



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 27, 2014

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

**RECEIVED**  
EXECUTIVE CORRESPONDENCE

SEP 02 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-20 of the State Education Department Churchill School and Center (Churchill): Compliance with the Reimbursable Cost Manual.

**Recommendation 1:**

**Review the disallowances identified in OSC's audit, adjust Churchill's Consolidated Fiscal Report (CFR) and reimbursement rates accordingly, and recover overpayments as appropriate.**

The Department is currently in the process of reviewing the CFR and will make necessary adjustments and recover any overpayments as appropriate by recalculating tuition rates. The Department notes that the tuition rate setting methodology reduced reimbursable costs by approximately \$4.3 million for the three years ending June 30, 2011. In addition to the reduction to reimbursable costs, the Department also reduced executive compensation allocated to the education program by \$376,595 for the same three year period.

**Recommendation 2:**

**Review the program matters pertaining to computer utilization and disposal, student-to-staff ratios, and non-certified teachers as identified. Require Churchill to develop remedial action plans, as warranted.**

The Department's Special Education Quality Assurance Office will conduct a monitoring review of Churchill to follow up on the OSC program findings cited in the report.

The Special Education Quality Assurance Office will review staff-to-student ratios and certification of teachers at Churchill to ensure compliance with State regulations and individualized education program (IEP) implementation and, if warranted, require corrective actions.

With respect to the OSC findings regarding charges for computers and related equipment purchases using flow through funding provided by a local educational agency (LEA) of federal Individuals with Disabilities Education Act (IDEA) funds pursuant to Section 4410-b of the Education Law, a disallowance of such funds is subject to a determination made by the LEA that disbursed the funds, based on any applicable legal agreement that may be in place between the LEA and Churchill. The Department's Rate Setting Unit will review the OSC findings and disallow tuition rate funds to the extent that IDEA funds were used to cover the same cost.

The Department has placed Churchill on conditional approval status. To retain State approval, Churchill may implement a corrective action plan, subject to the Department's approval, to correct and/or remedy each of the OSC audit findings of noncompliance. The corrective action plan will identify how Churchill will or has revised its policies, procedures and practices to address the specific findings and to make systemic changes to be implemented by Churchill to assure the Department that these deficiencies and violations will not recur.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "S. Cates Williams", with a stylized flourish at the end.

Sharon Cates-Williams