Fiscal Year 2022
National Program Integrity Webinar Series

Webinar #3: CCDF COVID-19 Relief Funding – Audits and Auditing, Monitoring and Tracking, and Fraud Prevention and Detection

June 21, 2022 – 3 p.m. ET
Call Logistics

- Welcome
- Interactive session with discussion
- Slides available in Adobe pod labeled “Program Integrity Resources”
- For questions, “raise your hand” or use chat boxes
- For tech or registration issues contact Heidi Freymiller at hfreymiller@wrma.com
Introductions

National Center on Subsidy Innovation and Accountability

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Agenda

- Monitoring and Tracking CCDF COVID-19 Relief Funds
- Fraud Prevention and Detection Strategies
- Audits and Auditing
- North Carolina Presentation
- Wrap-up and Next Steps
Monitoring and Tracking CCDF COVID-19 Relief Funds
45 CFR 98.68 Program Integrity

“(a) 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. These shall include:

(1) Processes to ensure sound fiscal management . . .”
Gather information on all available funding sources, including COVID-19 related funding.

Set goals and objectives for CCDF and each COVID-19 related funding stream.

Prioritize and rank the most critical needs and allocate funds accordingly.

Track budgeted funds compared to actual spending and address any variance in spending.

Maintain each COVID-19 related funding stream in a separate account with appropriate accounting codes for specific uses.
Creating a centralized authority that approves COVID-19 related relief activities

Examples:
- Certifying and prioritizing services for essential workers
- Administering stabilization grants
- Waiving co-payments (as allowable by CRRSA)

Setting up accounting systems with new cost centers (e.g., general ledger codes)

Setting up attendance and provider payment systems with new codes for COVID-19 related funds used for payment

Strategies to support the tracking of CCDF COVID-19 Relief funds
Monitoring: Tracking of CCDF COVID-19 Relief Funds

Monitoring Activities:

- Remote and onsite evaluation of eligibility and payment processes
- Reviews of financial management and accountability controls
- Oversight of information management, quality improvement, and other related CCDF activities and services
Monitoring: Administering Written Agreements

45 CFR 98.11 Administration under contracts and agreements

(a)(3) Administrative and implementation responsibilities undertaken by agencies other than the Lead Agency shall be governed by written agreements that specify the mutual roles and responsibilities of the Lead Agency and the other agencies in meeting the requirements of this part. The contents of the written agreement may vary based on the role the agency is asked to assume or the type of project undertaken, but must include, at a minimum, tasks to be performed, a schedule for completing tasks, a budget which itemizes categorical expenditures consistent with CCDF requirements at §98.65(h), and indicators or measures to assess performance.
Let’s Talk About It

- Describe how your agency implemented a monitoring process that collaborates with other agencies or organizations.

- How does your agency track each of your CCDF COVID-19 Relief funding streams?
Fraud Prevention and Detection Strategies
Communicating Change

Success is dependent on support of leadership, management, staff, and the public.

The Lead Agency controls its environment and ultimately sets the tone.

Outline and communicate program changes.

*Communication helps identify which internal control activities work best.*
Strategies for Communicating Change

- Hold internal and external discussions
- Establish criteria to evaluate policies and procedures
- Conduct program integrity and accountability training for staff and providers
- Consider including policies and procedures in desk manuals
Collaboration

Develop partnerships with other agencies to share data related to providers or parents.

Review shared data to ensure information meets program objectives and goals.

Share resources for investigations or case reviews.
Effective Internal Control Activities

Changes may increase risk, but internal controls reduce improper payments, fraud, waste, and abuse.

Control activities include responsive information systems, internal policies, and procedures that respond to risks.
Effective Internal Control Strategies

- Conduct internal assessment of the Lead Agency’s policies to ensure compliance with federal and state requirements.
- Separate second-level review process for CCDF COVID-19 relief eligibility determinations and payments.
- Use information systems to support the Lead Agency’s program integrity efforts and reduce errors.
- Develop staff job duties and staffing structure to ensure proper oversight, segregation of duties, and checks and balances.
Red Flag Reports - Examples

Other common and effective strategies to identify fraud and program violations are red flag reports

<table>
<thead>
<tr>
<th>Provider/Participant Address/Phone/DOB Match</th>
<th>Providers with enrollments greater than their licensing capacity by age group</th>
<th>Driving distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>License-exempt providers with non-relative enrollments</td>
<td>Worker overrides</td>
<td>Same child billed at multiple locations</td>
</tr>
<tr>
<td>Perfect attendance</td>
<td>Application processing delay</td>
<td>Payments exceed threshold</td>
</tr>
<tr>
<td>Provider never closes</td>
<td>Provider rate or copayment discrepancy</td>
<td>Multi-site providers with duplicate staggering enrollments</td>
</tr>
<tr>
<td>Expired license</td>
<td>Attendance exceeds license capacity</td>
<td>Care received after hours</td>
</tr>
</tbody>
</table>
Let’s Talk About It

- What is your favorite COVID-19 relief fund red flag report or alert?
- What is your “go-to” fraud prevention and detection strategy?
Audits and Auditing
Purpose:
Audits are conducted to ensure oversight, accountability, transparency, and improvements of government programs and operations.
Audits and Auditing Preparation

Audit Preparation Tips:

- Audit Resources
- Auditor vs. Auditee Frameworks
  - Understand the process and train staff
- Audit Documentation
  - Ensure documentation is accurate and relevant
- Audit - Internal Support Systems
  - Incorporate processes to support internal and external audits
Resources:

- The Generally Accepted Government Auditing Standard (GAGAS), or Yellow Book standards, apply to both financial and performance audits of government agencies or programs. [https://www.gao.gov/yellowbook](https://www.gao.gov/yellowbook)

Auditor - Prep and Plan Framework

Request financial and program documents

Prepare an audit plan

Schedule an open meeting

Conduct onsite visit

Detail audit findings and recommendations

Create draft report and then submit a final report
Auditee - Prep and Participate Framework

- Test controls
- Conduct risk assessments
- Prepare schedule of expenditures
- Prepare appropriate financial statements
- Gather supporting program documentation
- Respond to and mitigate audit findings
Audit Documentation Criteria

Does the documentation:

- Support the use of funds
- Show the agency’s processes and policies are aligned with CCDF COVID-19 Relief funding requirements
- Describe the effectiveness of the internal controls in place to ensure compliance with CCDF COVID-19 Relief funding requirements
Audit - Documentation Preparation

**Identify:** Identify, outline, and communicate any applicable financial and program records to be retained by the Lead Agency, child care providers, contractors, vendors, intermediaries, etc.

**Create:** Create written agreements with recipients that outline terms for the agency's review of financial records.

**Ensure:** Ensure written agreements outline the appropriate terms and conditions concerning the CCDF COVID-19 Relief Funds, program’s period, roles, and responsibilities.
Examples of Audit Documentation

Example of documentation include:

- Financial records documenting COVID-19 Relief funds expenditures
- License/certification/regulatory provider documentation
- Provider health and safety records
- Signed written agreements
- Completed applications
- Federal and state regulations
- Process and procedure manuals/desk guides
Audit-Internal Support Strategies

Integrate
- **Integrate** systems and processes for the Lead Agency to capture information regarding funding requirements.

Acquire
- **Acquire** documentation from all individuals and organizations on how funds were used or will be used.

Merge
- **Merge** new COVID-19 Relief activities into current oversight processes. This can assist the Lead Agency in assuring integrity and accountability of the funds.
Let’s Talk About It

- How does your agency prepare for audits?
- What document criteria is used by your agency?
State Presentation: North Carolina
North Carolina

• Emergency Programs in Response to COVID-19 Pandemic
  – Emergency Child Care Subsidy Program – for essential workers not already receiving regular subsidy – April & May 2020
  – Emergency School-Age Family Support Program – October & November 2020
  – Child Care Staff Bonus Program – April & May 2020 and November & December 2020
  – NC Pre-K Summer Learning Program – Summer 2021
  – Stabilization Grants
Emergency Child Care Programs

• Child care providers completed application to remain open and/or reopen

• Built online portal for emergency programs
  – Interfaced with regular subsidy case management system which interfaces with regulatory system

• Families completed self-attestation application

• Child care providers responsible for retaining paper applications
  – Applications uploaded into online portal

• Attendance recorded in online portal
  – First & last name & DOB

• Automatic payment calculation
Child Care Staff Bonus Program

• Child care providers entered staff information into online portal
  – First and last name
  – Teaching/Non-Teaching
  – Full/Part Time

• Attendance recorded in online portal

• Automatic payment calculation

• Child care providers responsible for retaining payroll documentation
Emergency Online Portal

• Salesforce platform
• Automatic payment calculation developed within portal
• Duplicate name validations
• Reporting capability
• Able to control access to rosters and lock rosters for payment extraction
Stabilization Grants

• Built Child Care Provider grant application inside online portal
• Quarterly updates and 6-month recertifications required
• Monitoring team developing monitoring protocol
Questions and Open Discussion
Useful Resources

1. CCDF Fraud Toolkit
   https://childcareta.acf.hhs.gov/ccdf-fraud-toolkit-and-instructions

2. CCDF State, Territory, and Tribal Reporting

3. Grantee Internal Controls Self-Assessment Instrument

4. National Center on Subsidy Innovation and Accountability Program Integrity Resources
   https://childcareta.acf.hhs.gov/resource/ncsia-program-integrity-resources

4. Office of Child Care COVID-19 Resources
Wrap it Up

- Complete the evaluation at the end of this webinar to help us tailor future webinars based on your needs.
- Technical assistance is available upon request through your regional office.
- Next Program Integrity Webinar: Sept. 20, 2022, 3–4:30 p.m. ET
  - What topic do you want to hear about next?
Thank you!

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