediate nature and meetings of employees are essential at mealtime. We determined that none of the claims reviewed for the 62 meal purchases using the general card included documentation to support that the expense was due to employees being prevented from taking time off to eat or that a Board member or official was incurring these expenses while in the performance of their duties.

Furthermore, 10 of these meal purchases totaling $594 were made by the Board President at local restaurants using the credit card issued in his name. The Board President said these meals were purchased during meetings with District employees, other Board members, the president of the teacher's union and District consultants. While the Board President told us these meetings were for District purposes, the supporting documentation did not indicate the specific purpose for the meeting as required by the District's meal and refreshments policy. The Board President stated that he was not aware of the District policy requiring him to document the specific purpose of the meeting and believed that since he listed the participants of the meeting, the purpose would be self-explanatory. Furthermore, there was no documentation to support that the expense was incurred by the Board President because he was prevented from taking time off for food consumption due to the pressing need of the meeting.

The remaining 52 meal purchases totaling $4,924 were made using the Superintendent's credit card at local restaurants. We determined that 50 of these purchases totaling $4,739 were made by the Superintendent. The two remaining purchases totaling $185 were charged on the Superintendent's credit card by the Board President and Assistant Superintendent of Elementary Education. The Superintendent said these meals were purchased during meetings with District employees, the Board President, other Board members, the president of the teacher's union, District consultants and other community representatives. However, there was no explanation attached for why these meetings were needed during mealtimes. The Superintendent acknowledged that the District did not need to incur the costs for these meetings and that the meetings did not need to occur at local restaurants. The Superintendent also questioned why the claims auditor did not inform him that these meals were inappropriate.

In addition to the purpose of the meeting not being included on the support for meals purchased using credit cards, 28 of the 62 meal purchases totaling $2,260 did not have itemized receipts documenting how many meals were purchased.

Recurring Computer Software Subscription Purchases – We determined that 48 purchases totaling $1,522 were paid using the Superintendent's credit card for three recurring computer software subscriptions. The District did not have invoices for 16 of the 48 purchases totaling $480 and we could not determine who authorized the purchase because no supporting documentation was attached to the claims. District officials determined that two of the subscriptions were for District public relations employees and the third subscription was not being used. District officials canceled all three subscriptions after we brought this issue to their attention. The Treasurer explained that the computer software subscriptions were not necessary for the two public relations employees because the Information Technology (IT) Department has a District-wide computer software subscription they can utilize. Allowing unauthorized officials to make purchases with the District's general card increases the risk of purchases being made that are not for legitimate District purposes.

Purchases Made Without a Valid District Purpose – We determined that 36 of the 189 credit card purchases (19 percent) totaling $5,378 were made without a valid District purpose, as follows:

- 25 purchases totaling $3,465 were for supplies (e.g., bulk candy, snacks, groceries and cases of water) for the District's ECA clubs and school store. In general, funds for ECA clubs are raised using methods other than taxation, such as admission to paid events, sales and donations. Because ECA funds are not raised by taxation, officials should not be using the District's credit card to pay for ECA expenses. While the ECA clubs did reimburse the District for all purchases, the reimbursement was not always made in a timely manner. For example, funds for 19 of the 25 purchases totaling $2,961 [1] were reimbursed to the District by the ECA clubs after we brought the purchases to officials' attention, which were between 163 and 245 days after the purchases were made.
- Four purchases totaling $1,138 were made by the Superintendent for packages of cookies for employees throughout the District to acknowledge staff birthdays. We question the appropriateness of using District funds to make these purchases based on the gift restrictions in the NYS Constitution.
- Four purchases totaling $520 were for event tickets, including three tickets totaling $396 for a local venue where District music students were performing and being recognized for achievements and two tickets totaling $124 for a Parent Teacher Association (PTA) event. Generally, a school district may not make outright contributions to a private individual or entity, even if in furtherance of a proper municipal purpose. Therefore, we question the appropriateness of the ticket purchases based on the gift restrictions in the NYS Constitution.

1 This included one purchase for $125, and the District was issued a credit for $90 from the credit card vendor.

- Three purchases totaling $255 were for flower arrangements and items from a retail store.

District officials' lack of adequate oversight and monitoring of credit card purchases exposes the District to an increased risk of theft, waste or abuse, and the potential misuse of taxpayer dollars violates taxpayer trust.

Recommendations

The Board and District officials should:

2. Ensure credit card purchases comply with District purchasing and credit card policies and are made in a prudent and economical manner.
3. Ensure itemized receipts and supporting documentation are attached to all credit card claims before payment, as required by District policy.
4. Ensure credit card purchases are authorized, necessary, properly documented and for legitimate District purposes.
5. Ensure meal purchases comply with District policy and are adequately supported with documentation identifying the date, business purpose and attendees.
6. Discontinue making purchases that violate the gift and loan provision of the NYS Constitution, including employee gifts.

Finding 3 – District officials did not ensure general card purchases were made in the most prudent and economical manner.

The District's credit card policy specifies that purchases made with credit cards are not intended to circumvent the purchasing policy. The District's purchasing policy states that goods and services that are not required to be procured pursuant to competitive bidding must be made in the most prudent and economical manner. District officials did not ensure that all purchases were made in the most prudent and economical manner.

We identified 15 general card purchases totaling $9,138 for goods and services without support that the expenditures were made in accordance with the District's purchasing policy. For example, during the audit period, the District paid $2,664[2] for the 2022 annual Board retreat at a local restaurant using the District's credit card. The meal package consisted of various food items for 13 people. Additionally, the District paid $3,473 for the 2023 annual Board retreat at a local catering hall, which included a room fee totaling $1,500, dinner for 11 people totaling $1,333, and lunch for 12 people totaling $640. District officials told us that the District Clerk called various vendors to compare pricing; however, the District was unable to provide any written documentation, such as price comparisons amongst vendors, to help support that the two credit card purchases were made in the most prudent and economical manner. As a result, there is less assurance that goods and services received were in the District's best interest.

Recommendation

7. District officials should ensure that purchases made with District credit cards comply with the District's purchasing policy by ensuring that purchases are made in a prudent and economical manner.

2 In total, the event cost the District $3,164, or $243 per person. A $2,664 payment was made by credit card at the time of the event, while a $500 deposit for the event was made prior to the audit period.

Finding 4 – District officials did not provide oversight over the issuance and use of fuel cards.

In addition to the issuance and use of general cards, the District also had fuel cards which were used by officials and employees from six departments. The District's procedures for monitoring fuel card purchases were inadequate because there was no oversight over the issuance and use of fuel cards, and District officials did not ensure that the records for fuel purchases were properly maintained, reviewed and reconciled. For example, we identified the following issues:

<u>No Written Policies and Procedures</u> – Although the District had a policy for the use of the general card, the Board did not establish specific written policies or procedures with respect to the use of the fuel cards. Without these policies or procedures, there is less assurance that the fuel card users are aware of their responsibilities when making purchases, including accurately accounting for fuel purchases and ensuring that fuel purchases are for a proper District purpose.

<u>No Fuel Card Distribution List</u> – District officials did not establish a procedure for the distribution of fuel cards and did not maintain a list of the fuel cards that were issued to and used by District employees. During the audit period, the District had 32 fuel cards that were distributed to six departments: Security, Transportation, Mail Van, Grounds, School Lunch and Facilities (which includes Maintenance, Warehousing and Custodians). The Business Office staff did not maintain records indicating which fuel cards were distributed to each department, or which officers or employees were issued fuel cards. In October 2023, the District received 30 new fuel cards. In November 2023, the accounts payable clerk distributed 28 of the 30 new fuel cards to the six departments and obtained a signature from an employee from each department indicating receipt. The other two fuel cards were kept in the Business Office.

Prior to the distribution of the fuel cards during the audit period, the Business Office staff last obtained acknowledgment forms confirming that fuel cards were distributed in August 2019. At that time, an employee from each department signed a form acknowledging that they were taking possession of the fuel cards and the respective card numbers assigned to their department.

We determined that the District issued fuel cards on several additional occasions, including in June 2022, August 2022, and May 2023. However, District officials did not maintain a list of the fuel cards distributed to each department or utilize acknowledgment forms indicating that departments took possession of the cards. Although we made various inquiries about the issuance and distribution of fuel cards during the audit period, District officials could not explain who issued the fuel cards from the Business Office to the various departments prior to the November 2023 distribution. District officials also could not identify which official or employee was responsible for providing general oversight of the issuance and use of fuel cards.

<u>Fuel Logs Were Not Properly Maintained</u> – District officials did not ensure that each department maintained accurate and complete fuel logs in order to verify that fuel purchases were properly accounted for and made for proper District purposes. Four departments (Facilities, Grounds, Mail Van and School Lunch) that were issued fuel cards did not maintain fuel logs. Additionally, while the remaining two departments (Security and Transportation) maintained fuel logs, the logs were not uniform and contained different information. For example, the Transportation Department's fuel logs only included the purchase date and name of the individual who made the purchase and did not include odometer mileage (at sign-out and sign-in) and the number of gallons purchased. Furthermore, District officials (including the Security and Transportation Supervisors) did not review the logs to verify that the purchases made by each department were captured and accurately recorded. We reviewed the fuel card statements that were paid in September and October 2022 and July and September 2023, which included 816 Security and Transportation Department transactions totaling $52,793, and compared the statements to the corresponding fuel logs. Due to insufficient and incomplete information captured in the logs (e.g., number of gallons purchased or total purchase cost), we could not reconcile all fuel purchases recorded in the logs to the specific purchases in the fuel card statements.

Without consistent guidelines detailing how departments should record and reconcile the use of fuel credit cards, there is an increased risk that District officials will not be able to adequately monitor fuel charges and detect fuel purchases made for non-District purposes.

<u>Fuel Cards Used by the Transportation Supervisor</u> – The fuel cards issued to the Transportation Department during the audit period were each assigned a number. The Transportation Supervisor initially said that she

maintained possession of fuel card number 12 during the audit period but subsequently told us that the card was not always in her possession and was available to the bus drivers in her department to sign out and use. The Transportation Department's fuel log indicated that fuel card number 12 was not used by any individual in the Transportation Department during the audit period. However, the credit card statements provided by the fuel vendor reflected that fuel card number 12 was used to make 72 purchases totaling $5,389 during the audit period. The Transportation Supervisor provided 11 receipts totaling $806 for fuel purchased using fuel card number 12 during the audit period and said she did not need to complete the fuel log or hand in receipts when she purchased fuel using the credit card due to her role as Transportation Supervisor.

Furthermore, District officials did not monitor the use of the fuel card issued to the Transportation Supervisor. Additionally, none of the Board members knew that the Transportation Supervisor was using a fuel card to regularly purchase fuel for her personal vehicle because she was provided with an annual travel allowance of $6,000 that they said should cover fuel costs and wear and tear. The Board President told us that the Transportation Supervisor's travel allowance may have been different than the other three middle managers who received an allowance because she was not provided with a vehicle in accordance with the District's staff vehicles policy.[3]

Because District officials did not require the Transportation Supervisor to complete fuel logs or provide purchase receipts, District officials could not monitor fuel purchases to determine whether the amount purchased was reasonable and used for appropriate District business.

Missing Receipts – The District maintained claims packets for fuel purchases in the Business Office, which included warrants for payment, fuel card statements, purchase activity reports (i.e., lists of all activity on the fuel cards which were used during the statement period) and an envelope containing the fuel purchase receipts obtained by card users at the fueling station. We reviewed claims packets associated with the fuel card statements for September and October 2022 and July and September 2023 and determined that there were 888 purchases totaling $58,224. We attempted to reconcile the purchases on the fuel card statements to the receipts in the claims packets and determined that 166 purchases (19 percent) totaling $12,054 were not supported by receipts (Figure 2).

Figure 2 – Detail of Missing Receipts by Department

Department	Total Transactions	Dollar Value of Total Transactions	Total Missing Receipts	Dollar Value of Missing Receipts	Percentage of Receipts Missing for Transactions
Facilities	33	$2,562	16	$1,272	48%
Grounds	16	1,417	13	1,112	81%
Mail Van	13	707	1	48	8%
School Lunch	10	745	1	68	10%
Security	79	3,313	44	1,939	56%
Transportation	737	49,480	91	7,615	12%
Total	**888**	**$58,224**	**166**	**$12,054**	**19%**

3 District officials established a staff vehicle policy which indicated that a vehicle will be supplied to the Transportation Supervisor only for business purposes, except for commuting to and from work. However, due to budget constraints, a vehicle was not provided to the Transportation Supervisor.

Although the District maintained claims packets for fuel purchases, District officials were not aware that fuel receipts were not always provided to the Business Office. Additionally, District departments did not reconcile the fuel purchase receipts with the fuel card statements because the monthly fuel card statements were sent directly to the Business Office and department heads did not have access to the statements. Instead, the accounts payable clerk compared the receipts provided by the various departments to the fuel card statements. If receipts were not submitted to the Business Office, the accounts payable clerk would log on to the fuel credit card vendor's website to view the details of the transactions rather than obtaining documentation from departments. As a result, the District paid the vendor for fuel purchases based upon the fuel card statement regardless of whether a receipt was obtained, and Business Office staff did not follow up with the respective departments to obtain either the missing receipts or an explanation as to why receipts were not provided. These practices are not an adequate reconciliation of purchases with the fuel card statements.

Transportation Supervisor's Conference Reimbursement – The District had a travel and conference expense reimbursement policy which allowed District officers and employees to be reimbursed for reasonable, actual and necessary out-of-pocket expenses which are legally authorized and incurred in the performance of their District-related activities or while traveling for District-related activities. We determined that the Transportation Supervisor was reimbursed for travel expenses for attending a conference in Albany, New York while also using the District's fuel card to purchase fuel for the same trip. The Transportation Supervisor purchased fuel with the fuel card totaling $42 on June 30, 2023, which was at the completion of her workweek. The Transportation Supervisor then went on vacation[4] and when she returned on July 8, 2023, she traveled to Albany to attend a conference which ran from July 10, 2023 to July 12, 2023. On her return trip, the Transportation Supervisor purchased fuel on the fuel card totaling $92. Although the fuel was purchased using the fuel card, the Transportation Supervisor submitted an expense reimbursement form that included fuel costs and mileage. As a result, the District paid $134 for fuel purchases made by the Transportation Supervisor on the fuel card and also reimbursed her $301 for mileage, which is intended to cover fuel purchases, for the same trip. After we brought this to District officials' attention, the Transportation Supervisor repaid the District $301 for the mileage reimbursement she received. Without proper monitoring of the fuel cards, there is an increased risk of fuel being purchased for personal use and the misappropriation of District funds.

When District officials do not provide oversight over fuel transactions, there is little assurance that fuel is purchased for a valid District purpose. Without adequate internal controls over fuel purchases, such as written policies and procedures, maintaining a distribution list, periodic reconciliations and reviews of fuel use and purchases, the District's risk of theft, waste or abuse is increased.

Recommendations

The Board should:

8. Develop, adopt and implement comprehensive written policies and procedures governing fuel card issuance, use, monitoring and reconciliation.

District officials should:

9. Ensure that in addition to the existing card numbers, the fuel card inventory includes authorized users and signed acknowledgments for cards issued.
10. Require all departments using fuel cards to maintain complete and uniform fuel logs sufficient to reconcile fuel purchases to fuel card statements and receipts.
11. Ensure fuel card statements are reconciled with receipts and fuel logs and that discrepancies or missing documentation are promptly investigated and resolved.
12. Ensure all fuel card users submit receipts to department supervisors and the Business Office for review.
13. Properly monitor fuel card transactions made by the Transportation Supervisor.

4 Based on a review of the District's attendance calendar for the Transportation Supervisor, she was on vacation from July 3, 2023 through July 7, 2023.

Finding 5 – Credit card claims were not properly audited before payment.

We determined that the Board-appointed claims auditor did not audit 13 of the 32 credit card claims totaling $73,628 prior to payment, including six fuel card claims totaling $57,232 and seven general card claims totaling $16,396. The District authorized the general card vendor to automatically withdraw payments from the District's bank account. As a result, the payments for all 16 general card claims were automatically debited from the District's bank account. Although the claims auditor audited nine general card claims before the payment was automatically debited from the District's bank account, he did not audit the remaining seven claims.

The Executive Director of Business (Executive Director) said that because the payments related to the general card were automatic withdrawals, the scheduled payments did not align with the date the claims auditor reviewed claims. The Treasurer said that payments were made before the claims were audited due to timing issues and to avoid incurring late fees. District officials should not allow automatic withdrawals from the District's bank account to pay credit card bills. Although Education Law Section 1724 authorizes school districts to pay certain claims[5] in advance of audit, the payments we identified did not apply to the exception. As a result, there was an increased risk of unauthorized claims being paid.

Additionally, although the 16 general card claims we reviewed did not always have sufficient supporting documentation included in the claims packets, the claims were still approved for payment by the claims auditor. For example, the claims packets for the 16 general card claims (which included 190 total transactions) generally had memos with the date, the amount of the transaction and a brief summary of the purpose of the purchase. However, detailed itemized receipts were not attached for 31 transactions (16 percent) totaling $4,995 and there were no receipts attached for 17 transactions (9 percent) totaling $506. The claims auditor said that missing receipts were documented in the claims auditor reports submitted to the Board. However, we determined that the claims auditor reports submitted to the Board did not include any details about missing receipts. The claims auditor told us their procedure was to review all receipts, and if it was not documented as missing in the reports submitted to the Board, District officials provided receipts or other support at the time of their review. The Board President, Superintendent and Executive Director could not explain why receipts were not attached to claims.

Furthermore, we determined that receipts were not attached to the claims packets for 166 of the 888 fuel card transactions (19 percent) totaling $12,054. The claims auditor told us missing receipts were not significant for fuel card transactions because they did not review the fuel receipts as part of the process for auditing fuel purchases. However, without reviewing receipts for fuel purchases, the claims auditor could not determine whether the claims were valid District charges or the amounts charged were mathematically correct and included sales tax. The accounts payable clerk said that if there was a fuel card transaction on the statement and the department purchasing the fuel did not submit a receipt, she would verify the transaction in the vendor's online portal which allows you to view a digital copy of the receipt. The Board President, Superintendent and Executive Director could not explain why receipts were not attached to claims for fuel purchases.

Because all credit card claims were not reviewed and approved by the claims auditor prior to payment, there was an increased risk of paying for goods and services which were not received or not for legitimate District purposes. Providing authorization to an outside vendor to access the District's bank account and automatically withdraw payments could also result in the District paying for purchases which were not authorized and places the District's cash at risk. Additionally, without adequate supporting documentation to review before payment, the District could have paid for purchases that were unauthorized, excessive or not for legitimate District purposes.

5 In accordance with Education Law Section 1724, a school district board may, by resolution, authorize the payment in advance of audit of claims for public utility services, postage, freight and express charges.

Recommendations

The Board should:

14. Ensure that all credit card claims are reviewed and audited by the claims auditor prior to payment.
15. Ensure the claims auditor only approves claims after verifying that adequate supporting documentation has been received and reviewed and that any discrepancies or missing documentation is reported and addressed.

District officials should:

16. Discontinue the practice of allowing the general credit card vendor to automatically withdraw funds from the District's bank account.

Appendix A: Profile, Criteria and Resources

Profile

The District, located in the Town of Huntington in Suffolk County, is governed by a seven-member Board responsible for managing the District's financial and educational affairs. The Superintendent is the District's chief executive officer and, along with other administrative staff, is responsible for the District's day-to-day management under the Board's direction. The District's credit card policy states that the Assistant Superintendent for Business (ASB) is responsible for monitoring the use of credit cards. During the audit period, the District did not appoint an ASB. Instead, the Executive Director was responsible for overseeing the Business Office, including the use of credit cards. During the 2022-23 school year, the District had 5,736 students and the Board-adopted budget was $195.5 million.

Criteria

A school district may authorize designated employees to use a general purpose credit card issued in the name of the district to pay for certain expenses, in accordance with a credit card policy established by the board of education. The District's Board-adopted credit card policy permitted the Superintendent and Board members to use a general card to pay for actual and necessary expenses incurred in the performance of work-related duties for the District. In addition, the policy requires that District officials maintain a list of individuals permitted to use the credit card and report the list to the Board each year at its reorganization meeting. The policy also requires that users submit detailed documentation, including itemized receipts for commodities, services, travel and other actual and necessary expenses which have been incurred in connection with District-related business. The policy also indicates that the Superintendent, in consultation with the ASB and the purchasing agent, establish regulations governing the issuance and use of the credit cards. Additionally, the policy states that credit cards may only be used for legitimate District business expenditures and are not intended to be used to circumvent the District's purchasing policy.

The District's policy for meals and refreshments allows for the occasional provision of meals and refreshments at meetings or events that are being held for District or educational purposes during normal mealtimes or for an extended period of time. The policy states that meal requests may be approved when District officers and/or employees will be prevented from taking time off for food consumption due to a pressing need to complete the business at hand, when the District is faced with business of an immediate nature and meetings of District employees are essential at mealtime, or if the District wishes to recognize the services provided by volunteers or unsalaried members of the District (in which case the meal would only be provided for the person being recognized). According to the policy, an example of an authorized expenditure is a committee or working group, which may include a consultant employed by the District, where it is necessary to work through the meal hour on District-related business. The policy requires that all expenses must be appropriately documented, including the date, purpose of the meeting and the individuals in attendance, and must be submitted to the Business Office for the purpose of audit and possible reimbursement.

Generally, school districts are subject to NYS Constitution Article VIII, Section 1, which provides that school districts should not give or loan any money or property to or in aid of any individual, private corporation or association, or private undertaking. School districts are generally prohibited from making gifts using district funds. School districts may present gifts of nominal value to employees (e.g., plaques or medals) to show appreciation for years of service.

The District's purchasing policy states that goods and services that are not required to be procured pursuant to competitive bidding must be procured in a manner to ensure the prudent and economical use of public funds in the best interest of the taxpayers to facilitate the acquisition of goods and services at the lowest possible cost, and to guard against favoritism, improvidence, extravagance, fraud and corruption.

The use of fuel cards should be tracked by the individual purchasing the fuel and maintained in a log associated with the relevant vehicle for which fuel was purchased. A manual record or fuel log should be maintained which identifies, at a minimum: the dates and amounts of fuel purchased, the specific vehicle being fueled, and the employee who purchased the fuel. A reconciliation of fuel purchases and fuel use should be conducted periodically, where school district officials compare receipts submitted by officers and employees to the transactions documented on the fuel card statement received from the vendor.

The District's staff vehicles policy states that a District vehicle will be supplied to the Transportation Supervisor, and the use of the vehicle is for business purposes only except for commuting to and from work. The Board adopted a resolution authorizing a middle management travel allowance for the 2022-23 and 2023-24 fiscal years. The travel allowance was paid to four employees and ranged from $800 to $6,000 per employee.

Additionally, the District's travel and conference expense reimbursement policy states that District officers and employees should be reimbursed for reasonable, actual and necessary out-of-pocket expenses which are legally authorized and incurred in the performance of their District-related activities or while traveling for District-related activities.

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

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

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

- For a valid and legal purpose,
- Properly authorized and approved,
- Mathematically correct,
- Sufficiently itemized,
- Following board-adopted procurement requirements,
- Exclusive of reimbursements for sales tax,
- For received goods and services described, and
- Sufficiently supported with documentation such as detailed receipts, invoices and packing slips.

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

Additional Resources

OSC's *Local Government Management Guides,* and other informational resources that are available on OSC's website to help officials understand and perform their responsibilities, include:

- *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*: https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf

In addition, local officials can use OSC's website to search for audits, resources, publications and training for officials at: https://www.osc.ny.gov/local-government.

Appendix B: Response from District Officials

The content below is a reproduced copy of the original response letter issued by District officials, is reformatted to meet the Americans with Disabilities Act *Web Content Accessibility Guidelines (WCAG)*,[6] and may have included changes to spelling and grammar. The substance of the content was not changed.

South Huntington Union Free School District

August 14, 2026

Ira McCracken, Chief of Municipal Audits
Division of Local Government and School Accountability
Office of the New York State Comptroller
New York State Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788

Re: Public Response to the Comptroller's Office
Unit Name: South Huntington UFSD
Audit Report: Credit Cards, Report No. 2025M-41

Dear Mr. McCracken:

On behalf of the South Huntington Union Free School District (the "District"), I would like to thank you and your staff for providing us with an opportunity to review the preliminary draft findings of the audit of the District's Credit Cards, Report of Examination 2025M-41, issued by the Office of the State Comptroller ("OSC") ("Report") on July 1, 2026.[7]

The District appreciates the audit team's collaboration throughout the audit process. We are thankful that the audit team took the time to meet with District representatives to review the preliminary findings and the recommendations contained in the Report. While the District may disagree with some of the Report's characterizations, we appreciate that the OSC's extensive review[8] found no fraud or abuse as confirmed by the audit team during the fieldwork period and during the exit interview [OSC Comment: See Appendix C, Note 1].

The Board of Education and District officials remain committed to building upon its existing safeguards, mitigating potential risks and maintaining prudent and economical practices. Consistent with this commitment, the District promptly reviewed and addressed the preliminary findings shared with the District during the audit period, including the fuel credit card processes for the District's transportation program, which was the primary focus of the audit, as well as general credit card purchase processes as further addressed below [OSC Comment: See Appendix C, Note 2].

<u>Fuel Card Purchases</u>

As the Report states, the District made 2,878 credit card purchases during the audit period, totaling $196,039. Of those purchases, "2,689 purchases totaling $165,293" were related to fuel cards. Fuel card activity accounted for 93.4% of all credit card purchases reviewed and 84.3% of the total amount charged during the audit period.

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6 https://www.ada.gov/resources/2024-03-08-web-rule/#highlights-of-the-requirements-in-the-rule
7 The audit period initially spanned July 1, 2022 through October 31, 2023 (the "audit period"), and was subsequently expanded to cover the period from August 1, 2019 to November 2, 2023 for purposes of reviewing the District's distribution of credit cards.
8 The audit fieldwork spanned approximately five months, from October 2023 through March 2024.

The District acknowledges that additional measures regarding fuel card use and related recordkeeping are appropriate. We fully appreciate the guidance provided by the audit team in this area. The District has undertaken a comprehensive review of its fuel purchasing practices and implemented additional procedures to strengthen oversight, improve recordkeeping and reduce potential risk.

In June of 2024, the District entered into an intermunicipal agreement for the provision of fuel. To support accountability, the District installed non-transferable gas rings on District vehicles so that only designated District vehicles may be fueled at a designated facility. These measures provide stronger oversight of fuel usage and further reduce potential risks associated with fuel purchases for District buses and vehicles.

The District also implemented additional safeguards for the remaining fuel cards maintained. Since the new procedures were put in place, only one card has been used, and only for specified and approved out-of-state travel for student competitions. All fuel cards are secured by the District Treasurer. When the active card is used, it must be returned with required receipts and documentation supporting the authorized use. These controls are designed to safeguard fuel cards from potential misuse. Credit card policies memorializing the District's current practices and procedures for fuel cards are likewise being updated.

General Card Purchases

The remaining 189 purchases totaling $30,746 made by the District during the audit period were general card purchases. General card activity accounted for 6.6% of the credit card purchases reviewed and 15.7% of the total amount charged during the audit period.

Although the District maintains that the Report draws several conclusions that may be misleading or misrepresent [OSC Comment: See Appendix C, Note 3] the District's prudent economic practices and compliance with its own policies and procedures, concerns related to general card purchases identified during the field audit were also immediately taken under consideration, thoughtfully reviewed, and if deemed appropriate, mitigated by the District in advance of receiving the Report.

Of particular note, the Report states that "District officials did not comply with the Board-adopted credit card policy for general card purchases" and that "the review determined that 35 of the 189 general card purchases (19%) totaling $7,401 were made by officials other than the Superintendent and Board President."[9] As shared, but not included in the Report, the District general card is kept in a locked location with access only by the Superintendent. Other staff members do not have direct access to the general card and only receive access when authorized by the Superintendent for specific and limited reasons that are reviewed on a case-by-case basis [OSC Comment: See Appendix C, Note 4].

Each of the purchases totaling $7,401 made by the employees referenced in the Report[10] were made with the full knowledge and consent of the Superintendent after determining the legitimate District need for the items to be purchased. By way of example, in one instance, a music teacher needed certain instructional equipment, and the vendor would not accept a purchase order to secure the equipment. Due to time constraints, the general card was used for this limited purchase with prior approval of the Superintendent.

At no time has the general card been physically given to anyone other than the pre-authorized users [OSC Comment: See Appendix C, Note 5] for legitimate purposes. The Report did not cite any findings of credit card use for personal gain and as such, the reference that "credit cards could be used for personal gain" is conclusory and without any support [OSC Comment: See Appendix C, Note 6].

The Report also notes certain charges associated with two annual Board of Education retreats held in 2022 and 2023, in the amounts of $2,664 and $3,473 respectively.[11] Board retreats serve as an important governance and professional development tool for the Board of Education and Administration. These meetings provide a forum for team building, communication, Board member education and training, Board member orientation and addressing interpersonal and governance-related matters.

Cost and procurement considerations are appropriately considered by the District when planning Board retreats. The Report does not cite to any specific violation of the District's procurement policy for the District's

9 See Finding 1, page 3.
10 Ibid.
11 See Finding 3, page 6.

rental of sites.[12] Even though not expressly required by policy, the District took steps to ensure that the annual retreats were procured in a prudent and economical manner by obtaining verbal quotes from several locations, taking into account the nature and purpose of each retreat [OSC Comment: See Appendix C, Note 7]. Prospectively, the Board now requires that communications concerning site rental and accommodation quotes be memorialized in writing, even when not required by Board policy.

The Board has also taken appropriate steps regarding the auditing of claims. The District's Claims Auditor is responsible for ensuring that all disbursements are valid and handled in accordance with law and Board policy. The Claims Auditor is also responsible for certifying that each claim listed on the warrant was audited and payment was authorized and reported directly to the Board.[13] The Board relies on its appointed Claims Auditor to exercise the claims auditing authority delegated to it by the Board. The Board has reviewed and reinforced the requirements, standards and the Board's expectations with the Claims Auditor.

Several comments throughout the Report also state or imply that certain District general card purchases lacked a legitimate school purpose, including purchases related to attendance at school-related functions and meals.[14] The District respectfully disagrees with this characterization and believes these purchases should be viewed in the context of its educational mission and the Board's ongoing commitment to fostering an inclusive and supportive school community [OSC Comment: See Appendix C, Note 8] consistent with the District's mission and educational philosophy. Attendance at school-related and community events where District students and staff members are performing, being honored, or otherwise representing the District serve an important public purpose by recognizing achievement, strengthening community engagement and supporting the District's broader educational goals.

While the District does not agree with the OSC's position on these school-related expenditures, it has nevertheless revised its practice prospectively. The District's general card is no longer used for the purchase of tickets for school-related community events or functions. Board and District representatives who attend such events in their official capacities now do so using personal funds, allowing them to continue to show their support and acknowledgment of students, staff, officials and volunteers consistent with the District's mission.

The general card purchases identified in the Report reference purchases for meals during school business meetings. Board Policy 5360 (Meals and Refreshments) recognizes that meals and refreshments may be appropriate at District meetings or events held for a District or educational purpose during mealtimes or for an extended period.[15] As explained to the auditors, these purchases occurred during mealtimes and involved school business that was essential and time-sensitive [OSC Comment: See Appendix C, Note 9]. In many instances, these meetings had to be held outside of regular work hours and during mealtimes to accommodate the availability of Board members, District officials, employees or volunteers. These purchases are consistent with Board policy.

The Report correctly notes that Policy 5360 requires appropriate documentation for these expenses, including the date, purpose of the meeting and the group in attendance. During the audit, the Board President and District officials explained that these purchases were related to the performance of official District responsibilities and occurred during mealtimes when participants were available to conduct District business.

Because of the processes that were in place during the audit period, which have since been enhanced, the District disagrees with the Report's statements that suggest that: "…lack of adequate oversight and monitoring of credit card purchases exposes the District to an increased risk of theft, waste or abuse, and the potential misuse of taxpayer dollars violates taxpayer trust."[16] The District respectfully submits that this and other conclusory statements in the Report are unsupported [OSC Comment: See Appendix C, Note 6].

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12 Ibid.
13 8 NYCCR Section 170.12(c)(2).
14 See Finding 2, pages 4-6.
15 Board of Education Policy 5360 – Meals and Refreshments.
16 See Finding 2, page 6.

In closing, the District recognizes OSC's important role in providing school districts with constructive recommendations and guidance regarding prudent fiscal management. The District will continue to consider OSC's observations and recommendations as part of its ongoing policy review process and as it finalizes any corrective actions deemed necessary.

We again thank you for your efforts, collaboration and continued guidance.

Sincerely,

Nicholas R. Ciappetta, President
Board of Education

Appendix C: OSC Comments on the District's Response

Note 1

The audit objective was focused on the authorization, support, purpose and approval of credit card charges. The audit team assessed the risk of fraud occurring that is significant within the context of this audit objective, as required by generally accepted government auditing standards (GAGAS). Therefore, these audit results cannot be used to conclude that there is no fraud, theft, or professional misconduct in the District's operations.

Note 2

The primary focus of the report was to review District credit cards, which included two general cards issued to two District officials and 32 fuel cards issued to six District departments.

Note 3

The findings and conclusions in our report are based on verifiable evidence provided by the District during the audit process.

Note 4

While we acknowledge that District officials told us the general credit cards were kept in a locked location and that the Superintendent authorized certain staff members to use the cards, these practices did not satisfy the Board-adopted credit card policy requirements. Specifically, the policy requires the District to maintain a list of authorized credit card users, but District officials did not establish or maintain the required list.

Note 5

Although District policy required credit card users to be authorized by the Board, the Board did not authorize the eight users mentioned in the report to use the District's general credit cards.

Note 6

This statement informs the reader of the inherent risks and potential impacts that arise when credit card activities lack adequate monitoring, approval and supporting documentation.

Note 7

As stated in our report, the District was unable to provide any written documentation to support that the Board retreats were procured in a prudent and economical manner as required by the District's purchasing policy.

Note 8

We have generally concluded in light of the gift and loan restrictions outlined in article VIII, section 1 of the State Constitution, municipalities and school districts should refrain from making outright contributions to private individuals or entities, even if the activity serves a laudable purpose (see OSC Opinion Numbers 2005-6 and 2002-16). Therefore, while we acknowledge the importance of District officials being engaged with community events when District students and staff members are performing, being honored or otherwise representing the District, we question whether purchasing tickets using District funds is appropriate given the restrictions outlined in the State Constitution.

Note 9

We have revised the report to indicate that District officials provided us with supporting documentation for the meetings' purpose after we brought it to their attention; however, as stated in the report, District officials' supporting documentation provided did not indicate that the expense was due to preventing employees or District officials from taking time off to eat or that these meetings were needed during mealtimes.

Appendix D: Audit Methodology and Standards

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

- We interviewed District officials and Board members and reviewed the District's policies and written procedures to gain an understanding of how credit cards should be used, and the processes and procedures in place to control and monitor the use of the credit cards.
- We reviewed all 32 claims totaling $196,181 for payments made using the District's credit cards to determine whether claims were properly approved prior to payment being issued.
- We reviewed all 16 general card claims that contained 189[17] purchases totaling $30,746 to determine whether claims had adequate supporting documentation and were necessary and for valid District purposes. We interviewed District officials and employees regarding the transactions that appeared to not be valid District expenditures. We discussed certain purchases, such as meal expenditures, made with the general card with the Board President and Superintendent to determine the purpose of the expenditures.
- For the District's fuel card purchases, we used our professional judgment to select and review the two months in each fiscal year with the highest payments. For the 2022-23 fiscal year, we selected September and October 2022, and for fiscal year 2023-24 (through the end of our scope period), we selected July and September 2023. Based on our sample months, we reviewed five of the 16 fuel card claims (31 percent) for 888 purchases totaling $58,224 to determine whether claims were adequately supported with receipts, fuel logs and other documentation and purchases were for legitimate purposes. We also determined whether the daily fuel logs were supported by transactions on the fuel card statements.
- We interviewed the Superintendent, Board members and Transportation Supervisor to gain an understanding on whether the Transportation Supervisor should be using the fuel card and the purpose of the travel allowance. We also interviewed other employees who received a travel allowance to determine their understanding of how the funds received should be utilized for District business purposes.
- We reviewed the Transportation Supervisor's employment contract, Board resolutions and memorandums referenced in the Board meeting minutes to determine whether the purpose of the travel allowance was properly documented and she was authorized to use the fuel card.

OSC auditors conducted this performance audit in accordance with GAGAS. Those standards require that auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. Auditors believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the 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.

17 The 16 claims contained 190 transactions totaling $30,656, which included 189 purchases totaling $30,746 and a refund totaling $90.

Questions?

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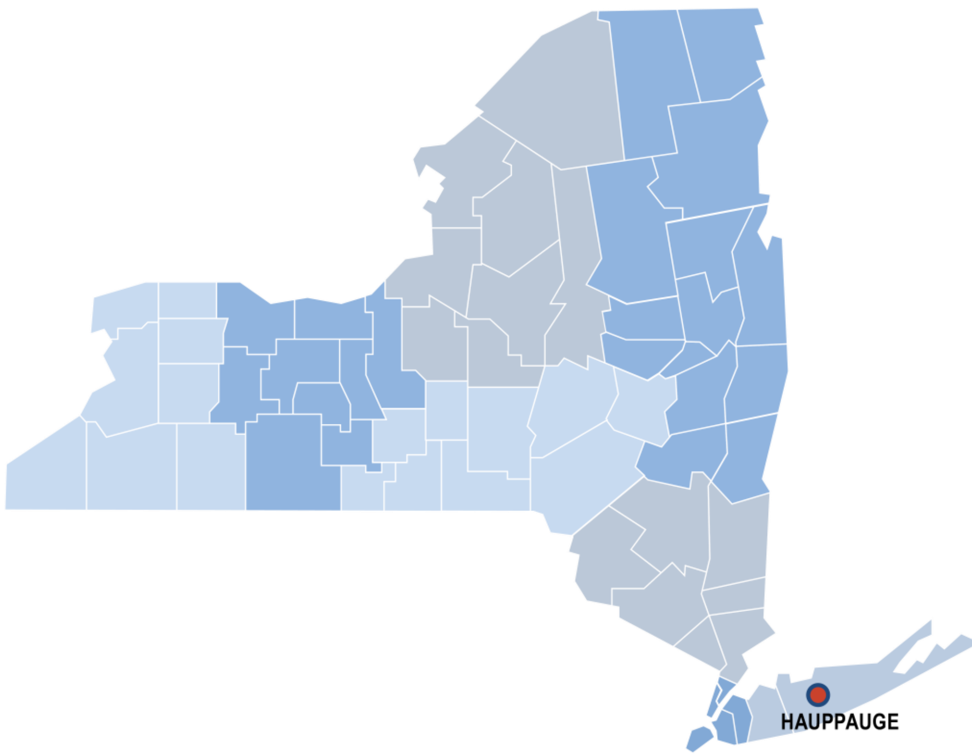

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