State Education Department

UCPA of Cayuga County d.b.a. E. John Gavras Center – Compliance With the Reimbursable Cost Manual

Report 2024-S-10 | August 2025

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Division of State Government Accountability

Audit Highlights

Objective

To determine whether the costs reported by UCPA of Cayuga County d.b.a. E. John Gavras Center (Gavras Center) on its Consolidated Fiscal Reports (CFRs) were reasonable, necessary, directly related to the special education program, and sufficiently documented pursuant to the State Education Department's (SED) Reimbursable Cost Manual (RCM) and the Consolidated Fiscal Reporting and Claiming Manual (CFR Manual). The audit focused primarily on expenses claimed on the Gavras Center's CFRs for the fiscal year ended June 30, 2021, and certain expenses claimed on its CFRs for the 2 fiscal years ended June 30, 2020.

About the Program

The Gavras Center is a not-for-profit special education provider located in Auburn that serves students in Cayuga, Onondaga, Tompkins, and Wayne counties. The Gavras Center is authorized by SED to provide Preschool Integrated Special Class (over 2.5 hours per day) and Preschool Integrated Special Class (2.5 hours per day) education services to children with disabilities who are between the ages of 3 and 5 years. For the purposes of this report, these programs are referred to as the SED preschool cost-based programs. The Gavras Center also operated other SED-approved preschool special education programs including Evaluations and 1:1 Aides. However, payments for services under these programs are based on fixed fees, as opposed to the cost-based rates established using CFR-reported financial information. During the 2020-21 school year, the Gavras Center served 52 preschool children in the SED preschool cost-based programs.

The counties that use the Gavras Center's preschool special education services pay tuition to the Gavras Center using reimbursement rates set by SED. The State, in turn, reimburses the counties for a portion of the tuition paid. SED sets the special education rates based on financial information, including costs, that the Gavras Center reports to SED on its annual CFRs. For the 3 fiscal years ended June 30, 2021, the Gavras Center reported approximately $4.3 million in reimbursable costs for the SED preschool cost-based programs.

Key Findings

For the 3 fiscal years ending June 30, 2021, we identified $625,534 in reported costs that did not comply with the requirements in the RCM and CFR Manual, as follows:

- $283,756 in in-kind donations (donated rent) for the Gavras Center's use of the building owned by Cayuga County. The donated rent was reported as an expense on its CFRs.
- $97,177 in costs where special education funds were used to fund non-disabled education program costs. According to the RCM and Section 4410(10)(e) of the New York State Education Law, public special education funding shall not be used to purchase non-disabled preschool educational services.
- $81,242 in unsupported personal service compensation costs.
- $56,565 in staffing expenses that were in excess of SED's approved staffing ratios.
- $37,238 in unsupported general ledger entries that were reported on the CFR including $18,959 in other than personal service (OTPS) costs and $18,279 in personal service costs.
- $27,821 in fringe benefits costs that were ineligible for reimbursement.

- $18,341 in ineligible costs including $16,829 in overallocated costs, $1,350 in miscellaneous ineligible costs, and $162 in non-program-related costs.
- $16,264 in bonus compensation costs that were not in compliance with the RCM's guidelines.
- $7,130 in vehicle costs that were not supported by vehicle logs.

Key Recommendations

To SED:

- Review the recommended disallowances identified by our audit and make the necessary adjustments to the costs reported on the Gavras Center's CFRs and to the Gavras Center's tuition reimbursement rates, as warranted.
- Remind Gavras Center officials of the pertinent SED requirements that relate to the deficiencies we identified.

To Gavras Center:

- Ensure that costs reported on annual CFRs fully comply with SED's requirements and communicate with SED to obtain clarification as needed.

Office of the New York State Comptroller
Division of State Government Accountability

August 5, 2025

Betty A. Rosa, Ed.D.
Commissioner
State Education Department
State Education Building
89 Washington Avenue
Albany, NY 12234

Darrell Whitbeck
Executive Director/CEO
E. John Gavras Center
182 North Street
Auburn, NY 13021

Dear Dr. Rosa and Mr. Whitbeck:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities, and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report, entitled *Compliance With the Reimbursable Cost Manual*, of our audit of the costs submitted by UCPA of Cayuga County d.b.a. E. John Gavras Center to the State Education Department for the purpose of establishing the preschool special education tuition reimbursement rates used to bill public funding sources that are supported by State aid payments. This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Section 4410-c of the State Education Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Division of State Government Accountability

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Glossary of Terms

Term	Description	Identifier
SED	State Education Department	*Auditee*
CFR	Consolidated Fiscal Report	*Key Term*
CFR Manual	Consolidated Fiscal Reporting and Claiming Manual	*Policy*
Commissioner's Regulations	Regulations of the Commissioner of Education	*Regulations*
FTE	Full-time equivalent	*Key Term*
Gavras Center	UCPA of Cayuga County d.b.a. E. John Gavras Center	*Service Provider*
OTPS	Other than personal service	*Key Term*
Pandemic	COVID-19 pandemic	*Key Term*
RCM	Reimbursable Cost Manual	*Policy*

Background

UCPA of Cayuga County d.b.a. E. John Gavras Center (Gavras Center) is a not-for-profit special education provider located in Auburn, serving students from Cayuga, Onondaga, Tompkins, and Wayne counties. The Gavras Center is authorized by the State Education Department (SED) to provide Preschool Integrated Special Class (over 2.5 hours per day) and Preschool Integrated Special Class (2.5 hours per day) education services to children with disabilities who are between the ages of 3 and 5 years. For the purposes of this report, these programs are referred to as the SED preschool cost-based programs. During the 2020-2021 school year, the Gavras Center served 52 preschool children in the SED preschool cost-based programs.

In addition to the SED preschool cost-based programs, the Gavras Center also operated other SED-approved preschool special education programs, including Evaluations and 1:1 Aides. However, payments for services under these programs are based on fixed fees, as opposed to the cost-based rates established through Consolidated Fiscal Reports (CFRs).

The counties that use the Gavras Center's preschool special education services pay tuition to the Gavras Center using reimbursement rates set by SED. The State, in turn, reimburses the counties for a portion of the tuition paid. SED sets the special education rates based on financial information, including costs, that the Gavras Center reports to SED on its annual CFRs. Costs reported on the CFR must comply fully with the guidelines in SED's Reimbursable Cost Manual (RCM) regarding eligibility and documentation requirements and must meet the reporting requirements prescribed in the Consolidated Fiscal Reporting and Claiming Manual (CFR Manual). For the 3 fiscal years ended June 30, 2021, the Gavras Center reported approximately $4.3 million in reimbursable costs for the SED preschool cost-based programs.

Audit Findings and Recommendations

According to the RCM, costs will be considered for reimbursement provided they are reasonable, necessary, directly related to the special education program, and sufficiently documented. For the 3 fiscal years ended June 30, 2021, we identified $625,534 in costs that the Gavras Center reported on its CFRs that did not comply with SED's requirements for reimbursement. These ineligible costs include $297,348 in personal service costs and $328,186 in other than personal service (OTPS) costs. (See Exhibit at the end of the report.)

Strong internal controls are critical to the overall health of an organization and help to safeguard assets and ensure reliable financial reporting and compliance with regulatory requirements. We attributed the disallowances detailed in this report to weaknesses in the Gavras Center's internal controls over its compliance with SED's guidelines.

Personal Service Costs

Personal service costs, which include all salaries and fringe benefits paid or accrued to employees on the service provider's payroll, must be reported on the CFR as either direct care costs (e.g., teachers' salaries) or non-direct care costs (e.g., administrators' salaries). For the 3 fiscal years ended June 30, 2021, the Gavras Center reported approximately $3.2 million in personal service costs for the SED preschool cost-based programs. We identified $297,348 in personal service costs that did not comply with the RCM and CFR Manual's requirements for reimbursement.

Non-Allowable Expenses

According to the RCM, public special education funding shall be used in accordance with Section 4410(10)(e) of the New York State Education Law. Section 4410(10)(e) states that public special education funding provided for the purposes of this section shall not be used to purchase regular preschool educational services, day care or other child care services, or to purchase any instructional service other than special services or programs, and the purchase of such regular preschool educational services and child care services shall not be approvable pursuant to this section as a charge upon the municipality or the board.

We reviewed the Gavras Center's CFRs and found the regular (non-disabled) preschool educational services revenue did not cover the total staffing compensation (salary and fringe benefits) associated with these students. For the 3 fiscal years ended June 30, 2021, we determined the non-disabled costs exceeded the non-disabled revenue by $97,177. To cover these costs, Gavras Center officials used preschool special education funds.

According to Gavras Center officials, the excess non-disabled staffing costs stem from the enrollment requirements for classroom integration in Special Class in an Integrated Setting classes. Gavras Center officials stated they rely on the school district to fill the allotted spots; however, there was a decrease in enrollment during the COVID-19 pandemic (pandemic). Additionally, Gavras Center officials indicated the school districts pro-rated reimbursement rates for children who attended class less than 50% in any given month. Gavras Center officials also stated that general education staff members or 1:1 Aides filled in for special education positions. However, we determined the cost of non-disabled staffing exceeding revenue was more prevalent in the years prior to the pandemic. We also question the necessity and reasonableness of these "fill-in" days, as the provider simultaneously employed substitute special education staff. Additionally, the CFR Manual requires the salaries and fringe benefits of 1:1 Aides to be reported separately under the 1:1 Aides program.

Therefore, we recommend SED disallow $97,177 in expenses that did not comply with SED's reimbursement requirements.

Unsupported Compensation Costs

According to the RCM, costs will be considered for reimbursement provided they are reasonable, necessary, directly related to the special education program, and sufficiently documented. Entities operating approved programs are required to retain all pertinent accounting, allocation, and enrollment/attendance records supporting reported data directly or indirectly related to the establishment of tuition rates for 7 years following the end of each reporting year. Furthermore, compensation costs must be based on approved, documented payrolls. Payroll must be supported by employee time records prepared during, not after, the time period for which the employee was paid. Employee time sheets must be signed or electronically approved and dated by the employee and employee's supervisor or personnel authorized to approve/date employee time sheets and must be completed at least monthly.

For the 3 fiscal years ended June 30, 2021, we reviewed time sheets for a judgmental sample of 15 employees and found that the Gavras Center reported $21,786 in compensation ($17,954 salaries and $3,832 in fringe benefits) on its CFRs that could not be supported by time records. We compared the time sheets to the time (hours) reported on the labor distribution reports and found that the labor distribution reports listed more hours than what was supported by the time sheets.

Additionally, the Gavras Center could not support non-mandated fringe benefits for employees for the period. We found $59,456 in non-mandated fringe benefit costs for health, dental, life insurance, and 403-B plans that were not supported by claims, premiums, payrolls, and/or allocation schedules.

We recommend SED disallow $81,242 ($21,786 + $59,456) in compensation that was not in compliance with the RCM.

Excess Student-to-Staff Ratio

SED program approval letters establish the direct care student-to-staff ratios under which preschool special education classrooms are to operate. According to the RCM, direct care personal service costs in excess of the approved ratios are not reimbursable.

We compared the Gavras Center's staffing levels reported on its CFRs to the SED-approved staffing ratios and found the following:

- For the fiscal year ended June 30, 2021, the SED-approved teacher staffing level for the Gavras Center's Preschool Integrated Special Class (over 2.5 hours per day) program was 0.736 full-time equivalents (FTEs). However, the Gavras Center reported 1.432 FTEs on its CFR. The compensation associated with the excess teaching staff amounted to $19,921 ($15,761 in salaries and $4,160 in fringe benefits).
- For the fiscal year ended June 30, 2021, the SED-approved teacher staffing level for the Gavras Center's Preschool Integrated Special Class (2.5 hours per day) program was 0.659 FTEs. However, the Gavras Center reported 1.095 FTEs on its CFR. The compensation associated with the excess teaching staff amounted to $14,485 ($11,407 in salaries and $3,078 in fringe benefits).
- For the fiscal year ended June 30, 2020, the SED-approved teacher staffing level for the Gavras Center's Preschool Integrated Special Class (over 2.5 hours per day) program was 0.924 FTEs. However, the Gavras Center reported 0.973 FTEs on its CFR. The compensation associated with the excess teaching staff amounted to $2,635 ($2,230 in salaries and $405 in fringe benefits).
- For the fiscal year ended June 30, 2020, the SED-approved teacher staffing level for the Gavras Center's Preschool Integrated Special Class (2.5 hours per day) program was 1.198 FTEs. However, the Gavras Center reported 1.335 FTEs on its CFR. The compensation associated with the excess teaching staff amounted to $5,873 ($4,702 in salaries and $1,171 in fringe benefits).
- For the fiscal year ended June 30, 2019, the SED-approved teacher staffing level for the Gavras Center's Preschool Integrated Special Class (over 2.5 hours per day) program was 1.66 FTEs. However, the Gavras Center reported 1.796 teacher FTEs on its CFR. The compensation associated with the excess teaching staff amounted to $3,370 ($2,868 in salaries and $502 in fringe benefits).
- For the fiscal year ended June 30, 2019, the SED-approved teacher staffing level for the Gavras Center's Preschool Integrated Special Class (2.5 hours per day) program was 1.352 FTEs. However, the Gavras Center reported 1.765 FTEs on its CFR. The compensation associated with the excess teaching staff amounted to $10,281 ($8,640 in salaries and $1,641 in fringe benefits).

Gavras Center officials stated that SED officials allowed the school to exceed approved staffing levels by 10% due to the need for substitute teachers and teacher aides. However, the Gavras Center claimed $20,509 in expenses for substitute teachers and substitute teacher aides on separate lines on its CFRs, and we did not include the compensation for these positions in our analysis. We also noted that some programs reported an excess of more than 10% of the SED-approved staffing levels.

Consequently, we recommend SED disallow $56,565 in compensation ($45,608 in salary and $10,957 in fringe benefits) related to the excess staffing of teachers and teacher aids that did not comply with the RCM's requirements.

Ineligible Fringe Benefits

According to the RCM, fringe benefits may include paid time off (e.g., vacation leave, sick leave), provided the benefit is established by written school policy. The Gavras Center Employee Handbook limits fringe benefit eligibility to full-time employees. Additionally, fringe benefits including health and life insurance for individual employees or officers/directors must be proportionately similar to those received by other classes or groups of employees.

For the 3 fiscal years ended June 30, 2021, we found the Gavras Center reported $14,891 in employee benefits for health, dental, and life insurance related to part-time employees. In addition, the Gavras Center reported $12,930 in health insurance benefits for executive staff that were not proportionately similar to those received by other classes or groups of employees. For example, the Executive Director's health benefits were fully paid by the Gavras Center while other staff had to pay a portion of their health benefits.

We recommend SED disallow $27,821 in fringe benefits that were not eligible for reimbursement.

Unsupported General Ledger Entries

According to the RCM, costs will be considered for reimbursement if they are reasonable, necessary, directly related to the program, and sufficiently documented. The RCM states that Section 200.9(d) of the Regulations of the Commissioner of Education (Commissioner's Regulations) requires entities operating approved programs to retain all pertinent accounting, allocation, and enrollment/attendance records supporting reported data directly or indirectly related to the establishment of tuition rates for 7 years following the end of the reporting year. Further, the RCM states costs will not be reimbursable on field audit without appropriate written documentation.

For the 3 fiscal years ended June 30, 2021, we reconciled the personal service expenses the Gavras Center reported on its CFRs to its general ledgers. We found personal service costs of $18,279 ($7,317 in salary and $10,962 in fringe benefits) reported on its CFRs were not supported by its general ledgers. The transaction detail is the key information required to enable us to reconcile the amounts claimed on the CFRs to the amounts in the general ledgers as well as help to identify whether the costs claimed are reasonable, necessary, directly related to the special education programs, and sufficiently documented.

We recommend SED disallow $18,279 in personal service costs that were reported on the Gavras Center's CFRs but not supported by its general ledgers.

Bonuses

According to the RCM, a retention bonus shall mean a non-recurring and non-accumulating (i.e., not included in base salary of subsequent years) lump sum payment in excess of regularly scheduled salary provided as an incentive to remain in the employ of an entity. The retention bonus terms must be articulated in a written employer-employee agreement, which must outline the requirements for receiving the bonus, the criteria used to determine eligibility and amount of award, and the timing of payment. A retention bonus may not be paid during the first year of employment at an entity and may not exceed 5% of salary or wage. In addition, retention awards are restricted to direct care titles/employees as defined by RCM Appendix A-1.

The Gavras Center reported $16,264 ($13,409 in salary and $2,855 in fringe benefits) in bonuses to staff members that were in non-direct care titles and/or that were not articulated in a written employer/employee agreement. Consequently, we recommend that SED disallow $16,264 in bonus payment compensation that did not comply with SED's requirements.

Other Than Personal Service Costs

According to the RCM, costs must be reasonable, necessary, directly related to the special education program, and sufficiently documented. For the 3 fiscal years ended June 30, 2021, the Gavras Center reported approximately $1.1 million in OTPS expenses charged to the SED preschool cost-based programs. To determine whether these expenses complied with SED's requirements for reimbursement, we reviewed a judgmental sample totaling $737,348. We identified $328,186 in OTPS costs that did not comply with SED's reimbursement requirements.

Lease Agreements – Donated Rent

According to the RCM, occupancy costs are based on actual documented rental charges, supported by bills, vouchers, etc. Moreover, the RCM clearly states that donated rent is not reimbursable.

For the 3 fiscal years ended June 30, 2021, we found the Gavras Center reported $283,756 in in-kind donations for the use of a building that was owned by Cayuga County. In essence, the Gavras Center did not pay costs associated with leasing the building besides utility and maintenance costs.

Consequently, we recommend SED disallow $283,756 in in-kind donations related to the building lease costs.

Unsupported General Ledger Entries

The RCM states that Section 200.9(d) of the Commissioner's Regulations requires entities operating approved programs to retain all pertinent accounting, allocation, and enrollment/attendance records supporting reported data directly or indirectly related to the establishment of tuition rates for 7 years following the end of the reporting year. Further, the RCM states costs will not be reimbursable on field audit without appropriate written documentation.

For the 3 fiscal years ended June 30, 2021, the Gavras Center did not provide support (i.e., general ledger transaction-level details) for $18,959 in OTPS expenses claimed on its CFRs for the SED preschool cost-based programs. The transaction detail is the key information required to enable us to reconcile the amounts claimed on the CFRs to the amounts in the general ledgers as well as help to identify whether the costs claimed are reasonable, necessary, directly related to the special education programs, and sufficiently documented.

We recommend SED disallow $18,959 in OTPS expenses that the Gavras Center reported on its CFRs but that was not supported by its general ledgers.

Ineligible Costs

According to the RCM, costs will be considered for reimbursement provided they are reasonable, necessary, directly related to the special education program, and sufficiently documented. It also states that costs for staff such as gifts, entertainment, jewelry, flowers, clothing/uniforms, and food are not reimbursable unless specified otherwise in the RCM. The RCM also states that advertising costs for the purpose of recruiting students into programs or soliciting fundraising monies or donations are not reimbursable and remain non-allowable in the calculation of tuition rates. Furthermore, payments that represent "interest only" are not reimbursable unless otherwise approved by the Commissioner's designated representative.

For the 3 fiscal years ended June 30, 2021, we selected a judgmental sample of 352 OTPS transactions totaling $206,289 for review. We identified 176 transactions totaling $18,341 that were ineligible for reimbursement. Ineligible expenses included:

- $16,829 in expenses that were overallocated to the SED preschool cost-based programs
- $1,350 in miscellaneous ineligible expenses including gift cards ($835), food for staff ($174), flowers ($131), jewelry ($84), charitable donations ($47), advertising costs ($43), plaques ($22), interest fees ($11), and clothing/uniforms ($3)
- $162 in non-program-related expenses such as staff travel and vehicle expenses

We recommend SED disallow $18,341 in costs that were not in compliance with the RCM.

Vehicle Costs

According to the RCM, travel logs must be kept by each employee indicating the dates of travel, destination, purpose, mileage, and related costs such as tolls, parking, and gasoline. Additionally, vehicles, solely used by maintenance staff in performing assigned duties such as building/property upkeep and repairs, must maintain a weekly log and must include the beginning and ending dates of the week, the beginning and ending mileage, and a signature of a designated supervisor attesting that the logged mileage was used solely by maintenance/building staff with a description of the maintenance activities that were performed using the vehicle that week.

During the 3 fiscal years ended June 30, 2021, the Gavras Center reported $7,130 in vehicle costs that were not supported by vehicle logs including: depreciation ($4,738), insurance ($1,724), interest ($620), and operating costs ($48).

We recommend that SED disallow $7,130 in vehicle costs that were not in compliance with SED's requirements.

Recommendations

To SED:

1. Review the recommended disallowances identified by our audit and make the necessary adjustments to the costs reported on the Gavras Center's CFRs and to the Gavras Center's tuition reimbursement rates, as warranted.
2. Remind Gavras Center officials of the pertinent SED requirements that relate to the deficiencies we identified.

To Gavras Center:

3. Ensure that costs reported on annual CFRs fully comply with SED's requirements and communicate with SED to obtain clarification as needed.

Audit Scope, Objective, and Methodology

The objective of our audit was to determine whether the costs reported by the Gavras Center on its CFRs were reasonable, necessary, directly related to the special education program, and sufficiently documented pursuant to SED's guidelines, including the RCM and CFR Manual. The audit focused primarily on expenses claimed on the Gavras Center's CFRs for the fiscal year ended June 30, 2021, and certain expenses claimed on its CFRs for the 2 fiscal years ended June 30, 2020.

To accomplish our objective, we reviewed the RCM, the CFR Manual, the Commissioner's Regulations, the Gavras Center's CFRs, and relevant financial and program records for the audited period. We also interviewed Gavras Center officials and staff to obtain an understanding of the Gavras Center's financial and business practices. In addition, we evaluated the internal controls over the costs claimed on and the schedules prepared in support of the CFRs submitted to SED.

We used a non-statistical sampling approach to provide conclusions on our audit objectives and to test internal controls and compliance. We selected a judgmental sample of reported OTPS costs to determine whether they were supported, program-related, and reimbursable. Specifically, we reviewed costs that were considered high risk and reimbursable in limited circumstances based on prior audit report findings. For specific costs we identified as not reimbursable, we expanded our review to prior years. We also selected a judgmental sample of employees based on their title codes, the number of programs their salaries were attributed to, and the CFR schedule they were charged to. Our samples were based on the relative materiality of the various categories of costs reported and their associated levels of risk. For specific costs we identified as not reimbursable, we expanded our review to prior years. However, because we used a non-statistical sampling approach for our tests, we cannot project the results to the respective populations. Our samples are discussed in detail in the body of our report.

We obtained data from the Gavras Center's general ledger and other financial systems and assessed the reliability of that data by interviewing officials knowledgeable about the system, and tracing to and from source data. We determined that the data from these systems was sufficiently reliable for the purposes of this report.

Statutory Requirements

Authority

This audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Section 4410-c of the State Education Law.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. These duties may be considered management functions for the purpose of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of SED's oversight and administration of the Gavras Center's compliance with the RCM and the CFR Manual.

Reporting Requirements

We provided a draft copy of this report to both SED and Gavras Center officials for their review and formal comment. Their comments were considered in preparing this final report and are included in their entirety at the end of it. In their response, SED officials agreed with our recommendations and indicated that they will take steps to address them. The Gavras Center agreed with most of our conclusions but disagreed with our staffing analysis proposed disallowances. Our response to certain Gavras Center comments are included in the report's State Comptroller's Comments.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the State Education Department shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Exhibit

UCPA of Cayuga County d.b.a. E. John Gavras Center
Schedule of Submitted and Disallowed Program Costs
for the 3 Fiscal Years Ended June 30, 2021

Program Costs	Amount Reported on CFR	Amount Disallowed	Amount Remaining	Notes to Exhibit
Personal Services				
Direct Care	$2,834,217	$283,225	$2,550,992	A, D-G, O-Q, T-V
Agency Administration	329,534	14,123	315,411	
Total Personal Services	**$3,163,751**	**$297,348**	**$2,866,403**	
Other Than Personal Services				
Direct Care	$874,821	$308,640	$566,181	A-C, H-O, Q-S
Agency Administration	247,469	19,546	227,923	
Total Other Than Personal Services	**$1,122,290**	**$328,186**	**$794,104**	
Total Program Costs	**$4,286,041**	**$625,534**	**$3,660,507**	

Notes to Exhibit

The following Notes refer to specific sections of the RCM and CFR Manual and other sources that we used to develop our recommended disallowances. We summarized the applicable sections to explain the basis for each disallowance. We provided the details supporting our recommended disallowances to SED and the Gavras Center's officials during the course of our audit.

A. RCM Section II – Generally, costs will be considered for reimbursement if they are reasonable, necessary, directly related to the special education program, and adequately documented.

B. RCM Section II.3.A – Advertising costs for the purpose of recruiting students into programs or soliciting fundraising monies or donations are not reimbursable and remain non-allowable in the calculation of tuition rates. Promotional items of any type are not reimbursable. Examples include pens/pencils and notepads.

C. RCM Section II.11 – Cost for clothing and uniforms normally assumed by parents or legal guardians of students attending day care centers or public day schools are not reimbursable. Clothing expenses for staff, excluding Security (Position Title Code 105) and Housekeeping and Maintenance (Position Title Code 102), such as uniforms, even if required by school policy, are not reimbursable and are considered to be personal expenses.

D. RCM Section II.13.A.4.(e) – Direct care student-to-staff ratios shall not exceed the approved staffing levels supported by SED's program approval letter. Any net excess of staff will not be included as part of reimbursable costs in the program's reconciliation tuition rate.

E. RCM Section II.13.A.(14) – A retention bonus shall mean a non-recurring and non-accumulating (i.e., not included in base salary of subsequent years) sum of money in excess of regularly scheduled salary provided as an incentive to remain in the employ of an entity. Retention bonuses are restricted to direct care titles/employees. The terms of the bonus must be articulated in a written employer-employee agreement outlining the requirements for receiving the bonus and the criteria used to determine eligibility and amount of the award.

F. RCM Section II.13.B.(1) – Fringe benefits may include paid time off, such as vacation leave, sick leave, military leave, holidays, training, and educational costs, provided the benefit is established by written school policy.

G. RCM Section II.13.B.(2)(c) – Benefits including pensions, life insurance, and tax-sheltered annuities for individual employees or officers/directors are proportionately similar to those received by other classes or groups of employees.

H. RCM Section II.16 – Political and charitable contributions and donations made by the program are not reimbursable.

I. RCM Section II.20.B – Entertainment costs and personal costs such as personal travel expenses, laundry charges, beverage charges, gift certificates to staff and vendors, flowers or parties for staff, holiday parties, repairs on a personal vehicle, and rental expenses for personal apartments are not reimbursable unless specified otherwise in this Manual.

J. RCM Section II.22.C – Costs of food provided to staff, including lunchroom monitors, are not reimbursable.

K. RCM Section II.24 – Gifts of any kind are non-reimbursable.

L. RCM Section II.28.C (5) – Payments that represent "interest only" are not reimbursable unless otherwise approved by the Commissioner's designated representative.

M. RCM Section II.30.C – Costs for meals, beverages, and other related costs for meetings are not reimbursable.

N. RCM Section II.41.B.(2) – Occupancy costs are based on actual documented rental charges, supported by bills, vouchers, etc. Donated rent is not reimbursable.

O. RCM Section III – Section 200.9 (d) of the Commissioner's Regulations requires entities operating approved programs to retain all pertinent accounting, allocation, and enrollment/attendance records supporting reported data directly or indirectly related to the establishment of tuition rates for 7 years following the end of each reporting year.

P. RCM Section III.1.A – Compensation costs must be based on approved, documented payrolls. Payrolls must be supported by employee time records prepared during, not after, the time period for which the employee was paid.

Q. RCM Section III.1.D – Costs will not be reimbursable on field audit without appropriate written documentation of costs. Documentation refers to all purchases being supported with canceled checks and invoices listing the items purchased, date of purchase, and date of payment.

R. RCM Section III.1.E – Travel logs must be kept by each employee indicating the dates of travel, destination, purpose, mileage, and related costs such as tolls, parking, and gasoline.

S. RCM Section III.1.J.(2) – Vehicles solely used by maintenance staff in performing assigned duties such as building/property upkeep and repairs, must maintain a weekly log and must include the beginning and ending dates of the week, the beginning and ending mileage, and a signature of a designated supervisor attesting that the logged mileage was used solely by maintenance/building staff with a description of the maintenance activities that were performed using the vehicle that week.

T. Section 4410(10)(e) of the New York State Education Law – Public special education funding provided for the purposes of this section shall not be used to purchase regular preschool educational services, day care, or other child care services or to purchase any instructional service other than special services or programs as defined in subdivision two of Section 4401 of this article or in this section; and the purchase of such regular preschool educational services and child care services shall not be approvable pursuant to this section as a charge upon the municipality or the board.

U. Gavras Center Employee Handbook – Full-time employees are eligible for benefits on the first of the month after completing 90 days of service.

V. CFR Manual (General Instructions) (Page 8.5) – Expenses, revenues, and FTE enrollment for approved 1:1 teacher aides (preschool and school age) must be reported as a separate column (Program Code 9230).

Agency Comments - State Education Department

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

Dr. Jeffrey Matteson, Senior Deputy Commissioner for Education Policy
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Albany, NY 12234
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July 18, 2025

Heather Pratt
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State St, 11th Floor
Albany, NY 12236

Dear Ms. Pratt:

The following is the New York State Education Department's (NYSED) response to the draft audit report, 2024-S-10, *UCPA of Cayuga County d.b.a. E. John Gavras Center (Gavras Center) - Compliance With the Reimbursable Cost Manual*.

Recommendation 1:

"Review the recommended disallowances identified by our audit and make the necessary adjustments to the costs reported on Gavras Center's CFRs and to Gavras Center's tuition reimbursement rates, as warranted."

We agree with this recommendation. NYSED will review the recommended disallowances as noted in the report and make adjustments to the reported costs to recover any overpayments, as appropriate, by recalculating tuition rates. NYSED will further review the staffing recommendations and non-disabled education program costs to determine if the adjustments are appropriate.

Recommendation 2:

"Remind Gavras Center officials of the pertinent NYSED requirements that relate to the deficiencies we identified."

We agree with this recommendation. NYSED will continue to provide technical assistance whenever requested and will strongly recommend that Gavras Center's 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, NYSED will alert the Gavras Center to online CFR training that is available on our webpage. NYSED requires 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.

If you have any questions regarding this response, please contact Nell Brady, Director of the Rate Setting Unit, at (518) 474-1298.

Sincerely,

Jeffrey Matteson
Senior Deputy Commissioner for
Education Policy

cc: Christina Coughlin
Christopher Suriano
Suzanne Bolling
James Kampf
Jeanne Day
Nell Brady
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July 22, 2025

Heather Pratt Audit
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State Government Accountability 110 State Street, 11th
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Re: Response to Draft Audit Report 2024-S-10 Dear

Ms. Pratt:

We appreciate the opportunity to respond to the New York State Office of the State Comptroller's draft audit report for the three fiscal years ended June 30, 2021, concerning compliance with the Reimbursable Cost Manual of our 4410 preschool special education program.

We acknowledge the findings presented in the report totaling $621,651 and are committed to ensuring continued fiscal accountability and the highest standard of service for the children and families we serve.

Organizational Context and Executive Transition

During the audit process, the organization experienced significant leadership changes beginning in July of 2024, including a transition in the executive management team. These changes were initiated to strengthen governance, improve internal controls, and better position our organization for long-term sustainability.

As the new executive team assumed leadership responsibilities, it was immediately evident that reconstructing and fully understanding the activities and decisions made during the prior years that were audited particularly challenging. Unfortunately, this impacted our ability to piece together the detail and rationale for certain financial and operational actions taken during the audit period.

Despite these obstacles, we have worked diligently to assess past practices, identify gaps, and implement corrective measures where appropriate. The new leadership is committed to transparency, accountability, and strengthening all aspects of the organization's operations moving forward.

COVID-19 Pandemic Impact

It is also important to recognize that the audit period included the unprecedented and disruptive impact of the COVID-19 pandemic. Like many 4410 providers across New York State, the organization faced extraordinary operational and financial challenges during this time. The rapid transition to remote instruction, changes in service delivery requirements, fluctuating enrollment, and increased costs for health and safety measures all placed considerable strain on program operations.

Despite these challenges, our staff remained dedicated to ensuring continuity of care and educational services to our students. We also strived to remain compliant with State guidance that evolved rapidly throughout the pandemic, to include the audit period. As a result of social distancing protocols, we distanced students by utilizing dark/unused classrooms which increased staffing ratios and costs.

Corrective Actions and Improvements

In response to the audit findings, as part of process implementation associated with the recent leadership change, and as part of our continuous improvement efforts, we have already begun implementing corrective actions, including:

- Strengthening internal financial controls and documentation procedures.
- Enhancing training for fiscal and program staff in compliance with the Reimbursable Cost Manual and cost reporting requirements.
- Engaging external expertise to support our fiscal operations during leadership transition and post-pandemic recovery.
- Ensuring that proper documentation for expenses and allocations of personal and other than personal services expenses is obtained.

Furthermore, we acknowledge the draft audit findings regarding the non-allowable expenses for non-disable staffing costs of $97,177, unsupported compensation costs of $81,243, excess staffing costs of $21,623, ineligible fringe benefits of $27,821, unsupported general ledger entries of $18,279, bonuses paid of $16,264, donated rent of $280,408, and other unsupported and ineligible other than personal service costs of $44,430. Due to a lack of historical clarity, our ability to determine the specific details and rationale behind certain financial and operational actions taken during the audited period was limited. However, staffing decisions made during the 2019-2020 and 2020-2021 fiscal years were influenced by the COVID-19 pandemic and were intended to comply with pandemic-related mandates to create the safest possible educational environment for students during this period of crisis.

We are contesting $34,406 in excess staffing costs for the 2020-2021 school year. We feel that the findings for excess student-to-staff ratios for 2020-2021 can be attributed to onboarding and maintaining additional staffing, which were necessary to cover pandemic-related staff shortages and ongoing social distancing measures, while meeting our Pandemic Response Plan – required for reopening, and ensuring we met our mandated staffing ratios with additional distancing measures enforced and consistent staff coverage for illnesses.

State Comptroller's Comment – As stated on page 9 of our report, Gavras Center officials stated that SED officials allowed the school to exceed approved staffing levels by 10% due to the need for substitute teachers and teacher aides. However, the Gavras Center claimed expenses for substitute teachers and substitute teacher aides on separate lines on its CFRs, and we did not include the compensation for these positions in our analysis. We also noted that some programs reported an excess of more than 10% of the SED-approved staffing levels.

In 2020-2021, to comply with our internal agency reopening plan and per guidance referenced in the *DOH Interim Guidance for In-Person Instruction at Pre-K to Grade 12 Schools During the COVID-19 Public Health Emergency,* dated April 9, 2021, we spaced students out utilizing additional classroom space, helping to reduce class sizes, but requiring additional staffing for this model. The April 2021 interim guidance issued by DOH, along with its earlier August 2020 version, incorporates recommendations from the Centers for Disease Control and Prevention (CDC) to guide schools in prioritizing safe in-person instruction through layered mitigation strategies. Specifically, under the section titled "Core Health and Safety Principles and Definitions," the guidance advises:

> *"Spaces: To reduce density, Responsible Parties should consider and assess and/or alternate indoor space(s) that may be repurposed for instruction … where health and safety conditions (e.g., allergies, asthma) allow for such potential usage."*

In addition, the document states:

> *"Physical Distancing: Responsible Parties must maintain protocols and procedures for students, faculty, and staff to ensure appropriate physical distancing to protect against transmission of the COVID-19 virus when on school grounds and in school facilities."*

And:

> *"Cohorts: Responsible Parties should 'cohort' students, to the extent practicable, to limit potential exposure to the COVID-19 virus. Cohorts, particularly for younger students, are self-contained, pre-assigned groups of students with reasonable group size limits set forth by the Responsible Parties in their plan."*

Furthermore, in Section I. People, A. Physical Distancing and Masks under Physical Distancing, the guidance emphasizes maintaining a distance of six feet between individuals at all times.
In alignment with this guidance, the Gavras Center, as the designated Responsible Party, determined that maintaining six feet of physical distancing was an appropriate and necessary measure. This decision was based on the facility's ability to cohort and distance student groups effectively, while also accounting for a unique challenge among preschool-aged children during the pandemic with their limited capacity to consistently wear masks, as recommended.

To implement these measures, the Gavras Center repurposed additional indoor spaces for instructional use and increased staffing levels to maintain required distancing protocols. These measures were fully documented in the Gavras Center's Pandemic Response Plan, which were consistent with CDC and NYS DOH guidelines and submitted to and approved by SED as a requirement for reopening the program in Fall 2020. As a result of our reopening plan and to meet our mandated ratios, the Gavras Center hired staff to cover additional spaces and cover staff illnesses during the 2020-2021 school year, attributing to the excess staffing cost in the 2020-2021 findings.

We are committed to full cooperation with OSC and SED, and we view this audit process as an opportunity to reinforce best practices and improve the quality and integrity of the agency's program operations.

Thank you for your review and consideration of this response. Please do not hesitate to contact us should you require additional information or clarification.

Sincerely,

Darrell Whitbeck CEO
United Cerebral Palsy Association of Cayuga County

Contributors to Report

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