



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

DEPUTY COMMISSIONER
Office of Performance Improvement and Management Services
O: 518.473-4706
F: 518.474-5392

August 12, 2014

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

RECEIVED
EXECUTIVE CORRESPONDENCE

AUG 18 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-68) The LaSalle School: Compliance With the Reimbursable Cost Manual.

Recommendation 1: Review the disallowances resulting from our audit and make the appropriate adjustments to the costs reported on the Consolidated Fiscal Reports (CFR) submitted by LaSalle School. Adjust LaSalle's reimbursement rates, as appropriate. In addition, formally assess the eligibility of the reported costs associated with the Less-Than-Arms-Length (LTAL) transactions identified, and adjust the CFR, as warranted.

The Department has reviewed the recommended audit adjustments for the three years ending June 30, 2011 and will make all appropriate adjustments to the costs reported in the CFR. LaSalle was required to correct its noncompliance with employee certification requirements and the Department has monitored the school's corrective action in this regard. In conformance with the audit report findings, the Department did not disallow funds pertaining to the LTAL transactions identified in the report. In order to comply with financial reporting requirements, LaSalle is required to disclose all LTAL transactions to the Department.

Recommendation 2: Provide LaSalle administrators and staff with training and/or additional guidance on the application of the Reimbursable Cost Manual (RCM), as appropriate.

Beginning with the submission of CFRs for the 2012-13 school year, the Department has recommended that individuals signing the CFR certification statements, namely Executive Directors and Certified Public Accountants, either attend a formalized Interagency CFR training at one of the locations that it is offered across the state or

complete the Rate Setting Unit's (RSU)'s on-line CFR training course. It is our intention, based on the recommendation of the Board of Regents, to make this training mandatory for future CFR submissions. Also, on the recommendation of the Board of Regents, the Department is working to develop training and guidance materials pertaining to the governing and ethical responsibilities of board members and owners of special education providers. Finally, the Department will continue to provide technical assistance whenever requested and will strongly recommend LaSalle officials take advantage of our availability in order to help them better understand the standards for reimbursement as presented in the regulations and in the RCM.

If you have any questions regarding this response, please contact Suzanne Bolling, Rate Setting Unit, (518) 486-7859.

Sincerely,



Sharon Cates-Williams