



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

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

December 21, 2017

Hon. Thomas P. DiNapoli  
New York State Comptroller  
110 State Street, 15<sup>th</sup> Floor  
Albany, NY 12236

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 (2017-S-3) Compliance with the Reimbursable Cost Manual: Hawthorne Foundation, Inc. (Hawthorne).

Recommendation 1: Review the disallowances identified by our audit and, if warranted, make the necessary adjustments to the costs reported on Hawthorne's CFR and to Hawthorne's tuition reimbursement rates.

The Department is currently in the process of reviewing the Consolidated Fiscal Report (CFR) and OSC audit work papers and will make necessary adjustments and recover any overpayments as appropriate by recalculating tuition rates.

Recommendation 2: Remind Hawthorne officials of the pertinent SED requirements that relate to the deficiencies we identified.

The Department will continue to provide technical assistance whenever requested and will strongly recommend the Hawthorne officials take advantage of our availability to help them better understand the standards for reimbursement as presented in Regulation and the Reimbursable Cost Manual (RCM). Furthermore, CFR training is available online on the Department's webpage. The Department recommends that all individuals signing the CFR certification statements, namely Executive Directors and Certified Public Accountants, complete this training. This training is a requirement for preschool special education providers upon approval and reapproval.

Furthermore, the Department will require Hawthorne to identify the actions it has taken to cure and correct the deficiencies and/or violations identified in the audit. Hawthorne's submission to the Department must be certified by its Chief Executive Officer, with an

attestation from each director, officer, trustee, and shareholder, and must contain all relevant information describing how policies, procedures and practices have been revised to address the specific findings of the audit, and how systemic changes to the internal controls and financial oversight have been implemented.

If you have any questions regarding this response, please contact Suzanne Bolling, Director of Special Education Fiscal Policy at 518-474-3227.

Yours truly,

A handwritten signature in cursive script that reads "Sharon Cates-Williams".

Sharon Cates-Williams  
Deputy Commissioner

cc: Thalia Melendez  
Christopher Suriano  
Suzanne Bolling