



NATIONAL CENTER ON
Subsidy Innovation and Accountability



FY 2020 National Program Integrity Webinar Series

Webinar #2: Assessing Program Risk and Identifying Fraud in CCDF

March 10, 2020 – 3 p.m. ET

Call Logistics

- Welcome to our new program integrity Adobe Connect platform.
- Interactive session with breaks for dialogue.
- The slides are available for download in the Adobe pod labeled “Program Integrity Resources.”
- If you called in, or the Adobe room called you, please mute your phone.
- 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.
- For Adobe Connect or registration issues please contact Kara Lehnhardt at [klehnhardt@wrma.com](mailto:klehrhardt@wrma.com).

Introductions

National Center on Subsidy Innovation and Accountability



Ann Renaud Avila
Fiscal Management SME



Jenna Broadway
Program Integrity Specialist/SME



Michael McKenzie
Program Integrity Specialist/SME

Welcome from the Office of Child Care

Moniquin Huggins

Director, Division of Oversight and Accountability



Agenda



- CCDF Program Integrity – Importance and Benefits
- Assessing CCDF Program Risks
- Identifying CCDF Fraud and Other Program Violations
- State Presentation – North Carolina
- Resources and Fraud Toolkit Update
- Closeout & Next Steps



CCDF Program Integrity

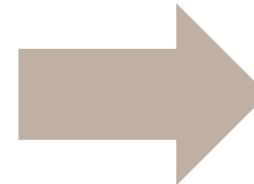
What is CCDF Program Integrity?

*A plan or system under which action may be taken toward a goal

*Firm adherence to a code of especially moral or artistic values; incorruptibility

Program Integrity

is the system or processes put in place to ensure a firm adherence to regulatory requirements of the CCDF program.



Doing the right thing even when no one is looking!

*Merriam-Webster Dictionary

Why is Program Integrity Important 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



Program Integrity Benefits



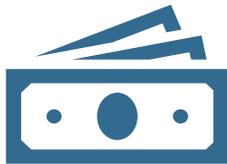
Correct eligibility determinations



Eligible children and families receive CCDF benefits



Providers meet federal and state CCDF participation requirements



Timely and accurate child care payments



Reduced improper payments



Deterrence tools for program fraud, waste, and abuse



Assessing CCDF Program Risks

CCDF Program Integrity Requirements

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

Risk Assessment – Supervisory Reviews

46 states/territories reported some type of supervisory review to assure accuracy in State Plan Section 8.1.3 ...

Arizona

The review of eligibility case files to ensure accuracy is conducted by the Quality Assurance & Integrity Administration. An Error Trends Report is distributed to CCA Program Managers and it is reviewed by all Eligibility Supervisors on a monthly basis.

Nebraska

Program Accuracy Specialist (PAS), frontline supervisors, and CCDF Program Specialists review several child care cases monthly. PAS and CCDF staff have monthly meetings 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.

Connecticut

The United Way of CT has a dedicated Quality Assurance Unit which reviews family cases to ensure accurate eligibility determination. The OEC also conducts a monthly case review to determine if any family certificates were improperly paid.

Risk Assessment of Policies and Procedures

54 states/territories indicated they conduct some type of risk assessment of their policies and procedures in State Plan Section 8.1.3 ...

Maryland

Completes a risk assessment when new policies and procedures are implemented to determine the potential barriers case managers may have with consistently implementing policies. Based upon the review, the Division of Early Childhood will develop written communications or provide technical assistance.

North Carolina

Each year a risk assessment of each local agency is completed using information about the allocation amount, changes in staffing of the child care program, monitoring findings from the last DCDEE state monitoring, and audit findings from single county audits in the previous two SFYs.

Risk Assessment of Policies and Procedures

District of Columbia

Uses the *Grantee Internal Controls Self-Assessment* tool as a framework for reviewing how well the District's policies and procedures meet CCDF requirements in the areas of program integrity and financial accountability. This tool evaluates how well the grantee's internal controls are working to reduce payment errors, minimize fraud, and ensure funds are used for allowable costs. OSSE will use the tool to document findings, identify strengths and weakness in program integrity and financial accountability, and identify and implement action steps to mitigate any findings.



This tool is designed to assist grantees in assessing how well their policies and procedures meet CCDF regulatory requirements in the areas of program integrity and financial accountability. It can be used by state and federal managers to evaluate how well a grantee's internal controls are functioning and to determine what, where, and how improvements can be made.

Establish Checks and Balances to Ensure Program Integrity

52 agencies said they have established some checks and balances in State Plan Section 8.1.3 ...

Hawaii

Child care subsidy case managers and supervisors who have authority to authorize child care subsidy benefits are not able to issue electronic benefit transfer (EBT) cards to subsidy families.

Administrative support staff who do not have authority to authorize child care subsidy benefits are the persons allowed to verify and issue EBT cards for subsidy families.

System reports flag potential errors or high risk actions and collect cumulative data for monthly review, such as:

- Which cases and subsidy workers have frequent changes to bank account information;
- Benefits issued that required supervisory overrides if benefit exceeds maximum cap;
- Providers that have had the license or registration suspended

Establish Checks and Balances to Ensure Program Integrity

Minnesota

MEC2, Minnesota's electronic system for determining eligibility and making payments, includes checks and balances through establishing security roles and system edits. County and tribal workers who administer CCAP can only hold two of three primary security roles (i.e. Provider Worker, Case Worker, and Billing Worker). The system is programmed with multiple edits and safeguards, including, but not limited to: tracking and limiting payments for absent days and holidays and capping provider payments according to policy.



Establish Checks and Balances to Ensure Program Integrity

Kansas

Their eligibility system, KEES, contains edits that prevent the authorization of excessive hours, prevent the overlap of plans for the same child at the same time, and determines the hours to be authorized when schedules are entered to prevent and reduce errors.

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

Provider rates are automated to prevent incorrect rates from being entered on the child care plan.

System rules streamline the application of many of the child care policies based on data that is entered by eligibility workers.

Data matches are used with Kansas wage and unemployment compensation and Social Security Administration to assist with verifying or identifying income.

Fraud Navigator is a tool accessed through the EBT system to monitor real-time transactions including child care payments for suspicious payment activity, such as excessive transaction amounts.

Let's Talk About It

- What eligibility processes do you have in place to detect or prevent fraud?
- Tell us about the types of risk assessment strategies you have in place.





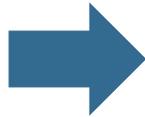
Identifying CCDF Fraud and Other Program Violations

CCDF Program Integrity Requirement

45 CFR 98.68(b) Program Integrity

Lead Agencies are required to describe in their Plan the processes that are in place to:

1. Identify fraud or other program violations, and



Record matching and database linkages.



Review of attendance and billing records.



Quality control or quality assurance reviews.



Staff training on monitoring and audit processes.

2. Investigate and recover fraudulent payments and to impose sanctions on clients or providers in response to fraud.

Identifying Fraud and Other Program Violations

Effective strategies to identify fraud include:

Clearly defining fraud and/or intentional program violations

Audit provider records

Fraud Manual or desk guide

Data sharing, mining and analytics

Front-end detection trainings for eligibility staff

Red Flag Reports and system alerts

Clear Definition of Fraud and/or a Program Violation

CCDF Final Rule* - Lead Agencies should carefully consider what constitutes fraud

Louisiana Regulations - Title 28, Education Bulletin 139:

Any act of fraud, such as the submission of false or altered documents or information, intentionally making a false or misleading statement, or misrepresenting, concealing, or withholding relevant fact ...

Texas Administrative Code - Title 40, Social Services Chapter 809

Boards must be aware that in relation to child care services, an individual commits fraud if, to obtain or increase a benefit or other payment, either for the individual or for another individual, he or she does either of the following:

- Makes a false statement or representation, knowing it to be false
- Knowingly fails to disclose a material fact

*Federal Register/Vol. 81, No. 190/Friday, Sept. 30, 2016/Rules and Regulations, Page 67471

Red Flag Report Strategies

40 Lead Agencies utilize system reports to identify fraud and other program violations*

Indiana:

The Lead Agency has the ability to run a variety of Quality Assurance reports within the Indiana Child Care Information System (CCIS) and the Electronic Time and Attendance System to identify Program Violations and Administrative Errors. If there are any errors they will be reviewed by the Lead Agency so that appropriate action can be taken to correct any errors that have been flagged.

Vermont:

BFIS generates regular reports related to enrollment of subsidized children at or above licensed capacity, children with multiple providers, and providers with consistently high subsidy payments. If issues are found, the appropriate CDD unit is notified and corrective action is taken. These actions may include licensing sanctions, change in payment certificates, recoupment of funds, or additional training for staff or child care providers.

*CCDF State Plan 2019-2021 8.1.4a

Attendance and Billing Records Strategies

49 Lead Agencies utilize attendance or billing records to identify fraud and other program violations*

Texas:

Boards ensure that attendance is reviewed with each billing cycle. Additionally, Boards ensure staff conduct quality assurance reviews of enrollment documents and billing records. Records are also reviewed by Board's independent audit provider and TWC SRM staff.

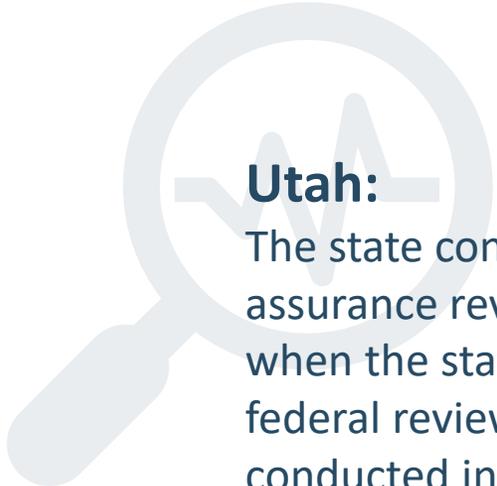
Wyoming:

The Department's fiscal staff audit all child care invoices submitted by providers either monthly or bi-monthly. Following the fiscal audit of the invoice, a different fiscal staff enters the billing information into the child care payment system and payment is generated.

*CCDF State Plan 2019-2021 8.1.4a

Quality Assurance Review Strategies

48 Lead Agencies utilize quality assurance reviews and/or supervisory reviews to identify fraud and other program violations*



Utah:

The state continues to complete quality assurance reviews every year even when the state is not on cycle for federal reviews. The case reviews are conducted in the same manner as they are during the on-cycle period.



Washington:

DCYF and DSHS conduct quality assurance reviews on provider payments. In addition, DSHS supervisors review all subsidy determinations by new eligibility staff until those staff are able to conduct full determinations without error.

*CCDF State Plan 2019-2021 8.1.4a

Other Strategies

23 Lead Agencies utilize another type of strategy to identify fraud and other program violations*

North Dakota:

Program policy staff review Intentional Program Violations (IPV) submitted for other Economic Assistance Programs (SNAP and TANF) to verify if the individual suspected of the IPV was receiving CCAP and if the IPV is also applicable to CCAP.

Tennessee:

The Lead Agency's Office of Inspector General investigates fraud and intentional program violations. The recovery of funds associated with fraud or intentional program violations is a joint effort between the lead agencies' CCDF program, fiscal, and legal staff in coordination with the State of Tennessee Attorney General's Office.

*CCDF State Plan 2019-2021 8.1.4a

Let's Talk About It

- What strategies does your agency use to identify fraud or other program violations?
- Share with the group the investigation techniques use by the agency to establish fraud or program violations.



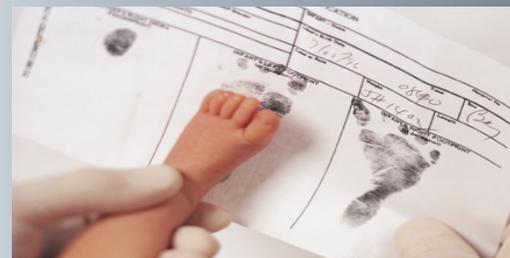


NC Department of Health and Human Services

Division of Child Development and Early Education

Subsidized Child Care Assistance Program Compliance Activities

State Presenter: North Carolina



NC Department of Health and Human Services
Division of Child Development and Early Education

Subsidized Child Care Assistance Program Compliance Activities

Kim Miller
Senior Subsidy Compliance Manager
Subsidy Services Section

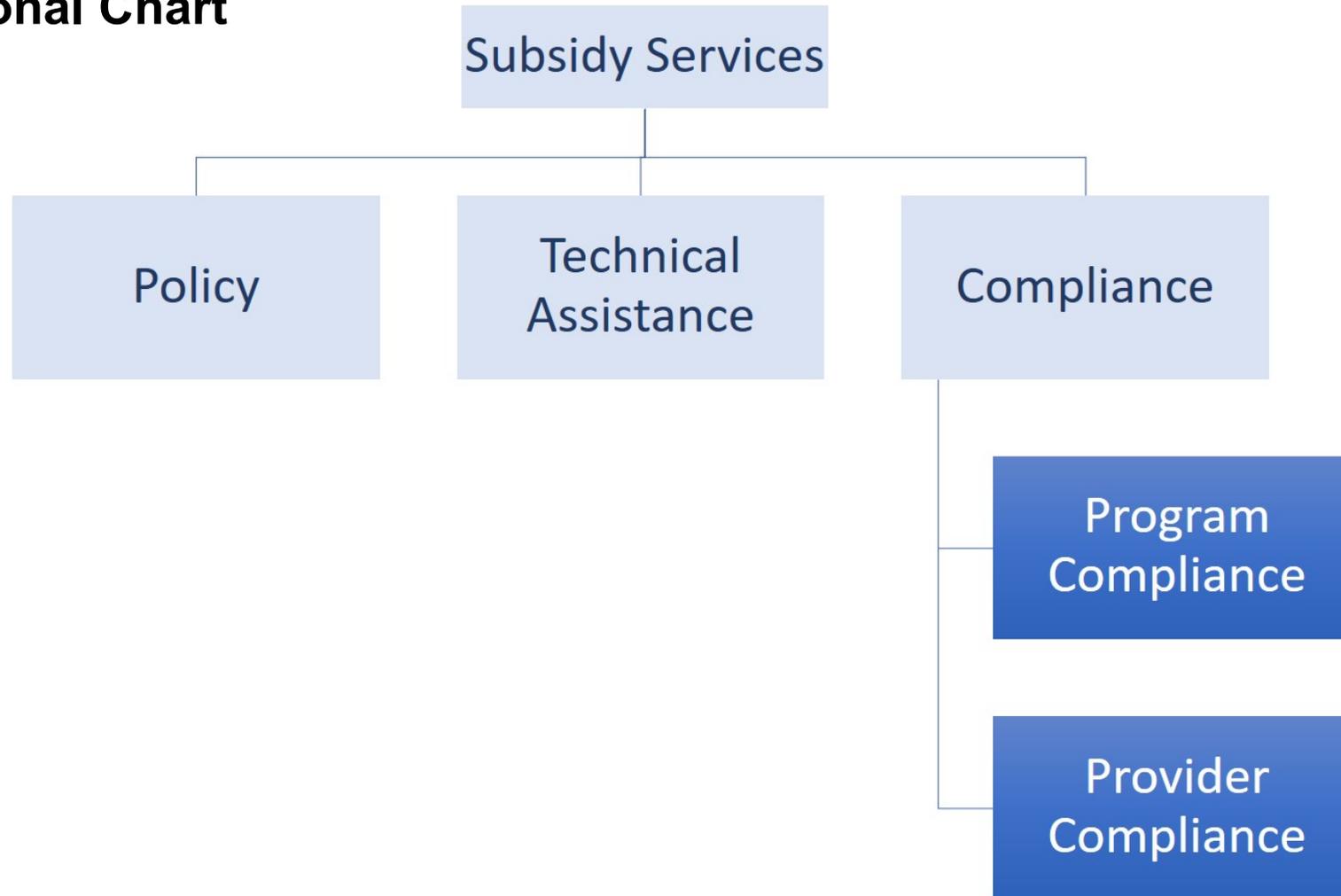
March 10, 2020

How the Division of Child Development Implements 8.1.4

- **8.1.4 – Program Integrity Section of CCDF Plan**
- **This work takes place in the program area**
- **Compliance Branch with two units and support staff**
 - **Program Compliance – *Wanda Hopkins***
 - **Provider Compliance – *Jennifer Brocious***

Subsidy Services

Organizational Chart



Program Compliance Unit History

- **Established in 2000 to increase oversight of Federal and State requirements**
 - **Started with a manager, 4 field-based consultants, and an administrative assistant**
 - **Added a Lead Worker in 2018**
 - **Shares a Data Manager and Administrative Assistant with the Provider Compliance Unit**

Program Compliance Unit Functions

- **Responsible for conducting on-site monitoring visits to LPAs to evaluate compliance with:**
 - **DCDEE policies and procedures**
 - **State administrative rules and laws**
 - **Federal regulations**

Program Compliance Unit Monitoring Processes

DCDEE follows a 3-year monitoring cycle

- Schedule for 1/3 of the cycle is shared annually**
- Month monitored is 2 months prior to the month of the visit**
- Sample size is 6% of children served in the selected month**
- Consultants follow a 3 part monitoring protocol**
 - Pre, On-site, Post-monitoring activities**

Program Compliance Unit Monitoring Implications

- **Agency receives peer-reviewed monitoring report**
- **Agency responds to report within 45 days of receipt**
- **Agency is in compliance if score $\geq 95\%$**
- **Score $< 95\%$ substantiates non-compliance**
 - Referral to TA Unit for training needs
 - Plan for improvement activities
- **All errors are required to be corrected**

Provider Compliance Unit History

- **Established in 2016 in response to the CCDF Act of 2014 emphasis on program integrity**
- **Activities are based in NC Administrative Code and CCDF requirements**
- **Started with 4 field-based consultants**
- **In 2017 added a Lead Worker and an Auditor**
- **Monitors child care providers receiving SCCA program payments for compliance with program requirements**

Major Functions

- **Random Visits**
- **Referral Investigations**
- **Technical Assistance**
- **High Risk Assessments**
- **Tracking**

Random Visits

- **A random sample of 32 child care providers are selected to visit each month.**
- **Consultant visits and evaluates provider records for accuracy using a checklist and a spreadsheet.**
- **Items evaluated include:**
 - Attendance
 - Rates
 - Provider policies

Referrals

- **Referrals from:**
 - **DCDEE Licensing Enforcement**
 - **Random visits with error rate over 10%**
 - **LPA's which administer the Subsidized Child Care Assistance Program**
 - **Office of the Internal Auditor**
 - **CACFP**

High Risk Assessments

- **Responds to Regulatory Actions**
 - Request records
 - Perform an evaluation
 - Complete report based on the findings.
 - Issue Corrective Action Plans when error rate exceeds 10%
- **All Present Report**
 - Based on data metrics
 - Includes all providers reporting 100% attendance for 3 consecutive months

Technical Assistance

- **Technical Assistance may include:**
 - Review of rules pertaining to attendance tracking
 - Sharing samples of attendance documents
 - Viewing training materials in the NC FAST Provider Portal
 - Reviewing the *NC Department of Health and Human Services Subsidized Child Care Assistance Program Agreement*

Implications of Non-Compliance

- **First Instance**
 - CAP
 - Potential overpayment
- **Second Instance**
 - CAP
 - No new enrollment for 1 year
 - Potential overpayment
- **Third Instance in a 2-year period**
 - Termination
 - Permanent ineligibility
 - Potential overpayment

Provider Sanctions

Reasons

- **Payment error rate exceeds 10%**
- **Determined fraudulent misrepresentation**

Implications

- **Repayment**
- **Permanent ineligibility**
- **Attaches to new facility**
- **May include an operator who is not an owner**

Contact Information

- **Kim Miller, Senior Subsidy Compliance Manager**
 - Kim.Miller@dhhs.nc.gov or 919-814-6389
- **Wanda Hopkins, Program Compliance Lead Worker**
 - Wanda.Hopkins@dhhs.nc.gov or 252-802-0409
- **Jennifer Brocious, Provider Compliance Lead Worker**
 - Jennifer.Brocious@dhhs.nc.gov or 828-658-0836
- **DCDEE Website:**
 - <https://ncchildcare.ncdhhs.gov/>

Let's Talk About It

- Any questions regarding North Carolina's quality assurance and technical assistance process?





Program Integrity Resources and Fraud Tool Kit – New Release!

Program Integrity Resources – Newly Released



CCDF Fraud Toolkit
Assessment sections available
to states on request:

- ✓ Fraud Risk Assessment
- ✓ Prevention Assessment
- ✓ Detection Assessment
- ✓ Enforcement and Recovery Section
released January 2020
- ✓ Monitoring *coming soon!*



CCDF Fraud Toolkit Training

- Presentation available for download
- States may request one on one training



Program Integrity:
Data Mining, Sharing and Analytics



Request for Excel resources:
ncsia@ecetta.info

Web site: <https://childcareta.acf.hhs.gov/resource/ncsia-program-integrity-resources>

Program Integrity Resources

Program Integrity Resources Landing Page:

<https://childcareta.acf.hhs.gov/resource/ncsia-program-integrity-resources>

CCDF Fraud
Toolkit
Instructions

Program
Integrity
Webinars

Regional
Presentations

TLA Fiscal Risk
Assessment

Grantee Internal
Controls Self-
Assessment
Instrument

CCDF Fiscal
Fundamentals

Succession
Planning
Contact List

Error Rate TA
Landing Page

CCDF Fraud Toolkit

The Fraud Toolkit will assist Lead Agencies in increasing program integrity and accountability while decreasing potential fraud.



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

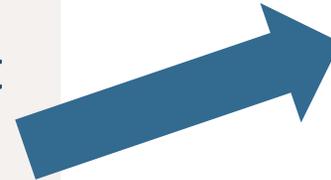


<https://childcareta.acf.hhs.gov/resource/ccdf-fraud-toolkit-and-instructions-0>

CCDF Fraud Toolkit

In January of 2020, the Enforcement and Recovery Assessment section of the toolkit was approved and made available to Lead Agencies.

There are five categories in the Enforcement and Recovery Assessment section. These categories will guide users through an internal evaluation of their administration and operations related to CCDF:



Regulations, Procedures and Coordination

Appeals and Adjudicating

Improper Payments

Recovery

Sanctions and Penalties.

FTK - Enforcement and Recovery

Fraud ENFORCEMENT and RECOVERY Risk Assessment Tool

CATEGORY	QUESTION	ANSWER	RISK	RECOMMENDATION
Regulations, Procedures, and Coordination	Does the Lead Agency inform families and providers of their applicable rights and responsibilities on applications, forms, and notices?	YES	Low	Awesome! Informing families and providers of their rights and responsibilities on applications, notices, and other forms will communicate a consistent message. The written notification offers subsidy recipients the official guidelines for participating in the program.
Regulations, Procedures, and Coordination	Does the Lead Agency inform families and providers of the penalties for providing false information and committing fraud?	I DON'T KNOW	Medium	Review the Lead Agency's policies and procedures to ensure families and providers are advised of the penalties for providing false information and committing fraud. Providing this information through written communication is a proper enforcement technique for utilization by the Lead Agency.
Regulations, Procedures, and Coordination	Does the Lead Agency provide written communication regarding responsibilities and penalties for providing false information and/or committing fraud to all entities that perform work on behalf of the Lead Agency? (i.e., sub-recipient, vendor, contractor)	YES	Low	Kudos! The Lead Agency has broad authority to administer and implement the program through other governmental or non-governmental agencies (45 CFR 98.11(a)). Establishing written agreements that communicate the rules and regulations governing the subsidy program while advising of responsibilities and penalties with regards to misrepresentation or fraud is a great way to deter fraud, waste, and abuse.
Regulations, Procedures, and Coordination	Has the Lead Agency defined in its regulation or policy what constitutes an unintentional program violation (UPV)?	NO	Medium	Consider providing written information to eligibility workers, supervisors, quality control specialists, and fraud investigators that summarizes the characteristics of unintentional program violations (UPV). Informing staff of what the Lead Agency considers UPVs can ensure consistency in fraud investigations and quality control reviews.

FTK - Enforcement and Recovery

Fraud ENFORCEMENT and RECOVERY Risk Assessment Summary

Category Based Risk Summary



OVERALL RISK COUNT BY RISK LEVEL

RISK LEVEL	COUNT
High	4
Medium	7
Low	10

Category Based Risk Summary

Regulations, Procedures, and Coordination

RISK LEVEL	COUNT
High	1
Medium	3
Low	4

Appeals/Adjudicating

RISK LEVEL	COUNT
High	0
Medium	0
Low	0

Improper Payments

RISK LEVEL	COUNT
High	1
Medium	1
Low	2

Sanctions and Penalties

RISK LEVEL	COUNT
High	1
Medium	1
Low	2

Recovery

RISK LEVEL	COUNT
High	1
Medium	2
Low	2

Questions and Open Discussion



What's Next?

- FY 2020 Program Integrity Webinar Series – Please share your ideas for future presentations.
- Please complete the evaluation and provide feedback on the items we discussed today.

We value your opinion!

Next Webinar:

**June 9
3:00 – 4:30 p.m.
ET**



NATIONAL CENTER ON

Subsidy Innovation and Accountability



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Thank you!