NATIONAL CENTER ON
Subsidy Innovation and Accountability

Early Childhood National Centers

ACF

Fiscal Year 2021 National Program Integrity Webinar Series

Webinar #3: Internal Controls to Support CCDF Administration

June 23, 2021 – 3 p.m. ET

Call Logistics

- Welcome to our Adobe Connect webinar platform.
- This is an interactive session with breaks for Q and A.
- Phone lines are muted.
- If you would like to ask a question, "raise your hand" or type in questions and comments using the "Chat" boxes within the Adobe room.
- The slides are available for download in the Adobe pod labeled "Program Integrity Resources."
- For Adobe Connect or registration issues please contact Heidi Freymiller at hfreymiller@wrma.com.

Introductions

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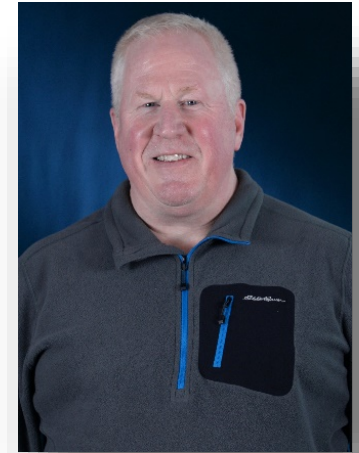

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Welcome from the Office of Child Care

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Agenda

- Overview of CCDF internal controls
- Fiscal internal controls to support CCDF administration
- Policy and process internal controls to assure program access and integrity
- Tools to help assess internal controls
- State presentation: Georgia's STABLE Project
- Wrap up and next steps

Overview of CCDF Internal Controls

What Are Internal Controls?

The Government Accountability Office defines an internal control as **"a continuous built-in component of operations, effected by people, that provides a reasonable assurance, not absolute assurance, that an entity's objectives will be achieved."**

Why are internal controls important to CCDF?

For CCDF Lead Agencies, this definition can be used as a **fundamental tenet** when developing, implementing, and enforcing internal control policies and processes to meet their goals and ensure integrity and accountability, while also maintaining continuity of services in CCDF.

CCDF Internal Control Regulations

45 CFR 98.68(a) Program integrity

Lead Agencies are required to describe in their Plan effective internal controls that are in place to ensure integrity and accountability, while maintaining continuity of services, in the CCDF program.

Sound fiscal management	Identify areas of risk

Train providers and staff about program requirements and integrity

Regular evaluation of internal control activities

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Why are internal controls critical in CCDF?

- **E**nsure program and provider quality

- **T**axpayer dollars are spent appropriately

- **H**elp families to sustain employment and education to become self-sufficient

- **I**ncorporate internal controls that prevent fraud, waste, and abuse

- **C**onserve financial accountability

- **S**afeguard funds to maximize benefits for eligible children and families

Key Changes to Section 8 of 2022-24 Preprint

CCDF Preprint

Description	2019-21 Subsection	2022-24 Subsection
Regularly evaluate internal control activities	-	8.1.4
Train/inform staff of program requirements and integrity	8.1.1	8.1.3
Sound fiscal management practices	8.1.2	8.1.1
Identify risk in the CCDF program	8.1.3	8.1.2
Identify fraud and other program violations	8.1.4	8.1.5
Identify and recover misspent funds	8.1.5	8.1.6
Sanctions	8.1.6	8.1.7

? **Are you reporting the RESULTS of your activities described in 8.1.5 and 8.1.6?**

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Fiscal Internal Controls to Support CCDF Administration

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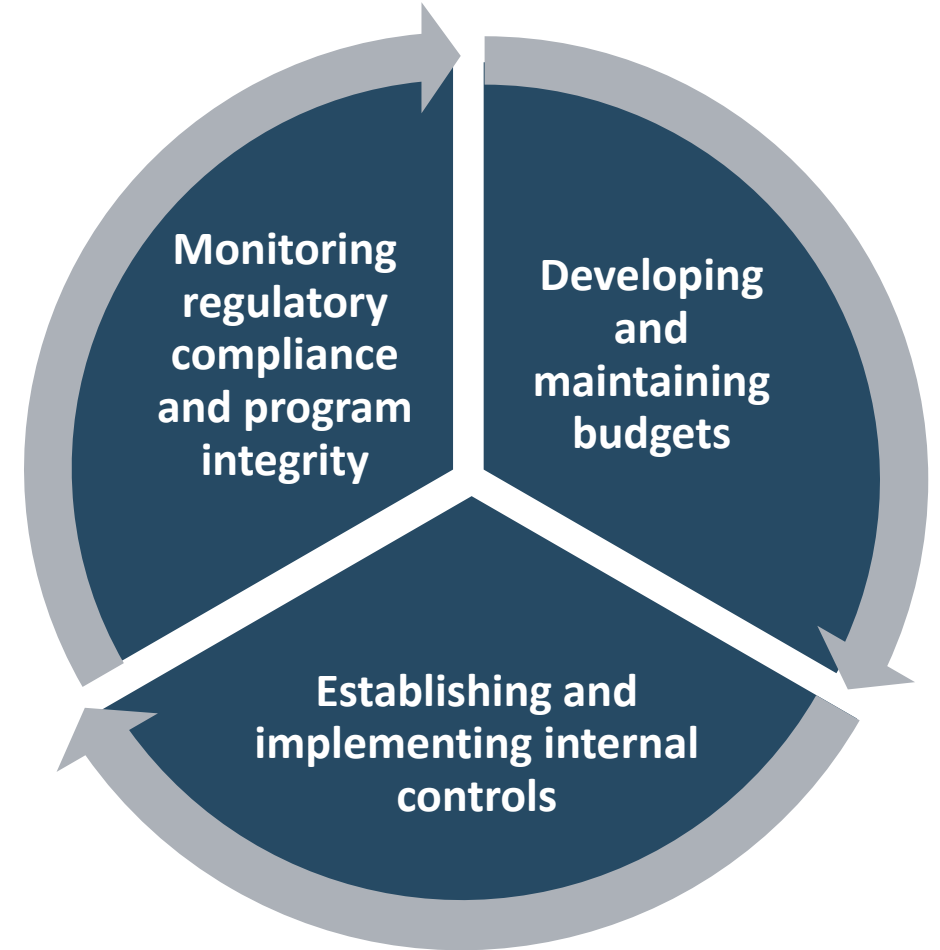
CCDF Fiscal Regulations

45 CFR 98.67(c) Fiscal requirements

Fiscal control and accounting procedures shall be sufficient to permit:

(1) Preparation of reports required by the Secretary under this subpart and under subpart H; and

(2) The tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the provisions of this part.

45 CFR 98.68(a)(1) Program integrity

Processes to ensure sound fiscal management.

Monitoring regulatory compliance and program integrity

Developing and maintaining budgets

Establishing and implementing internal controls

Accountability in the Rule and CCDF Plan

45 CFR 98.11(a) provides the Lead Agency with broad authority to administer the program through other governmental or non-governmental entities; however, **the Lead Agency retains overall responsibility** for the administration of the program.

45 CFR 98.65 provides the Lead Agency with the requirements for audits and financial reporting.

45 CFR 98.68(a) requires the Lead Agency to have policies and procedures in place that ensure compliance with CCDF program requirements and maintain continuity of care for the children and families served.

Accountability in the Rule and CCDF Plan

45 CFR 98.70 provides the Lead Agency with requirements for quarterly and annual CCDF reporting.

45 CFR 98.100 requires states, the District of Columbia and Puerto Rico to calculate, prepare and submit a report of errors occurring in the administration of CCDF grant funds, including strategies for reducing their error rates and to set target error rates for the next reporting cycle.

CCDF Plan Section 8.1 instructs Lead Agencies to describe strategies in place for: risk assessment; training providers and staff; and regular evaluation of internal control activities.

These strategies and data are crucial to making informed decisions on the effectiveness of policy and process changes you are considering to make your program better!
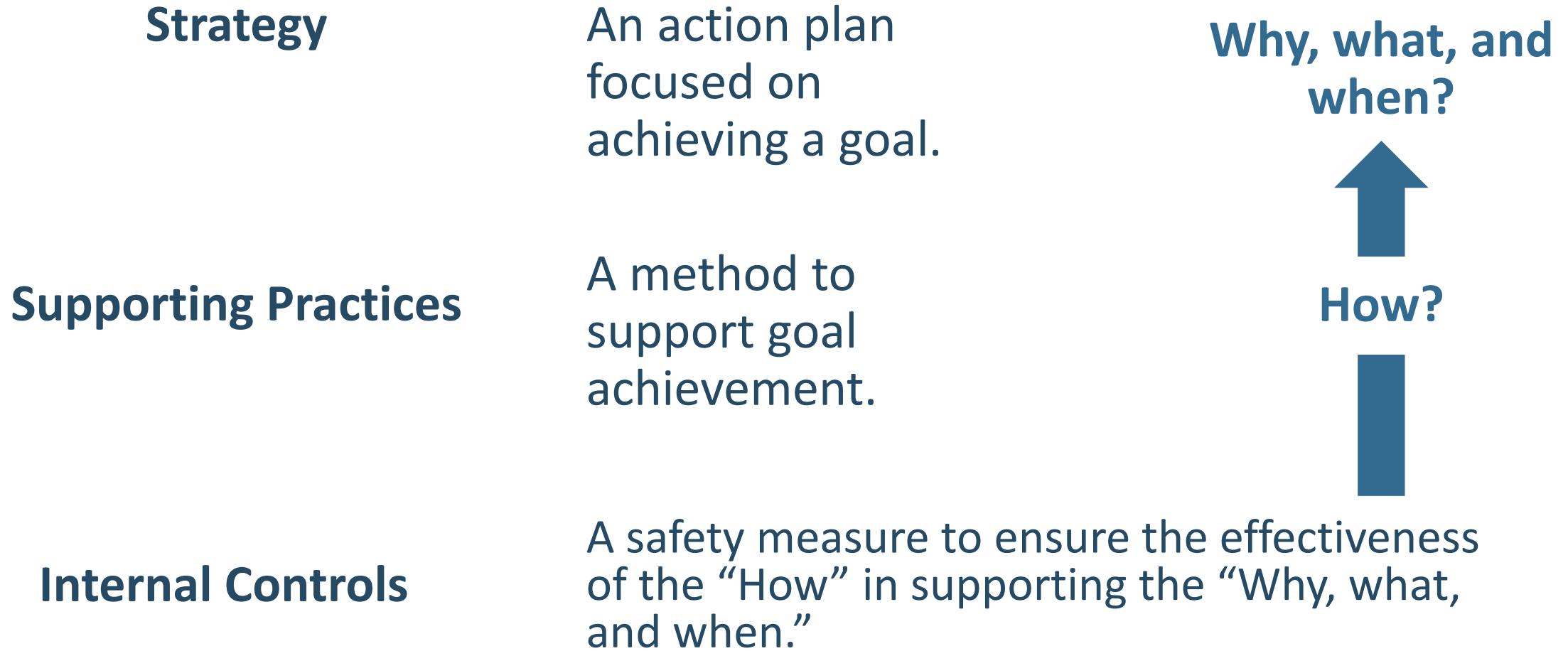
Fiscal Internal Controls

It's necessary to have **accurate financial data** and **sound fiscal internal controls** in place to drive operations and measure success.
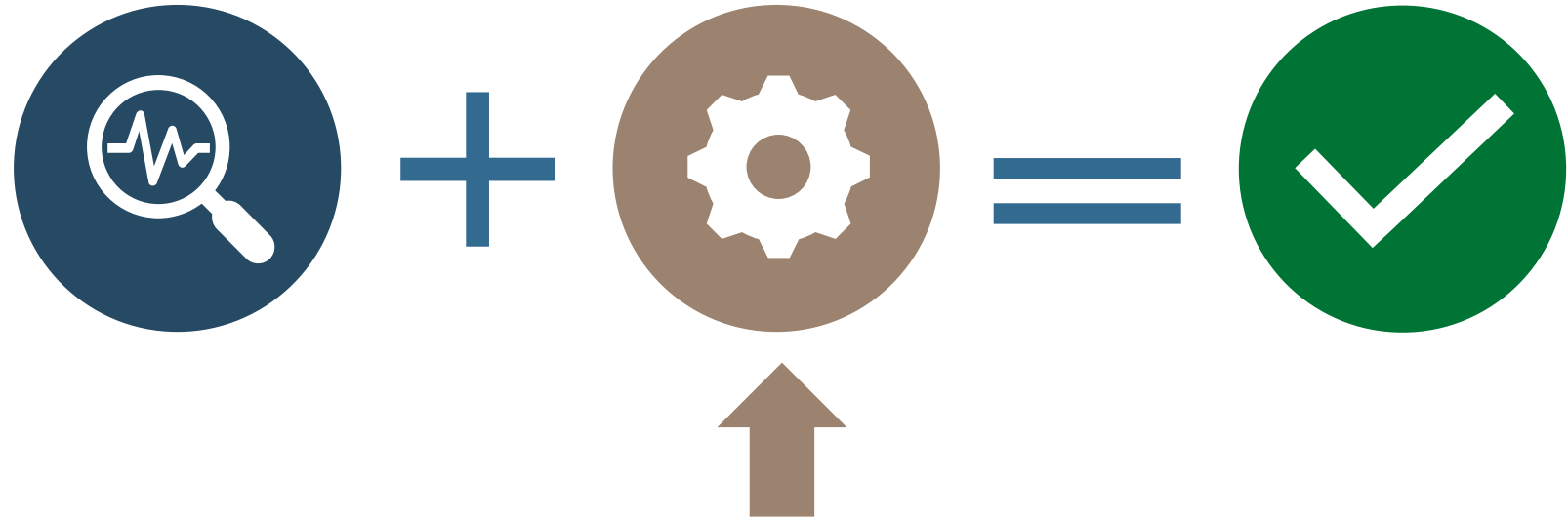
Sound fiscal internal control systems can **prevent and detect** errors, fraud, and other issues that can deter operational efficiency and CCDF program compliance.

Understanding the Internal Controls System

Strategy

An action plan focused on achieving a goal.

Why, what, and when?

Supporting Practices

A method to support goal achievement.

How?

Internal Controls

A safety measure to ensure the effectiveness of the "How" in supporting the "Why, what, and when."

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Fiscal Internal Controls Strategies

Effective strategies can include:

Conducting contract monitoring and budgetary/expenditure reviews of contractors, as well as subrecipients, to ensure compliance with CCDF rule.

Conducting annual audits and financial reviews of contractors, as well as subrecipients, to ensure proper fiscal controls are in place.

Developing a system to ensure payments and invoices are routinely reviewed to determine whether costs are reasonable and allowable.

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Fiscal Internal Controls Practices

Identify

All parties involved in the financial process

Define

The roles and responsibilities of staff, providers, subcontractors, and vendors

Develop

Security settings to safeguard data and protected information, based on roles and responsibilities

Institute

Written policies and procedures

Implement

Ongoing training for staff and meetings with providers, subcontractors, and vendors

Incorporate

Routine monitoring

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Let's Talk About It

- What are some effective fiscal internal control strategies used in your Lead Agency?

- Please share supporting practices used in your program.

Policy and Process Internal Controls to Strengthen Program Access and Integrity

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Effective Internal Controls Identify Risk Areas

Effective risk strategies include:

Conducting analysis of errors and improper payments.

Reviewing program requirements, implementation, and compliance.

Developing guidelines to monitor program performance, mission, objectives, and subsidy-related goals.

Brainstorming program operations and administration policies and procedures (i.e., internal town halls, management meeting with leadership or selected program staff).

Reviewing job duties and staffing structure to ensure proper oversight.

Use of the *Grantee Internal Controls Self-Assessment Instrument.*

CCDF Risk Assessment Strategies

Separating child care payment functions to ensure program integrity. For example, the eligibility specialist is not allowed to perform the role of payment processing coordinator simultaneously.

Conducting random case reviews for all programs authorizing vouchers.

The QC team meets as a group to discuss areas of concern related to policies that are discovered from case review findings or determined trends. Issues are communicated to eligibility and policy staff and are shared with stakeholders during monthly process improvement calls.

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Train Providers and Staff about Requirements

Effective state strategies include:

Trainings on policy manuals and policy changes

Providing staff and providers with forums to discuss program requirements or policy changes

Ongoing monitoring and assessment of policy implementation

Making online content on program requirements and policies available to staff and providers for ongoing learning opportunities

CCDF Agency Provider and Staff Training Strategies

Program accuracy specialists, frontline supervisors, and CCDF program specialists review several child care cases monthly. These staff meet monthly to discuss trends in errors, policies, and procedures. The CCDF policy unit also reviews trends in policy questions, which helps identify if additional training or policy/process tips are needed.

The Lead Agency uses the findings from the federally-mandated Improper Payments Error Rate Review Process and other state-level audits to identify error-prone elements and provide targeted training to eligibility staff.

Routine orientation sessions for child day center and family day home providers and training local department staff through webinars, quarterly meetings, and/or local department visits.

Regular Evaluation of Internal Controls

Strategies to evaluate internal controls include those that identify program risk and prevent errors associated with recipient eligibility and CCDF payments such as:

Monitoring checks and balances to ensure accuracy and adherence to procedures.

Data mining for automated checks of red flags or warning signs and real-time system alerts.

Reviewing established protocols and procedures to ensure consistency and accountability.

Quarterly and/or annual assessment of administrative errors and improper payments.

Design Systems to Support Internal Controls

Manual System Edits

System reports that flag errors to identify unintentional or intentional program violations with the following process:
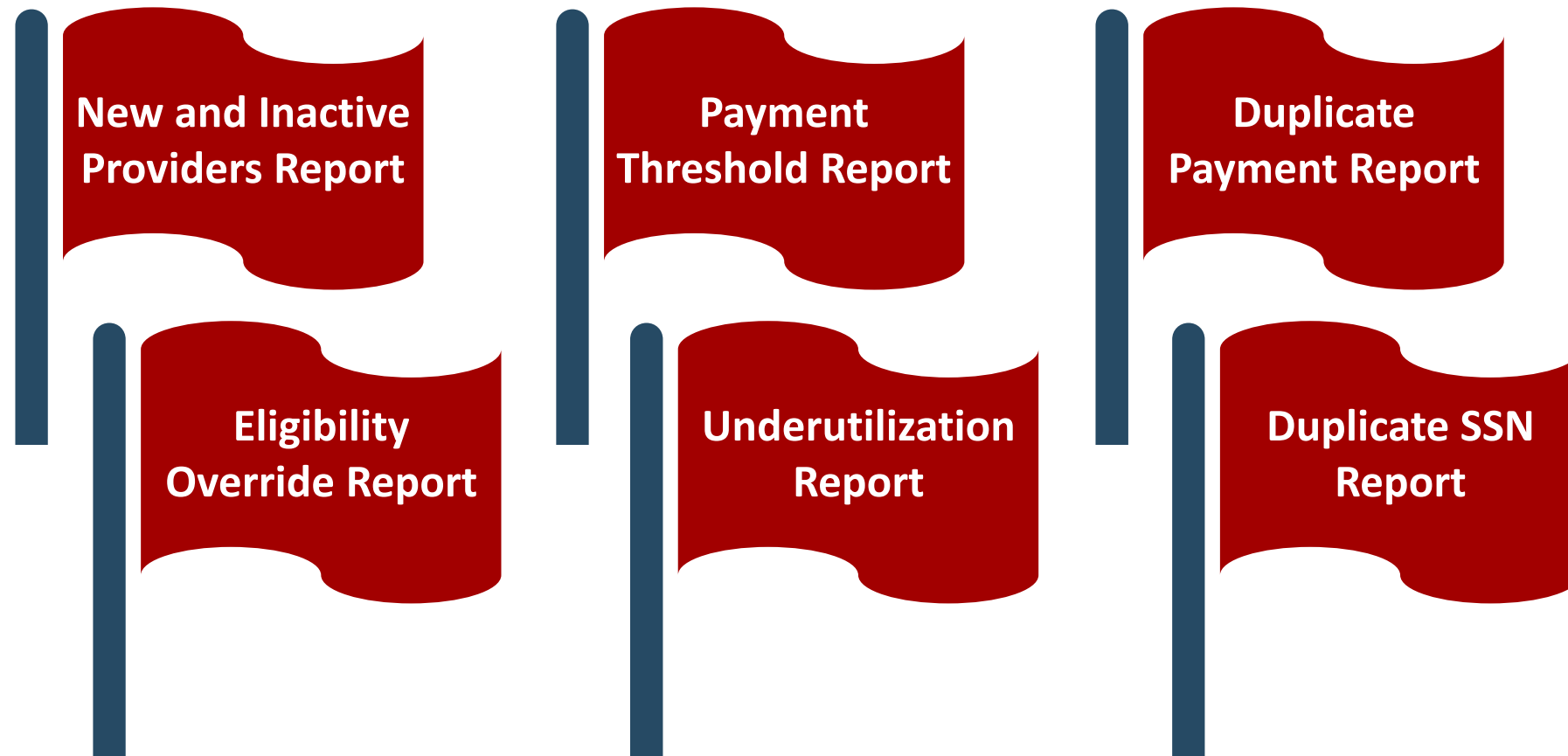
1. Generate exception reports which identify all duplicate payments and all payments over a set dollar amount
2. Excel tools are used to cross check and validate that the calculated payments are correct and accurate

Automated System Edits

Some systems contain edits that prevent errors like the authorization of excessive hours, prevent the overlap of plans for the same child at the same time.

Warnings are also created when the system recognizes something that requires a closer look, like child care plans being created for a provider who is almost at capacity.

Red Flag Reports

New and Inactive Providers Report

Payment Threshold Report

Duplicate Payment Report

Eligibility Override Report

Underutilization Report

Duplicate SSN Report

Let's Talk About It

- Tell us what red flag reports are used in your program.

- What provider or staff training strategies are used?

- What examples of results are you describing in your 2022-24 plan submittals for Section 8?

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Tools to Help Assess your Internal Controls

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CCDF Fraud Toolkit

The CCDF Fraud Toolkit is a resource designed to assist Lead Agencies in increasing program integrity and accountability and decreasing fraud within the child care program.

A Lead Agency may request any one or all sections of the CCDF Fraud Toolkit by emailing ncsia@ecetta.info.

The toolkit encompasses five separate evaluation sections:

- Fraud Risk Assessment
- Prevention Assessment
- Detection Assessment
- Enforcement and Recovery Assessment
- Monitoring Assessment

Overview – CCDF Fraud Toolkit

Each assessment section of the toolkit is divided into categories.

The categories in each section of the toolkit were selected based on established areas of risk in administration of CCDF.

For each category within a section, questions were developed to highlight potential risk with focus on:

- Federal regulatory compliance areas.
- General program integrity, accountability, and fraud areas.

The toolkit will continue to evolve and become more robust, providing links to resources to help with fraud prevention, detection, enforcement, and recovery.

Benefits of Using the CCDF Fraud Toolkit

The CCDF Fraud Toolkit is designed to be utilized by Lead Agencies for self-evaluation of internal controls and program integrity strategies.
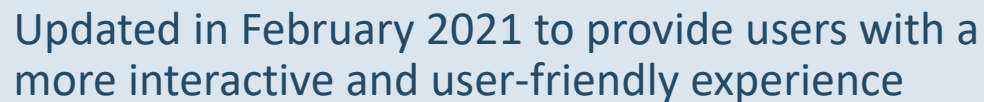
The toolkit highlights important program integrity and fraud-fighting strategies and requirements within CCDF.

By using the toolkit, Lead Agencies have an opportunity to identify and mitigate potential gaps in subsidy administration prior to monitoring or performance audits.

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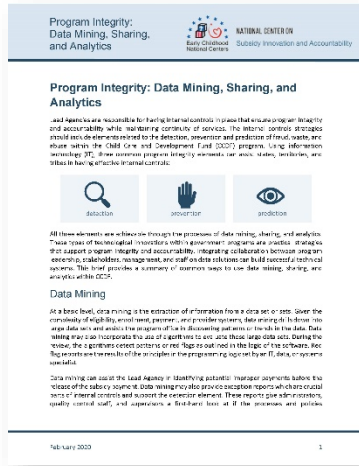
Grantee Internal Controls Self-Assessment

Grantee Internal Controls Self-Assessment Instrument (instrument) is designed to assist grantees in assessing how well their policies and procedures meet the CCDF regulatory requirements in the areas of program integrity and financial accountability

Updated in February 2021 to provide users with a more interactive and user-friendly experience

Can be completed digitally or printed and completed as a hard copy

https://childcareta.acf.hhs.gov/resource/grantee-internal-controls-self-assessment-instrument-0

https://childcareta.acf.hhs.gov/resource/ccdf-tribal-lead-agency-fiscal-risk-assessment

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Additional Resources

Program Integrity: Data Mining, Sharing, and Analytics
https://childcareta.acf.hhs.gov/resource/program-integrity-data-mining-sharing-and-analytics

Sample Inter-Agency Data Sharing Memorandum of Understanding (MOU)
https://childcareta.acf.hhs.gov/resource/sample-inter-agency-data-sharing-memorandum-understanding-mou

Let's Talk About It

- How can we improve these tools for you?

- Let's take a quick poll for folks using the fraud toolkit and self-assessment instrument (two questions).

- What other guidance or tools would benefit your program?

State Presentation: Using Internal Controls to Manage Grants and Contracts

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Coronavirus Response in Georgia: Stabilization Funding to Child Care

- STABLE: Short Term Assistance Benefit for Licensed Entities

- Available to all licensed child care providers in Georgia

- $165 million distributed over three funding rounds from May 2020 through April 2021

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Coronavirus Response in Georgia: STABLE Round 1 in May 2020

- $38.5 million in payments to child care providers

- 3,787 recipients

- Based on pre-pandemic attendance and operating status

- 92% of funding deposited in 30 days

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Coronavirus Response in Georgia: STABLE Round 2 in December 2020

- $53.8 million in payments to child care providers

- 3,659 recipients

- Based on October 2020 attendance with gap funding added

- 98% of funding deposited in 30 days

Georgia Dept of Early Care and Learning

BRIGHT FROM THE START

Coronavirus Response in Georgia: STABLE Round 3 in April 2021

- $72.7 million in payments to child care providers

- 3,840 recipients

- Based on attendance to capacity ratio

- 99% of funding deposited in 30 days

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: Leveraging Existing Resources

- Child care licensing agreements

- Child care cost model

- Child care provider self-service web portal

- Child subsidy payment vendor

- Program integrity controls

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: Leveraging Existing Resources

- Child care licensing agreements

  - Eligible to receive CCDF

  - Stabilization as a benefit of the license

  - Apply and accept the rules of the benefit

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: Leveraging Existing Resources

- Child care cost model
  - Developed a single rate to account for the per-child cost for the vast majority of providers
  - Variation for "Open" and "Temporary Closed" status
  - Proration for other funding streams

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: Leveraging Existing Resources

- Child care provider self-service web portal
  - Licensed providers can manage public data and other processes related to their license
  - Simple online application

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: Online Application Attendance Grid

Age	Total Attendance	Early Head Start/Head Start Attendance	CAPS/QRSG Attendance	Georgia's Pre-K Attendance	Total Private Attendance
Under 1 year	12	0	2		10
1 year	15	0	3		12
2 years	11	0	2		9
3 years	18	0	1		17
4 years	18	0	0	18	0
5 years (prek-only)	4	0	0	4	0
5 years & older (kindergarten & up)	18		4		14
Total	**96**	**0**	**12**	**22**	**62**

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BRIGHT FROM THE START

Stabilization Funding to Child Care: Online Application Budget

Budget Allocation Categories	Percentage Allocation
Retaining or Hiring Lead and Assistant Teachers	0 %
Retaining or Hiring Other Employed Staff	0 %
Substitute Teachers	0 %
Classroom Materials and Supplies	0 %
Unreimbursed Food	0 %
Facilities Costs	0 %
Supplies to Adhere to CDC Guidelines	0 %
Tuition Relief for Families	0 %
Total	**0%**

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: Leveraging Existing Resources

- Child subsidy payment vendor

  - 100% of eligible providers with account profiles

  - 65% already being set up for payment

  - Established process for setting up new payees

  - Capable of daily payments up to $10 million

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: Leveraging Existing Resources

- Program integrity controls

  - Consent to benefit rules

  - Providers must maintain license and compliance

  - Providers must use funds in accordance with their budget

  - Providers must retain all records allow access in the event of an audit

Georgia Dept of Early Care and Learning
BRIGHT FROM THE START

Stabilization Funding to Child Care: ARPA Stabilization Program

- STABLE will be modified adhere to ARPA

- Still early in the planning process

- Multiple payments

- Possible enhancements to financial support

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BRIGHT FROM THE START

Let's Talk About It

- Do you have any questions for our presenter today?

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Questions and Open Discussion

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Wrap it Up

- Friendly reminder to build out your new CCDF Plans to include more information about your internal controls.

- Please complete the evaluation at the end of this webinar to help us tailor future webinars based on your needs.

- Remember technical assistance is available upon request through your regional office.

- Next Program Integrity Webinar: September 14, 2021.

Thank you!

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The National Center on Subsidy Innovation and Accountability is funded by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Care.