



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

DEPUTY COMMISSIONER FOR OPERATIONS

AND MANAGEMENT SERVICES

Tel. (518) 474-2547

Fax (518) 473-2827

E-mail: tsavo@mail.nysed.gov

May 26, 2010

Mr. Brian E. Mason
Audit Manager
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Dear Mr. Mason:

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 (2008-S-146) on *Setting Special Education Itinerant Teacher (SEIT) Services Rates*.

Recommendation #1: Adjust the CFR information and corresponding session rates for the two providers who errantly reported direct costs totaling \$1.4 million and the four SEIT providers who underreported 22,635 sessions.

The Department has implemented the recommendation as follows:

Direct Costs

The Department's Rate Setting Unit (RSU) is requiring Bilingual SEIT, Inc. to submit detailed documentation of its costs to ensure the proper allocation between direct and non-direct care costs. RSU is currently reviewing 2007-08 school year data and will not set a rate for the program until it is satisfied that costs are allocated correctly. If Bilingual SEIT, Inc. is unable to sufficiently justify the allocations as reported, RSU will reallocate costs in question from direct care to non-direct care. This could result in non-direct care costs exceeding the 30 percent of total costs limit.

RSU is awaiting OSC audit results for Marion K. Salomon. Once the findings of that audit are made available to RSU, it will make the appropriate adjustments to CFR data and establish a tuition rate.

SEIT Sessions

Beginning with the 2007-08 school year, RSU reconciled the number of SEIT sessions that New York City area providers report on their CFRs to the number of authorized sessions the school districts report to the New York City Board of Education. RSU adjusts the number of sessions reported on the CFRs as appropriate.

Recommendation #2: Review the formal guidance relating to SEIT session reporting for the CFRs and for billing and payment purposes to insure it is consistent and clear. Follow up with providers and localities that do not comply with the requirements for session reporting, billing, and payment, as appropriate.

RSU is implementing this recommendation by reviewing the formal guidance it provides in the CFR Manual, Reimbursable Cost Manual and Commissioner's regulations on SEIT session reporting for the CFR and for billing and payment purposes. It will clarify and strengthen its guidelines and regulations to ensure accurate and consistent reporting by providers and will follow up with those providers and localities that do not comply with the requirements for session reporting, billing and payment.

Recommendation #3: Promptly follow up with a SEIT provider and, if necessary, its CPA whenever the CPA issues anything other than an unqualified opinion on the provider's general purpose financial statements. Determine the cause of the opinion and take actions, as appropriate.

RSU has implemented this recommendation by revising its internal guidelines to include specific procedures for RSU staff to follow when a CPA issues anything other than an unqualified opinion on a provider's general purpose financial statements. These procedures include contacting the SEIT provider and the CPA to determine the cause of the opinion and the effect of the opinion on the reliability of the CFR data.

If you have any questions regarding this response, please contact April Wojtkiewicz, Chief of the Rate Setting Unit, at (518) 474-3227.

Sincerely,



Theresa E. Savo

c: Commissioner Steiner
April Wojtkiewicz
James Conway