



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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April 10, 2015

**RECEIVED**

EXECUTIVE CORRESPONDENCE

APR 14 2015

OFFICE OF THE STATE COMPTROLLER  
THOMAS P. DINAPOLI  
COMPTROLLER

The Honorable Thomas P. DiNapoli  
Comptroller  
Office of the State Comptroller  
110 State Street, 15<sup>th</sup> Floor  
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 (2012-S-17) of the State Education Department, Office of Children and Family Services, Office of Mental Health, Department of Health Cost Reporting of Programs Operated by Gateway-Longview, Inc..

**Recommendation 1:** Follow up on the inappropriate and unsupported expenses identified in our report, revise the reimbursement rates for Gateway and seek restitution, as appropriate. In addition, review the questionable interest costs identified and determine if these costs are reimbursable.

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.

**Recommendation 2:** For the years subsequent to our audit scope, determine if the matters addressed in this report also impact the related Gateway financial reports. Adjust the financial reports as appropriate and determine the corresponding impact on Gateway's reimbursement rates.

The Department is currently in the process of reviewing the financial reports submitted to the Department by Gateway-Longview Inc. and will determine the impact to reimbursement for subsequent years, as appropriate.

**Recommendation 3:** Direct Gateway to ensure that board members avoid conflicts of interest and annually file written disclosures of any business involvement with Gateway or related parties.

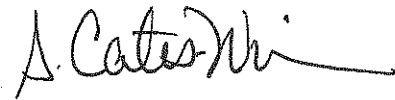
In February 2015, the Department placed Gateway on conditional approval status pending approval of a corrective action plan that identifies the policies, procedures and practices to address the specific findings and to make systemic changes in governance, internal controls and financial reporting practices to be implemented by Gateway's management and Board to assure the Department that these deficiencies and violations will not recur. The corrective action plan is under Department review.

**Recommendation 4: Take steps to ensure Gateway's reporting of expenses includes only those expenses that comply with all program guidelines and requirements.**

The Department has recommended that Gateway take advantage of the Department's technical assistance to help them better understand the standards for reimbursement as presented in Regulation and the Reimbursable Cost Manual (RCM) and that Gateway's Executive Director and Certified Public Accountant, complete Consolidated Fiscal Report (CFR) training.

If you have any questions regarding this response, please contact Suzanne Bolling, Director of Special Education Fiscal Services at 518/486-7859.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Cates-Williams", with a long horizontal flourish extending to the right.

Sharon Cates-Williams