



New York City Comptroller  
**Scott M. Stringer**

**NEWS**

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## **COMPTROLLER STRINGER AUDIT FINDS UNAUTHORIZED CREDIT CARD USE, OVERPAYMENTS AT SOUTH BRONX CHARTER SCHOOL FOR INTERNATIONAL CULTURES AND THE ARTS**

**(New York, NY)** – A new audit released today of the South Bronx Charter School for International Cultures and the Arts by New York City Comptroller Scott M. Stringer found unauthorized expenditures that include travel, \$16,000 spent on MetroCards that could not be accounted for and thousands in overpayments to the principal.

“Nothing is more important than the education of our children,” Comptroller Stringer said. “If we are going to make sure that every child in our City has a fair and fighting chance to succeed, we must ensure that money spent on their education actually goes toward that goal. The South Bronx Charter School for International Cultures and the Arts must take immediate action to correct overpayments and overhaul its financial oversight.”

The financial audit examined whether the South Bronx Charter School for International Cultures and the Arts, a 501(c)(3) tax-exempt not-for-profit education corporation overseen by a Board of Trustees, had proper internal controls in place to ensure responsible oversight of its fiscal affairs from July 2012 through June 2014. The audit is the first in a [series](#) of charter school audits that the Comptroller announced in October 2014.

The Comptroller’s office reviewed \$876,016 in operating expenditures and found that \$104,915 were not properly documented and an additional \$31,151 in charges were not properly authorized. Main findings of the audit include:

### **Poor oversight of credit card expenditures**

- Auditors sampled \$40,263 worth of credit card transactions and found \$10,194, or 25 percent, had insufficient documentation, such as original invoices or copies of receipts. Of this amount, there was no documentation whatsoever for \$2,095 in charges, including \$230 for an unexplained car rental on the principal’s credit card along with phone bills, meals and shipping charges.
- \$7,129 of these charges had no itemized receipts, of which \$6,473 were for meals.

- An additional \$7,125 in travel expenses for the principal were not approved by the board for trips to Boston, Albany, and Las Vegas.

#### **Principal overpaid by \$23,000 for work that is part of her employment agreement**

- The principal was compensated a total of \$23,000 for work as a supervisor at an after-school program during the school year even though managing school programs during the school year is part of her contractual responsibilities.

#### **School-based checking account used improperly**

- The school bypassed controls that require proper documentation and authorization by using a school-based account, which is intended for small purchases and emergency payments that require less documentation and approvals, instead of the main checking account.
- As a result, out of the sample reviewed, the audit found \$4,039 in payments made by a single staffer without any of the required approvals; \$4,286 in payments purportedly made to a vendor that did not contain the vendor's business address, phone and fax number and taxpayer ID; and additional payments including \$4,725 in teacher training and \$33,149 in off-site storage units that were improperly processed.
- An additional \$5,923 was spent without adequate documentation, including two payments totaling \$1,525 where invoices were dated months after purchases were made.

#### **\$16,000 spent on MetroCards that were not tracked**

- The school purchased 180 30-day unlimited MetroCards for students, but was unable to provide signed receipts from parents for 143, worth \$16,000.

The Comptroller's Office recommended that the school:

- Update its written policies to address internal control weaknesses;
- Improve how it maintains receipts and records to ensure school funds are used for proper purposes;
- Refer the principal's after school payments to the Board for review and recoup funds if necessary; and
- Continue its efforts to help teachers gain their certifications.

"There's no excuse for thousands of dollars to slip through the cracks, and it's even more concerning when those funds should have gone toward the education of our schoolchildren. The school should continue to take steps to improve how it operates to better serve its students," Stringer said.

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