



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

DEPUTY COMMISSIONER
Office of Performance Improvement and Management Services
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June 25, 2014

The Honorable Thomas P. DiNapoli
Comptroller
Office of the State Comptroller
110 State Street, 15th Floor
Albany, NY 12236

RECEIVED
EXECUTIVE CORRESPONDENCE

JUL 01 2014

OFFICE OF THE STATE COMPTROLLER
THOMAS P. DINAPOLI
COMPTROLLER

Dear Comptroller DiNapoli:

In accordance with the provisions of Section 170 of the Executive Law, the following are actions that the State Education Department (Department) has taken, or will be taking, to implement the recommendations contained in the Office of the State Comptroller's (OSC) Final Audit Report (2012-S-21) of TheraCare Preschool Services, Inc.: Compliance with the Reimbursable Cost Manual (RCM).

Recommendation #1: Review the disallowance resulting from our audit and make the appropriate adjustments to costs reported on the CFRs and to TheraCare's reimbursement rates, and recover the overpayments as appropriate.

The Department began the implementation of this recommendation. The Department has reviewed the \$876,898 in recommended audit adjustments for the three years ending June 30, 2011, and will make all appropriate adjustments to the costs reported in the CFR. We are reviewing information TheraCare has submitted in response to the findings and verifying with OSC information relative to the \$220,875 sign-on/retention bonus. Application of this adjustment is pending verification that it is not reimbursable under the provisions of the RCM. The Department's application of the remaining adjustments resulted in a \$223,629 reduction to funding over the three year period.

Recommendation #2: Work with TheraCare officials to help ensure that only eligible costs are included on their CFRs.

The Department implemented this recommendation. The Board of Regents directed the Department to require that individuals signing the CFR certification statements, namely Executive Directors and Certified Public Accountants, complete CFR training. This may be accomplished by either attending a formalized Interagency CFR training at one of the six locations it is offered across the state or by completing an online CFR training course developed by the Department's Rate Setting Unit (RSU). The RSU will be tracking and verifying that individuals have completed the training beginning with the 2013-14 CFR submission. The RSU will also continue to provide technical assistance whenever

requested and will strongly recommend to TheraCare officials that they take advantage of our availability to help them better understand the standards for reimbursement as presented in Regulation and the RCM.

If you have any questions regarding this response, please contact Ann Marsh, Director of the Rate Setting Unit at (518) 473-2020.

Sincerely,

A handwritten signature in dark ink, appearing to read "S. Cates-Williams", with a long horizontal flourish extending to the right.

Sharon Cates-Williams