



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

---

EXECUTIVE DEPUTY COMMISSIONER  
(518) 473-8381  
E-mail: Sharon.Cates-Williams@nysed.gov

May 15, 2023

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 the State Education Department (SED) has taken, or will be taking, to implement the recommendations contained in the Office of the State Comptroller's (OSC) Final Audit Report (2022-S-10) The ARC Erie County New York (Arc Erie) - Compliance with the Reimbursable Cost Manual.

Recommendation 1:

**“Review the disallowances identified by our audit and make the necessary adjustments to the costs reported on Arc Erie’s CFR and to Arc Erie’s tuition reimbursement rates, if warranted.”**

SED 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 Arc Erie officials of the pertinent SED requirements that relate to the deficiencies we identified.”**

SED will continue to provide technical assistance whenever requested and will strongly recommend Arc Erie officials avail themselves of our assistance to help them better understand the rules for cost reporting and criteria for cost reimbursement as presented in the CFR, Regulations and the Reimbursable Cost Manual (RCM). Furthermore, SED will alert Arc Erie of online training that is available on SED’s webpage. SED recommends that all individuals signing the CFR certification statements, namely the Executive Director and Certified Public Accountant, complete this training. This training is a requirement for preschool special education providers upon approval and reapproval.

Furthermore, SED will require Arc Erie to identify the actions it has taken to cure and correct the deficiencies and/or violations identified in the audit. Arc Erie's submission to SED must be certified by its Chief Executive Officer, with an attestation from each director, officer, trustee, and shareholder, 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 Nell Brady, Director of the Rate Setting Unit at 518-474-1298.

Sincerely,

A handwritten signature in black ink that reads "Sharon Cates-Williams". The signature is written in a cursive style with a large initial 'S'.

Sharon Cates-Williams

c: Christopher Suriano  
Christina Coughlin  
Suzanne Bolling  
James Kampf  
Jerry Nestleroad  
Jeanne Day  
Nell Brady  
Mary Moore