



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

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November 22, 2010

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

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 (2009-S-84) Rainbow Rhymes Learning Center.

Recommendation #1: Recover the \$473,815 in unsupported and inappropriate Rainbow claims identified in this report.

The Department has partially implemented the recommendation. The audit found disallowances of \$473,815 in grant funds provided to Rainbow Rhymes Learning Center. The disallowances are for personal services and other than personal services (OTPS) costs as well as expenditures made prior to obtaining a child care license. The Department sent a letter on October 13, 2010 to Rainbow Rhymes Learning Center directing them to repay the disallowance.

Recommendation #2: Review the \$166,665 in payments to Rainbow Rhymes Learning Center (\$785,267 - \$618,602) that was not included in the audit. Recover those payments that are neither supported nor appropriate.

The recommendation has been partially implemented. The Department's audit unit has begun an audit of the remaining payments and issued preliminary findings. A final report will be issued early in 2011.

Recommendation #3: Develop and implement a monitoring system that would help ensure that contract-related payments are supported and appropriate, and that all contract-related services are provided. If significant contracted services are not being provided, revise contract dollars to address the actual number of children and families served.

The Department is making every effort to improve its oversight and monitoring of 21st Century Community Learning Centers (21st CCLC) grants and grant contracts. The activities described below describe NYSED's monitoring system that helps ensure payments are supported and appropriate, and that services are being provided.

- New York State Education Department (NYSED) program staff conducted nine monitoring site visits of 21st CCLCs in 2009 and have conducted ten to date in 2010. More are being planned. Sixty percent of visits will be to sub-recipients that are community-based or not-for-profit organizations as these organizations constitute over 60% of 21st CCLC sub-recipients. A standardized monitoring protocol is used. NYSED program staff also conducted 31 monitoring telephone interviews of 21st Century programs in 2009 using a scripted protocol. During 2010 a similar number of monitoring telephone interviews are being conducted.

If it is determined that the program is not being operated consistent with the contract or if other programmatic or fiscal irregularities are identified, NYSED works with the program and NYSED Grants Management to resolve them, as needed. All information gathered during the process along with any related correspondence is maintained in the grantees' permanent file.

- The Annual Performance Report (APR) is the USDOE web-based data collection system for 21st CCLCs. It includes yearly data on student attendance, achievement and behaviors; activities; staffing and hours of operation. NYSED program staff review the APR for each of the 21st Century grantees for verification of program implementation.
- As of January 2010, all 21st CCLC sub-recipients must submit to NYSED a mid-year program report that includes information pertaining to student attendance, fiscal spend-down, School-Aged Child Care licensing status, professional development efforts and progress toward meeting stated program objectives. NYSED program staff will follow up with sub-recipients if/when discrepancies are identified. With regard to School-Aged Child Care licensing, for the last year, NYSED has been requiring programs to submit a copy of the license to be maintained in the program files.

If you have any questions regarding this response, please contact James Conway, Director, Office of Audit Services, at (518) 473-4516.

Sincerely,



Valerie Grey

c: James Conway