

May 8, 2013

Mr. Michael Solomon  
Audit Manager  
State of New York  
Office of the State Comptroller  
110 State Street  
Albany, New York 11136

Re: Contract with Daytop Village, Inc.  
Report 2011-F-18

Dear Mr. Solomon.

The NYS Office of Alcoholism and Substance Abuse Services (OASAS) is in receipt of your follow-up report on the actions taken by this agency per the recommendations contained in your original audit report of Daytop Village, Inc. (Report 2008-R-1) and submits the following response to your request for actions planned to address the unresolved issues in the report.

Recommendation 1 – Partially Implemented

*Examine Daytop's fiscal activity for the full contract period, including the exceptions noted in this report to identify all Program revenues that should have reduce contract costs, as well as to identify ineligible expenses charged to the Program. Determine to what extent the State should recover amounts paid to Daytop.*

The hiring of new OASAS audit staff in early 2012 allowed OASAS to prioritize auditing the remaining years of the Daytop contract; however Daytop's bankruptcy filing on April 5, 2012 and a series of requests throughout the remainder of 2012 resulted in a delay in the intended start of our subsequent audit work. In March 2013 OASAS began the additional follow-up audit work pertaining to reported program revenues and expenditures for additional contract years. Upon completion of the audit process OASAS will take all appropriate follow-up action as required.

Recommendation 3- Partially Implemented

*Follow up on all recommendations made to providers as a result of on-site audits and/or CFR desk reviews to ensure that they are promptly addressed and implemented as appropriate.*

OASAS has recently taken a number of measures to ensure additional monitoring of provider compliance including, but not limited to, additional desk reviews of information, a more aggressive provider review and audit plan, stronger oversight of our fiscal audit and review staff, strengthened administrative and fiscal guidelines and a new initiative involving fiscal site visits by our field office program managers. As noted above, with the addition of staff, more oversight

and accountability is possible. OASAS will ensure that agency policies are updated and developed, as necessary, to strengthen internal processes for timely follow-up and review of corrective action plans. We appreciate your understanding of our more recent efforts and enhancements to our processes.

We would like to acknowledge the courteous, cooperative and professional manner with which your staff conducted themselves during this follow-up.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Steven J. Shrager".

Steven J. Shrager  
Director of Audit Services

cc: Trisha Schell-Guy  
Thomas Lukacs, Division of the Budget