



Office of Children and Family Services

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Informational Letter

Transmittal:	15-OCFS-INF-10
To:	Commissioners of Social Services
Issuing Division/Office:	Division of Child Care Services
Date:	December 16, 2015
Subject:	Child Care Subsidy Program - Improper Authorization for Payment Review
Suggested Distribution:	Directors of Services Supervisors of Services Child Care Assistance Staff Accounting
Contact Person(s):	For questions pertaining to the Improper Authorization for Payment Review: Christopher Covas, Office of Audit and Quality Control (212) 383-1967, Christopher.Covas@ocfs.ny.gov For questions pertaining to the Child Care Subsidy Program: Rhonda Duffney, Division of Child Care Services (518) 474-9454 or Rhonda.Duffney@ocfs.ny.gov
Attachments:	None

Filing References

Previous ADMs/INFs	Releases Cancelled	NYS Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
13-OCFS-INF-04		18 NYCRR Parts 404 and 415	SSL Section 410	13-OCFS-INF-04	
10-OCFS-INF-04			45 CFR, Parts 98 and 99	10-OCFS-INF-04	

I. Purpose

The purpose of this Informational Letter (INF) is to inform local social services districts (districts) of the results of a comprehensive review of child care subsidy cases that was performed by the Office of Children and Family Services (OCFS), Office of Audit and Quality Control (AQC) during 2015, and to help prepare districts for the next review.

II. Background

The Improper Payment Review was conducted by AQC pursuant to the requirements of the federal Improper Payments Elimination and Recovery Improvement Act of 2012, which mandates that federal agencies review programs and activities that may be susceptible to significant improper payments. Additionally, Title 45, Parts 98 and 99 of the Code of Federal Regulations, requires states to measure, calculate and report improper payments, and identify strategies for reducing future improper payments. Based on these requirements, the Office of Child Care of the Department of Health and Human Services' Administration for Children and Families (ACF) directed all states to review their respective child care subsidy programs to measure improper authorizations for payment of child care subsidies. In accordance with instructions received from ACF, OCFS selected for review a random sample of 276 child care subsidy authorizations, which were divided into twelve monthly sampling frames of 23 child-specific authorizations for payment covering the period October 1, 2013 through September 30, 2014.

The methodology for measuring improper authorizations for payment focused on client eligibility and employed a case record review process to determine whether child care subsidies were properly paid. Eligibility determination and authorization are the first steps in the child care subsidy process and mistakes made at this stage of the process can result in the inappropriate expenditure of federal, state and local funds.

Because the U.S. Department of Health and Human Services requires that the reviews be conducted every three years, AQC will initiate another review in 2017 that will focus on child care subsidy cases paid for one or more months during the period October 1, 2016 through September 30, 2017. The subsidy cases randomly selected for the review in 2015 involved child care payments made by 32 local districts (note count of 32 includes The New York State Agriculture and Markets (AGMKT), State University of New York (SUNY) and both Administration of Children's Services (ACS) and Human Resources Administration (HRA). It is likely that some districts that did not have any cases selected for the 2015 review will have cases selected for the next review, due to the random nature of the sampling process. Therefore, it is important that all districts be prepared for the next review.

III. Findings

Of the 276 cases reviewed, 177 cases were from New York City and 99 cases were from the rest of the state. Statewide, the error rate was 34percent. The rate of one or more errors per case was 33 percent in New York City as compared to 37percent for the rest of state.

Of the 95 sample cases that were cited with at least one error of any type, 58 (61percent) were New York City cases. Of a total of 49 payment errors across the state as a whole, 37 (76percent) were New York City cases.

Not all districts had child care payments included in the sample as a result of the random selection process. There will be a new sample selected for the next review, covering the period October 1, 2016 through September 30, 2017. AQC urges all districts to more carefully perform eligibility determinations and fully document circumstances leading to child care subsidy payments moving forward. The failure of some districts to accurately determine whether caretakers were engaged in an approved activity such as employment,

training or education, and failure to fully document that determination, were among the more frequent and critical errors found.

Many other types of errors were also made that resulted in over-payments being identified by AQC and reported to ACF. The following is a list of the types of errors identified by AQC during the review:

Errors Identified by AQC during the Improper Authorization for Payment Review
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New York City

Error Type*	Count
<i>Eligibility Determination/Payment Error:</i> Full-time care incorrectly paid in a two parent household when part-time care was warranted based on documentation provided	4
<i>Eligibility Determination/Payment Error:</i> Full-time care incorrectly paid in a single parent household when part-time care was warranted based on documentation provided	7
<i>Child Care payment was below both the applicable market rate and the amount the caregiver billed.</i>	6
<i>Eligibility Determination Error:</i> Insufficient evidence that child care was needed based on New York City medical assessment and rehabilitation program documentation provided.	5
<i>Eligibility Determination/Authorization Error:</i> Missing Case Record (or portion of the case record containing information related to the authorization for payment was not available for review)	5
<i>Eligibility Determination Error:</i> Insufficient evidence that full-day time child care was needed in a single parent family	4
<i>Eligibility Determination Error:</i> Insufficient evidence that full-day time child care was needed in a two-parent family	3
<i>Eligibility Determination Error:</i> Insufficient evidence that part-day time child care was needed in a two-parent family	3
<i>Eligibility Determination Error:</i> Insufficient evidence that part-day time child care was needed in a single parent family	2
<i>Eligibility Determination/Payment Error:</i> Income used to determine the need for child care was below the NYS Minimum Wage and is excluded in the determination of the need for child care.	3

Error Type*	Count
<i>Family Share Not Charged:</i>	4
<i>Eligibility Determination Error:</i> Income and family share determined using the required number of weeks of paycheck stubs, but the stubs were not for consecutive weeks.	3
<i>Miscellaneous Other Errors</i>	12
Total Number of Errors*	61

* More than one error type may be cited for a given error. Three cases had more than one error. For example, failing to include all required paystubs in the income eligibility determination also impacts the family share calculation.

Rest of State

Error Type*	Count
<i>Administrative Error:</i> Unapproved local equivalent application and/or recertification form.	10
<i>Administrative Error:</i> Recertification form missing data or signature	7
<i>Income Calculation Error:</i>	7
<i>Incorrect Family Share Applied:</i> The family share was correctly calculated, but an incorrect amount was charged for the review month.	3
<i>Eligibility Determination Error:</i> Insufficient evidence that the child care provided was needed.	6
<i>Eligibility Determination Error:</i> Insufficient evidence that the sample child was a US citizen or resident alien.	3
<i>Eligibility Determination Error:</i> When income fluctuated significantly, gross annual income not calculated on a 3- to 6-month period, as required or non-consecutive paystubs were used to determine average income.	2
<i>Eligibility Determination/Payment Error:</i> Full-time care incorrectly authorized and paid when part-time care was warranted based on documentation provided.	2
<i>Miscellaneous Other Errors</i>	7
Total Number of Errors*	47

* More than one error type may be cited for a given error. Eight cases had more than one error.

IV. Future Action

The next review to be conducted will involve child care subsidy payments made for services provided during the review period October 1, 2016 through September 30, 2017. Once again, a total of 276 monthly payments will be reviewed. AQC expects to commence the first monthly review in January 2017. All districts with child care subsidy payments that are selected for review will be contacted by telephone and in writing prior to the on-site review so that AQC auditors can make appropriate logistical arrangements.

It is important that prior to the start of the next review period, all districts review their respective child care subsidy programs to determine if any of the errors cited in this INF are occurring in their programs. If any such errors are noted, appropriate remedial action should be implemented immediately.

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Issued By:

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