ALAN G. HEVESI
COMPTROLLER

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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

August 2, 2006

Mr. Richard P. Mills
Commissioner
State Education Department
State Education Building – Room 125
89 Washington Avenue
Albany, NY 12234

Ms. Michele Weinberg
Executive Director
Village Child Development Center
350 East 146th Street
Bronx, NY 10451

Re: Village Child Development Center
Compliance with the Reimbursable Cost Manual for the Years Ended June 30, 2003 and June 30, 2004
Report 2004-S-81

Dear Mr. Mills and Ms. Weinberg:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have audited the costs and revenues reported by the Village Child Development Center, Inc. (VCDC) on the Consolidated Fiscal Report (CFR) submitted to the State Education Department (SED) for the establishment of tuition rates for the Pre-School Center Based Full Day (code 9100) and Pre-School Center Based Half Day (code 9115) programs. Our audit includes the CFRs submitted by VCDC for the period July 1, 2002 through June 30, 2004 (or the 2003 and 2004 fiscal years). We also audited the enrollment data used by VCDC for billing the New York City Department of Education (DoE) for services provided in the Center Based programs.

A. Background

VCDC, a for-profit entity, was incorporated on June 26, 1989. Located in the Bronx, New York City, VCDC provides a variety of client services, including pre-school services for children, evaluation and therapeutic services, and family support services. At the time of our audit, VCDC served 108 students in its programs. The DoE pays tuition to VCDC according to rates established by SED through information obtained from the CFR. The DoE recaptures a percentage of its tuition costs from State aid administered by SED.

SED staff reviews the cost and revenue data reported on the CFR and then inputs that data to SED's rate setting system. Once calculated, tuition rates are subject to the review and approval of the Division of the Budget. To provide guidance on the eligibility of costs and allocation of non-direct care costs, SED issued the Reimbursable Cost Manual (Manual). All costs reported on the CFR must fully comply with the Manual. For the two years ended June 30, 2004, VCDC reported total costs of about $6.2 million for the 9100 and 9115 programs. [Note: We excluded $1.3 million in reported expenditures for VCDC's Preschool Evaluation Program (code 9190) from our review because revenues for this program are paid on a fixed fee-for-service basis, and consequently, this program is not subject to SED's rate-setting process.]

B. Audit Scope, Objectives and Methodology

We audited the costs and revenues reported by VCDC on its CFRs for the fiscal years ended June 30, 2003 and June 30, 2004 on a consolidated basis for the 9100 and 9115 programs. The objectives of our audit were to determine if the costs and revenues reported on the CFRs: were properly supported by VCDC's books and records; related to the 9100 and 9115 programs; and complied with the Manual. We also reviewed the methods used to allocate VCDC's non-direct care costs and the enrollment data reported for rate-setting purposes.

To accomplish our objectives, we reviewed VCDC's financial records, including audit documentation maintained by VCDC's independent certified public accountants. We also interviewed officials and staff at VCDC and SED. Where appropriate, we reviewed student records and observed certain VCDC operations. To complete our audit work, we selected a judgmental sample of costs reported by VCDC for review. Our sample took into account the relative materiality and risk of the various costs reported by VCDC.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those VCDC operations that are included within our audit scope. Further, these standards require that we understand VCDC's internal control structure and compliance with those laws, rules and regulations that are relevant to the operations, which are included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures, as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State, several of which are performed by the Division of State Services. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these management functions do not affect our ability to conduct independent audits of program performance.

C. Results of Audit

Our audit identified material errors in the CFR data submitted by VCDC for the two fiscal years we audited. Because of these errors, we propose adjustments totaling $600,101, including $229,593 for the 2003 fiscal year (see Exhibit A) and $370,508 for the 2004 fiscal year (see Exhibit B). These adjustments will likely cause SED to re-compute the tuition rates for VCDC's programs. We also found that VCDC did not report costs for the full-day 9100 program and the half-day 9115 program separately on the CFR, as required by the Manual.

1. Personal Service Costs

Personal service costs must be reported on the CFR as either direct care costs (such as teachers' salaries) or non-direct care costs (such as administrators' salaries). Direct care costs should be charged to a specific program based on employees' work location and function. Non-direct care costs should be allocated among all programs operated by an entity based on a fair and reasonable method. According to the Manual, any expenditure that cannot be charged directly to a specific program must be allocated across all of the entity's programs that benefit from the expenditure. Allocation methods for non-direct care costs, including the statistical basis used to calculate allocation rates, must be documented and retained for review upon audit.

We adjusted the reported personal service costs downward, a total of $382,195 (includes $145,853 for the 2003 fiscal year and $236,342 for the 2004 fiscal year) because they did not comply with the Manual. Specifically, we identified:

- staff who worked for VCDC's 9190 program and one-to-one Teacher Assistant Programs whose salaries were improperly charged as direct care costs to the 9100 and 9115 programs. The improper charges totaled $100,935 for the 2003 fiscal year and $160,454 for the 2004 fiscal year;

- undocumented payroll expenditures of $30,268 and bookkeeping errors of $6,395 in fiscal year 2004; and

- $16,498 in payroll expenditures reported for the 2003 fiscal year as non-direct care costs that were actually attributable to the 9190 program.

We also reduced fringe benefit costs by $67,645 (includes $28,420 for fiscal year 2003 and $39,225 for fiscal year 2004) related to the aforementioned personal service cost adjustments.

We further determined that the personal service costs of two employees who performed administrative (non-direct care) functions, including office support and outreach, were reported as direct care costs because of the employees' job titles (teacher's assistant and social worker). VCDC incorrectly reported $11,451 for fiscal year 2003 and $9,400 for fiscal year 2004 as direct care costs for these employees. Consequently, we deducted these amounts from VCDC's direct care costs and added them to the non-direct care costs for the data presented in Exhibits A and B.

2. Other-Than-Personal-Service Costs

The Manual prescribes the types of costs eligible for reimbursement and the documentation (invoices, receipts, receiving reports, or other records) required to support such costs for inclusion on the CFR. Reported costs should be reasonable, necessary, program-related and properly documented. The Manual also states that certain types of costs are not eligible for reimbursement through the tuition rate-setting process. Specifically, retainers for legal or accounting services, legal services for employees, staff entertainment costs, and personal expenditures (among other costs) are not reimbursable. Because VCDC sometimes did not comply with the Manual, we disallowed a total of $217,906 (includes $83,740 for fiscal year 2003 and $134,166 for fiscal year 2004) in other-than-personal-service costs that VCDC reported.

The disallowed costs include $96,358 for consultants to provide speech and other therapy sessions to VCDC students. We determined that VCDC claimed $76,313 (includes $25,185 for fiscal year 2003 and $51,128 for fiscal year 2004) in consultant expenses for team meetings and paper work. According to SED policy, when a pre-school contracts with these consultants, session rates should cover all necessary activities, including team meetings. Moreover, unless a consultant contract stipulates that paperwork and/or team meetings are separately billable units of service, the contract session rate includes such activities, and consultants should not bill for them separately. VCDC's consultant contracts did not specify that paperwork and/or team meetings were separately billable units of service. Therefore, the time spent on such activities should not have been billed separately by the consultants and paid by VCDC. In addition, we disallowed $13,340 (includes $7,360 for 2003 and $5,980 for 2004) in consultant costs pertaining to therapists' vacations and holidays, when services were not provided. We also disallowed consultant costs of $5,715 (includes $225 for fiscal year 2003 and $5,490 for fiscal year 2004) because they were incurred for the 9190 program (as opposed to the 9100 and 9115 programs); and $990 in fiscal year 2004 because of the lack of adequate documentation that the services in question were actually provided.

Additional other-than-personal-service disallowances included:

- $60,427 (includes $29,357 for fiscal year 2003 and $31,070 for fiscal year 2004) for retainers for accounting services. The claims and related payments in question were not supported by itemized bills indicating the number of hours worked and the corresponding rates, as required by the Manual;

- $23,569 in fiscal year 2004 for an unexplained and unsupported general journal entry for insurance costs;

- $18,540 (includes $10,704 for fiscal year 2003 and $7,836 for fiscal year 2004) for an employee's personal legal expenses.

- $12,263 (includes $6,155 for fiscal year 2003 and $6,108 for fiscal year 2004) for holiday parties for VCDC employees; and

- $6,749 (includes $4,755 for fiscal year 2003 and $1,994 for fiscal year 2004) for various expenses that were inadequately documented and/or ineligible.

Please refer to the exhibits shown on the following pages for more information regarding submitted expenses, allowed amounts, disallowances and the reasons for the disallowances. The details of our adjustments were provided to VCDC and to SED officials for their review.

3. Reporting Program Costs Separately

According to the Manual, costs for multiple programs should be reported separately and distinctly. As noted previously, VCDC operates two pre-school special education programs: the full-day program (code 9100) and the half-day program (code 9115). However, VCDC officials have combined their 9115 program costs with their 9100 program costs on their annual CFR submissions, contrary to the Manual. Because costs associated with each program were not reported separately, SED could not calculate discrete tuition reimbursement rates for each program.

4. Enrollment Reporting

SED uses the full-time equivalent (FTE) enrollment of an entity's program to calculate that program's tuition reimbursement rate. Accordingly, the Manual requires schools, such as VCDC, to calculate its programs' FTE enrollments through a prescribed methodology which includes the starting and ending dates of each student's enrollment. However, VCDC did not comply with the Manual to calculate and report its FTE enrollments. Instead, during our audit period, VCDC used the preschool program's adjusted revenue divided by the tuition rate to determine its FTE enrollment. We further determined that the DoE audited VCDC's pre-school program for the year ended June 30, 1999 and found that VCDC misstated its FTE enrollment because it did not use the prescribed methodology. Accordingly, the DoE audit recommended that VCDC comply with the methodology prescribed by the Manual. In their response to that audit, VCDC officials indicated that they would comply with the Manual's FTE enrollment methodology. However, we conclude that VCDC has not complied with the prescribed FTE enrollment methodology for several years. Although VCDC did not comply with the prescribed methodology, our limited test of student enrollment data did not indicate that the VCDC's FTE enrollment, for our audit period, was materially misstated.

Recommendations

To SED:

1. *Review the adjustments resulting from our audit, and make the appropriate adjustments to the costs reported on VCDC's CFR. Recompute the tuition rate and take appropriate action to recover any overpayments.*

2. *Require VCDC to report financial and other required information separately for the full-day (9100) and half-day (9115) pre-school programs on its annual CFR submission.*

3. *Formally advise VCDC to comply with the Manual's methodology for calculating and reporting a program's FTE student enrollment.*

(SED officials agreed with all three recommendations).

To VCDC:

4. *Ensure that personal service costs reported on the CFRs for the 9100 and 9115 programs are limited to the costs actually incurred for those programs. Do not charge personal service costs for the 9190 program or other unrelated programs to the 9100 and 9115 programs.*

5. *Ensure that all costs are reported correctly as either direct care or non-direct care costs.*

6. *Ensure all other-than-personal-service costs reported on the CFR are eligible pursuant to the Manual and are adequately documented.*

7. *Recover the $18,540 from the employee for whom VCDC paid personal legal expenses.*

8. *Report financial and other required information separately for the full-day (9100) and half-day (9115) pre-school programs on annual CFR submissions.*

9. *Comply with the Manual's requirements for calculating and reporting FTE student enrollment.*

(VCDC officials did not respond specifically to most of the recommendations addressed to them. However, officials did indicate that they would comply with the prescribed methodology for reporting FTE enrollment. In addition, officials did not challenge many of the findings identified in the report, with certain exceptions. These exceptions included payments to related service consultants and VCDC's accountants.)

We provided draft copies of this report to SED and VCDC officials for their review and formal comment. We considered SED's and VCDC's comments in preparing this report and have included them as Appendices A and B, respectively. VCDC's response included a series of attachments that we did not append to this report due to their length. However, we have retained these documents on file for inspection at the Office of the State Comptroller. Also, our rejoinders to VCDC's response to our audit report are presented in Appendix C, Sate Comptroller's Comments.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of SED shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Major contributors to this report were Bill Clynes, Marc Geller, Irina Kovaneva and Hugh Zhang.

We wish to express our appreciation to the management and staff of VCDC and SED for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Brian E. Mason
Audit Manager

cc: Ms. Theresa Savo (SED), Mr. Michael Abbott (SED), Mr. Thomas Hamel (SED), Ms. Lisa Ng (DOB)

Schedules of Submitted and Allowed Program Costs
Pre-school Center Based - Program 9100
Expenses for Fiscal Year 2003

	Submitted Pre-School Center Based	Proposed Adjustments	Allowed	Notes to Exhibit
Personal Service	$1,179,363	($112,386)	$1,066,977	J
Total Fringe Benefits	$337,068	($28,420)	$308,648	J
OTPS				
Food	$20,658	($6,155)	$14,503	D
Repair & Maintenance	2,275	-0-	2,275	
Staff Travel	3,260	-0-	3,260	
Expensed Equipment	2,906	-0-	2,906	
Contracted Direct Care and Clinical Personal Services (from CFR-4A)	531,902	(32,770)	499,132	A,C,J
Supplies & Material (non-household)	93,435	(1,835)	91,600	D,E,I
Insurance - General	16,068	-0-	16,068	
Other	11,824	-0-	11,824	
Total OTPS	$682,328	($40,760)	$641,568	
Lease Rental Equipment	$14,945	-0-	$14,945	
Lease/Rental - Real Property	$168,337	-0-	$168,337	
Agency Administration Allocated				
Personnel Service	344,023	(5,047)	338,976	
Other-than-personal-service	220,652	(42,980)	177,672	
Total Agency Admin. Allocated	564,675	(48,027)	516,648	B,D,G,H,I,J
Total Program Costs	$2,946,716	($229,593)	$2,717,123	

Exhibit A

Schedules of Submitted and Allowed Program Costs
Pre-school Center Based - Program 9100
Expenses for Fiscal Year 2004

	Submitted Pre-School Center Based	Proposed Adjustments	Allowed	Notes to Exhibit
Personal Service	$1,431,793	($206,517)	$1,225,276	J
Fringe Benefits	$292,233	($39,225)	$253,008	J
OTPS				
Food	$27,047	($6,108)	$20,939	D
Staff Travel	382	-0-	382	
Expensed Equipment	3,480	-0-	3,480	
Contracted Direct Care and Clinical Personal Services (from CFR-4A)	550,601	(63,588)	487,013	A,C,H,J
Supplies & Material (non-household)	89,994	(289)	89,705	D,I
Other	9,958	-0-	9,958	
Total OTPS	$681,462	($69,985)	$611,477	
Lease Rental Equipment	$14,278	-0-	$14,278	
Lease/Rental - Real Property	$144,539	-0-	$144,539	
Agency Administration Allocated				
Personnel Service	414,260	9,400	423,660	
Other-than-personal–service	271,684	(64,181)	207,503	
Total Agency Admin. Allocated	685,944	(54,781)	631,163	B,D,F,I,J
Total Program Costs	$3,250,249	($370,508)	$2,879,741	

Exhibit B

Notes to Exhibits

The Notes shown below refer to specific sections of the Cost Reimbursement Manual upon which we have based our adjustments. We have summarized the applicable sections to explain the rational for our disallowance. Details of the transactions in question were provided to SED and VCDC officials during the course of the audit.

A. Section 1 - Costs must be reasonable, necessary and program related. We determined that some costs were not related to the program.

B. Section 1.15 B - Costs associated with retainers for legal, accounting or consulting services are not reimbursable unless the fee represents payment for actual documented reimbursable services.

C. Section 1.15 E - Fringe benefit costs for independent contractors or consultants are not reimbursable.

D. Section 1.21 - Costs incurred for entertainment of officers or employees, or for activities not related to the program, or any related items such as meals, lodging, rentals, transportation, and gratuities, are not reimbursable.

E. Section 1.22 - Costs resulting from violation of, or failure by, the entity to comply with Federal, State and/or local laws and regulations, are not reimbursable.

F. Section 1.23 D - Costs of food provided to any staff are not reimbursable.

G. Section 1.54 A - Taxes that the entity must pay are reimbursable if they are paid or accrued in accordance with generally accepted accounting principles. The payment of minimum New York State Corporation Franchise Tax or similar business tax is reimbursable. Any amounts over the minimum are the result of a corporation having to base its franchise tax on one of the other given calculation methods (e.g., income capital, officers' compensation, etc.) and is not considered the required minimum tax.

H. Section II.A.3 - Adequate documentation of consultant services includes, but is not limited to, the consultant's resume, a written contract which includes the nature of the services to be provided, the charge per day and service dates. In addition, the documentation should include the number of days actually worked and the students' names for each service date and number of hours worked if direct care services were provided.

I. Section II.A.4 - All purchases must be supported with invoices listing the items purchased and indicating date of purchase and date of payment as well as cancelled checks. We found some costs were not documented.

J. Section II.A.13 - Entities must use allocation methods that are fair and reasonable, as determined by SED, to allocate non-direct care costs. Such methods, as well as the statistical basis used to calculate allocation percentages, must be documented and retained for each year for review upon audit. Allocation percentages should also be reviewed annually and adjusted as necessary. VCDC did not follow this guidance when allocating non-direct care costs.

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

DEPUTY COMMISSIONER FOR OPERATIONS
AND MANAGEMENT SERVICES
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June 28, 2006

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

Dear Mr. Mason:

I am responding to your letter of May 23, 2006 addressed to Commissioner Mills regarding the draft audit report (2004-S-81) for the Village Child Development Center's (VCDC) Compliance with the Reimbursable Cost Manual for the period July 1, 2002 through June 30, 2004.

The following are the New York State Education Department's comments to recommendations 1 through 3 as they relate to the Department. We are not commenting on the remainder of the recommendations as they relate only to the school.

Recommendation 1: Review the adjustments resulting from our audit and make the appropriate adjustments to the costs reported on VCDC's Consolidated Fiscal Report (CFR). Recompute the tuition rate and take appropriate action to recover any overpayments.

We agree with the recommendation.

Recommendation 2: Require VCDC to report financial and other required information separately for the full-day (9100) and half-day (9115) pre-school programs on its annual CFR submission.

We agree with the recommendation.

Recommendation 3: Formally advise VCDC to comply with the Manual's methodology for calculating and reporting a program's FTE student enrollment.

We agree with the recommendation.

If you have any questions, please contact Thomas Hamel, Coordinator for the Rate Setting Unit, at (518) 486-2991.

Sincerely,

Theresa E. Savo

Theresa E. Savo

c: Commissioner Mills
Michael Abbott
Thomas Hamel

VILLAGE CHILD DEVELOPMENT CENTER

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June 28, 2006

Brian E. Mason
Audit Manager
Office of the Comptroller
110 State Street
Albany, New York 12236

Re: Village Child Development Center (VCDC) Compliance with the Reimbursable Cost Manual for the Years Ended June 30, 2003 and June 30, 2004 // Report 2004-S-81

Dear Mr. Mason:

As you are aware, VCDC had previously provided comment on the draft report referenced above. We reiterate those comments herein with modification or further collaboration as provided.

We do not challenge many of the findings identified in the Report with the following exceptions:

Personal Service Costs:

Reporting Costs Separately:

* As indicated in the Report, VCDC did not report costs for the full-day 9100 program and the half-day 9115 program separately on the CFR. It would appear that VCDC's PSRU accountant, Margaret Gibson, was well aware of the error yet did not share that information with the school during the several years she has acted as the school's contact with PSRU. In fact, VCDC's accountant, John Salomone, recalls reaching out to Ms. Gibson for technical assistance on this issue well in advance of the preparation of the CFR and received no reply. Importantly, had VCDC reported the costs of the two programs separately, the rates developed for each would have been enhanced over the rates actually certified!

* Comment 1

Other-Than-Personal Service Costs:

* VCDC renews its challenge to disallowances of $96,358.00 for consultants to provide speech and other therapy sessions <u>and</u> $76,313.00 in consultant expenses for team meetings and paperwork. As the attached letter of clarification indicates, the VCDC rate of reimbursement for contracted services is so significantly less than a comparable New York City RSO rate ($65/hour vs. $130/hour) for the same service that clearly does <u>not</u> include the ancillary support services such as team meetings and paperwork the City RSO rate does include.

* Comment 2

* See State Comptroller's Comments, page 15

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Page 2

* We understand that the accountant for VCDC has provided the Comptroller with the itemized bills including the number of hours worked and the corresponding rates sufficient to substantiate $60,427.00 of the identified disallowances.

* Comment 3

Enrollment Reporting:

* VCDC will comply with the CFR's FTE enrollment methodology, as directed, even while the Report indicates that the FTE enrollment, for the audit period, was not materially misstated as a result of the current calculation.

We would also request the Department recognize the Comptroller acceptance as "reasonable and allowable" in excess of $300,000.00 in costs for FY 2003, and in excess of $300,000.00 for FY 2004 which had been identified by PRSU as "in excess of the total cost screen" in the previous development of reimbursement rates for the reimbursement rates for audited years. We would then anticipate that the "proposed adjustments" reflected in the final audit would be offset by the total cost screen disallowances, resulting in the most minimal downward adjustment of the rate.

* Comment 4

We appreciate the opportunity to provide comment on the Report and look forward to continuing partnership with the Department in the provision of quality special education services to students with disabilities.

Sincerely,

Michele Weinberg
Executive Director

Enclosures
Cc: Mr. Michael Abbott
Mr. Thomas Hamel
Ms. Lisa Ng
Ms. Teresa Salvo
Pamela Madeiros, Esq.

* See State Comptroller's Comments, page 15

State Comptroller's Comments:

1. The scope of our audit did not include a determination of the rates that would have resulted from reporting the costs for the full-day (9100) and half-day (9115) programs separately. Moreover, certified rates can only be determined through the formal rate-setting processes of SED's Program Services Reimbursement Unit.

2. The $76,313 in consultant payments for team meetings and paperwork is included within the total of $96,358 in payments pertaining to therapy sessions that we recommend for disallowance. Moreover, during the course of our audit fieldwork, we requested SED's technical assistance with this matter. Based on SED's guidance, we concluded that related service providers should only bill for (and VCDC should only pay for) related service sessions provided directly to children. Although providers spend time on paperwork, meetings and other indirect activities, the costs for such functions are customarily built into the overall session rate(s). Consequently, indirect costs should not be billed separately, unless they are specifically noted in the contracts with the related service providers and are approved by SED. The agreements that VCDC had with its related service providers did not have provisions for billing indirect costs separately.

   In addition, we have not included certain documents attached to VCDC's response in Appendix B of this report. These documents consisted of correspondence between VCDC's legal counsel and SED, various forms, and rate schedules. These documents have been retained on file and are available for inspection at the Office of the State Comptroller.

3. VCDC's accountant did not provide us with itemized bills including the number of hours worked and the related hourly rates applied. Instead, the accountant provided us with a summary of dates and hours worked, purportedly from a personal log (and not official company records), after the conclusion of our audit fieldwork. This summary was prepared nearly two years after the period of our audit, and consequently, it was not contemporaneous with the payments in question. As such, these payments were not adequately documented pursuant to the requirements of the Reimbursable Cost Manual.

4. Our audit did not accept as both "reasonable and allowable" certain reported costs beyond the amounts accepted by SED's Program Services Reimbursement Unit after the application of its standard "cost screen" process. Our audit only determined if reported costs were allowable pursuant to the provisions of the Reimbursable Cost Manual. SED's Program Services Reimbursement Unit will have to assess the reasonableness of any costs beyond those accepted through the cost screen process.