



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

DEPUTY COMMISSIONER
Office of Performance Improvement and Management Services
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October 8, 2013

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

RECEIVED
EXECUTIVE CORRESPONDENCE

OCT 15 2013

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-18) of The Norman Howard School (NHS): Compliance with the Reimbursable Cost Manual.

Recommendation #1: Review the disallowances resulting from our audit and make the appropriate adjustments to the costs reported on the CFRs submitted by NHS. Reduce NHS reimbursement rates, as appropriate. In addition, review the questionable costs identified and determine if these costs are reimbursable.

We agree with this recommendation. The Department has reviewed the \$208,305 in recommended audit adjustments for the three years ending June 30, 2011 and will make all appropriate adjustments to the costs reported in the CFR. We are reviewing and verifying information NHS has and will be submitting in response to the audit findings before instituting recommended audit adjustments. After applying all appropriate adjustments we will recalculate tuition rates but note that the tuition rate-setting methodology applied by the Department's Rate Setting Unit has already prevented \$66,724 in reported costs from being funded through set limits in various expense categories. The Department has also reviewed questionable costs identified to determine if they are reimbursable. No adjustments will be applied relative to these costs but the Department has advised NHS on the reporting of these costs and their eligibility for reimbursement in future CFR's.

Recommendation #2: Provide NHS administrators and staff with training and/or additional guidance on the application of the RCM, as appropriate.

We agree with this recommendation. Beginning with the submission of CFR's for the 2012-13 school year due December 1, 2013, the Department is requiring that individuals signing the CFR certification statements, namely Executive Directors and Certified Public Accountants, either attend a formalized Interagency CFR training at one of the six locations it is offered across the state or

complete RSU's on-line CFR training course. This requirement will be mandatory for 2013-14 CFR submissions. The RSU will be tracking and verifying that individuals have completed the training. The RSU will also continue to provide technical assistance whenever requested and will strongly recommend to NHS administrators and staff that they take advantage of our availability to help them better understand the standards for reimbursement as presented in Regulation and the Reimbursable Cost Manual (RCM).

If you have any questions regarding this response, please contact Ann Marsh, Director of the Rate Setting Unit at (518) 473-2020.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Cates-Williams". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sharon Cates-Williams