



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

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October 1, 2008

RECEIVED
EXECUTIVE CORRESPONDENCE

OCT 09 2008

OFFICE OF THE STATE COMPTROLLER
THOMAS P. DINAPOLI
COMPTROLLER

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 is the status of recommendations contained in the Office of the State Comptroller's Final Audit Report (2007-S-91) for Pyramids Child Development Center. We are only responding to the recommendations in the report that are directed to the State Education Department (SED).

Recommendation 1: Review the personal service and other-than-personal service adjustments in this report and make appropriate adjustments to the costs reported on Pyramids' CFR. Recompute the tuition rates and advise the localities to take appropriate actions to recover any overpayments.

This recommendation has been implemented. SED has amended the rates as appropriate and will notify municipalities of those adjusted tuition rates once they are approved by the State Division of the Budget.

Recommendation 2: Assess the ability of Pyramids officials and its CPA firm to prepare the CFR properly and provide training and/or additional guidance to Pyramids and its CPA firm, as appropriate.

NYS agencies, including SED, that require annual CFR submissions from providers sponsor annual training on a regional basis on the CFR (this is done each fall). In addition, all CFR/RCM reporting and documentation requirements are easily accessible on the SED Rate Setting Unit website. Contact information for Rate Setting Unit staff available to assist schools with understanding the requirements is also listed there. SED has provided ongoing assistance via e-mail and telephone to this school.

Our sign-in sheets indicate that Pyramids representatives did not attend (unless they failed to sign in) the fall 2006 or the fall 2007 training. Despite our efforts to assist them with past submissions, their most recent CFR submission was once again incomplete and the school was

required to provide supplemental information to correct and complete their submission. Training is again scheduled for this October and we have contacted Pyramids directly to notify them of the training schedule. We will determine the extent of additional training and guidance needed based on the center's next CFR submission in December 2008, and will continue to assist Pyramids as need.

Recommendation 5: Require Pyramids to establish an independent board of directors. Ensure the newly formed board of directors consists of a minimum of five independent voting members, who avoid any conflicts of interest and annually file written disclosure of any business involvement with the institution or related parties. Instruct Pyramids to have its board of directors meet at least twice a year and keep accurate minutes of all meetings.

This recommendation has been partially implemented. The requirement has been communicated to the school. We will continue to monitor the status of the board until the school is in compliance with the Reimbursable Cost Manual.

Should you have any questions, please contact Thomas Hamel, Chief, Rate Setting Unit, at (518) 486-2991.

Sincerely,



Theresa E. Savo

c: James Conway
Thomas Hamel