



NATIONAL CENTER ON  
Subsidy Innovation and Accountability



# Region III State Administrators Meeting

Program Integrity and Accountability

# Introductions



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# Agenda



- Overview of Program Integrity and Fiscal Accountability
- Effective Internal Controls
- Processes to Identify Fraud and Program Violations
- Recovery of Misspent Funds
- Penalties and Sanctions
- Ensuring Eligible Children and Families are Receiving Services
- Questions and Open Discussion

# Program Integrity and Fiscal Accountability

What is  
Program Integrity?

- Quality
- Internal Controls
- Fiscal Accountability
- Eligible Families
- Continuity
- Fraud
- IPV
- UPV
- Recovery
- Sanctions
- Monitoring
- Data
- Training
- Risk Assessment
- Processes
- Red Flags
- QC Reviews
- § 98.68
- Prevention
- Investigation
- Policy & Procedure



# Effective Internal Controls that Promote Integrity & Accountability § 98.68(a)

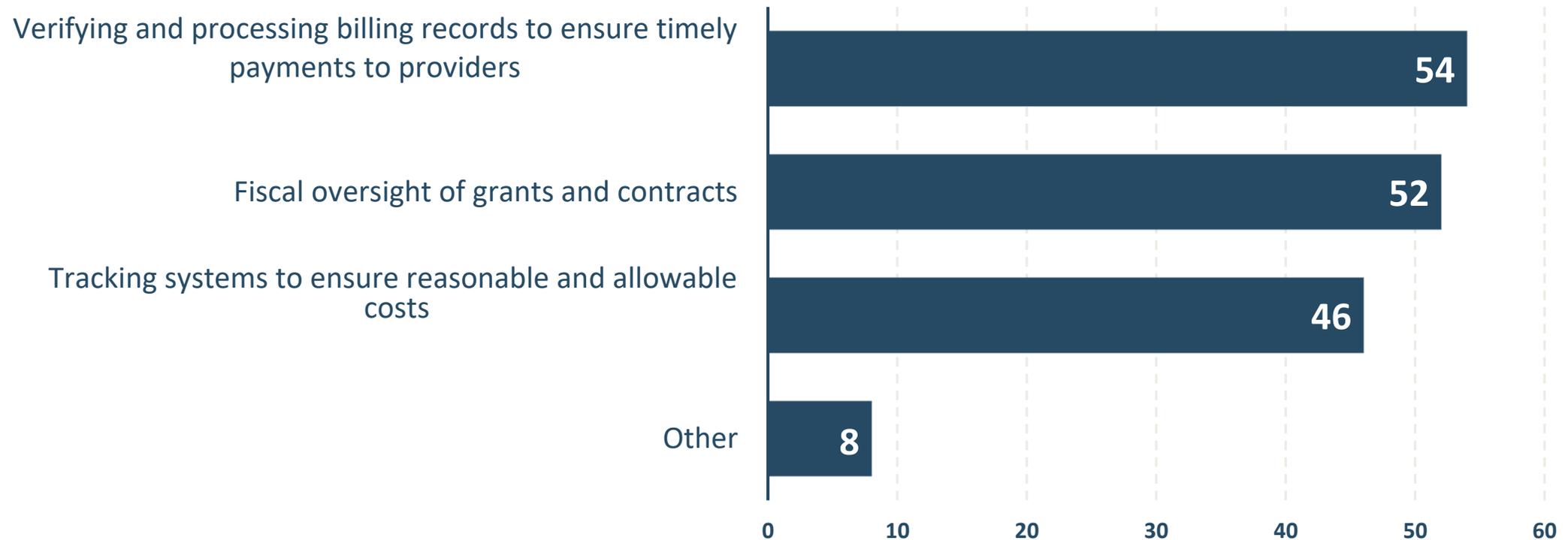
# Processes to Ensure Sound Fiscal Management § 98.68(a)(1)

## Internal controls include sound fiscal management practices.

- Ensuring only eligible children are served
- Funds going to legally operating providers
- Documentation
- Provider Payment Systems
  - Verifying and processing billing records
  - Transaction tracking systems to ensure reasonable and allowable costs
- Monitoring fiscal operations, including sub-recipient monitoring
  - Oversight of grants and contracts
- Required reporting and accounting procedures
- Single audit preparation
- Mitigating Correction Action Plans

# Processes to Ensure Sound Fiscal Management § 98.68(a)(1)

## State/Territory Plan 2019-21 (8.1.2) Sound Fiscal Management (All States/Territories)



# Processes to Ensure Sound Fiscal Management § 98.68(a)(1)

## State/Territory Plan 2019-21 (8.1.2) Sound Fiscal Management (Region 3)



# Processes to Ensure Sound Fiscal Management § 98.68(a)(1)

## Effective strategies can include:

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

Conducting annual audits and financial reviews of contractors, as well as sub-recipients, 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.

# Let's talk about it

What are some effective strategies you use in your state?



# Processes to Identify Areas of Risk § 98.68(a)(2)

Internal controls include processes to identify areas of risk in the CCDF program. Activities can include, but are not limited to:



Conducting a risk assessment of policies and procedures;



Establishing checks and balances to ensure program integrity; and

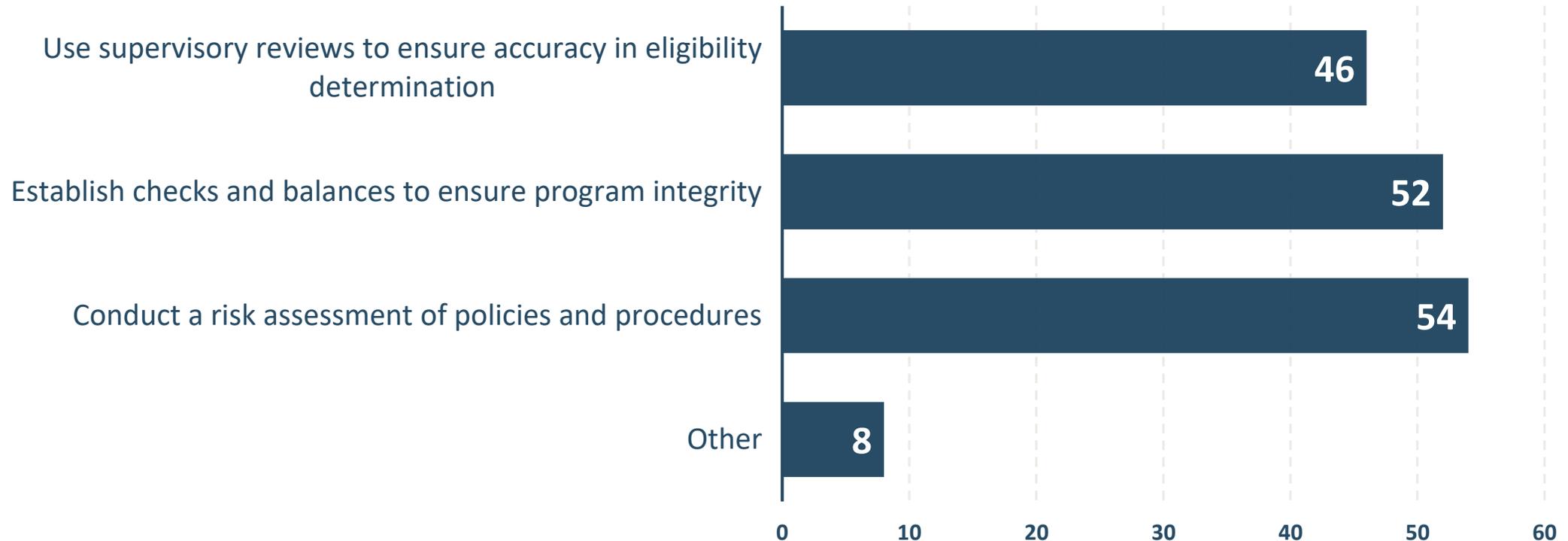


Using supervisory reviews to ensure accuracy in eligibility determination.

# Processes to Identify Areas of Risk § 98.68(a)(2)

State/Territory Plan 2019-21 (8.1.3)

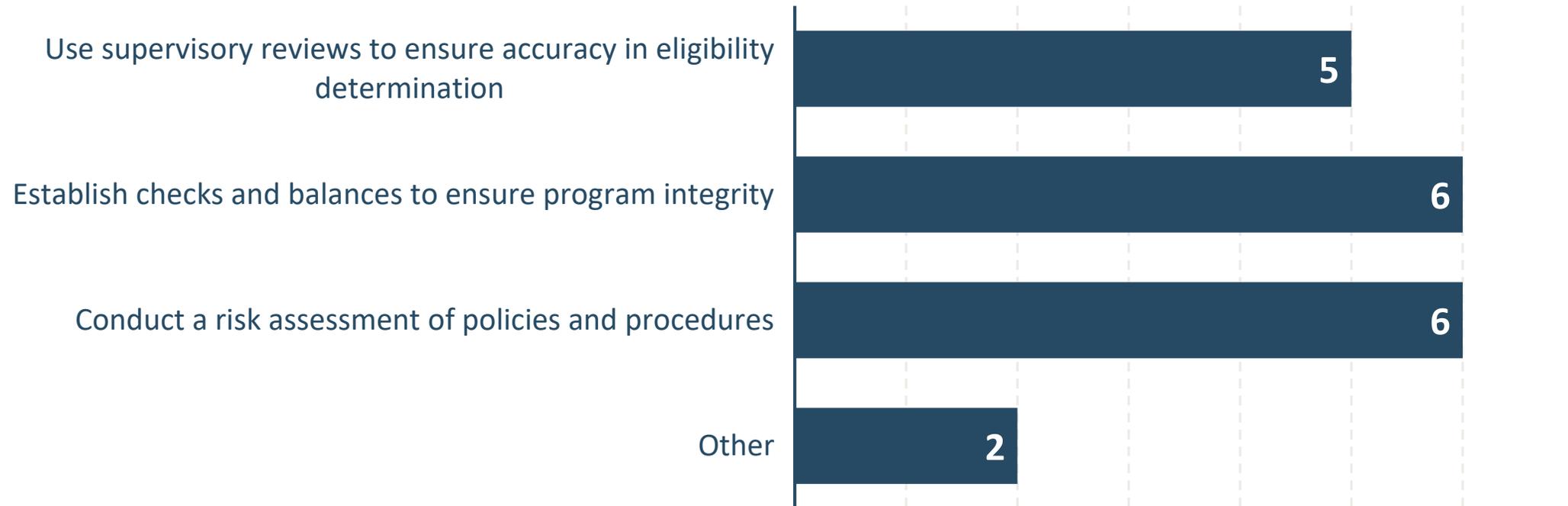
Identify Risk  
(All States/Territories)



# Processes to Identify Areas of Risk § 98.68(a)(2)

## State/Territory Plan 2019-21 (8.1.3)

### Identify Risk (Region 3)



# Processes to Identify Areas of Risk § 98.68(a)(2)

## Effective risk strategies include:

- Conducting analysis of errors and improper payments utilizing risk analysis tools (i.e. Pareto Diagram);
- Reviewing job duties and staffing structure to ensure proper oversight
- Reviewing program requirements, implementation and compliance;
- Team meetings to brainstorm program operations and administration policies and procedures (i.e., internal town halls, management meeting with leadership or selected program staff);
- Developing guidelines to monitor program performance, mission, objectives and subsidy related goals;
- Lead Agency designed risk assessment tool that categorizes agency risks as Low Impact/Low Probability, High Impact/High Probability, Low Impact/High Probability, and High Impact/Low Probability; or
- Use of the *Grantee Internal Controls Self-Assessment Instrument*

# Let's talk about it

What are some effective strategies you use in your state?



# Processes to Inform and Train Staff on Program Requirements and Integrity § 98.68(a)(3)

Internal controls include processes to train child care providers and staff of the Lead Agency, as well as other agencies engaged in the administration of CCDF, about program requirements and integrity.

Activities can include, but are not limited to:



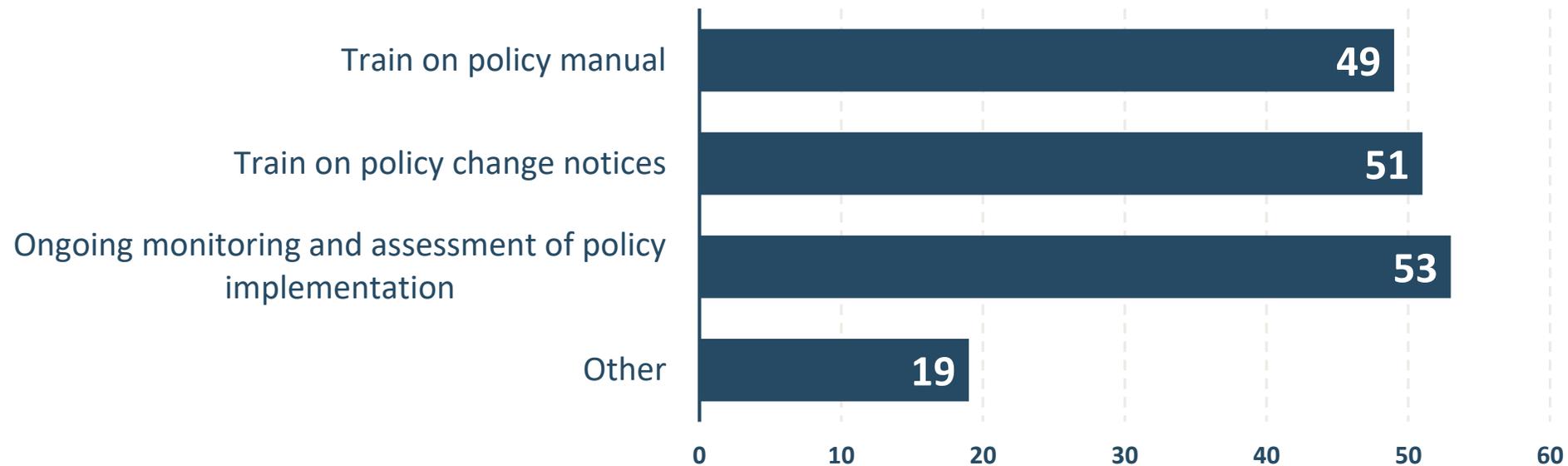
Trainings on  
policy manuals and  
policy changes



Ongoing monitoring  
and assessment of  
policy implementation

# Processes to Inform and Train Staff on Program Requirements and Integrity § 98.68(a)(3)

## State/Territory Plan 2019-21 (8.1.1) Program Requirements and Integrity Training (All States/Territories)



# Processes to Inform and Train Staff on Program Requirements and Integrity § 98.68(a)(3)

## State/Territory Plan 2019-21 (8.1.1) Program Requirements and Integrity Training (Region 3)



# Processes to Inform and Train Staff on Program Requirements and Integrity § 98.68(a)(3)

## Effective state strategies include:

Providing routine training on program requirements, policy manuals and policy changes.

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

Conducting ongoing monitoring activities and/or follow-up technical assistance with providers.

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

# Let's talk about it

What are some effective strategies you use in your state?



# Regular Evaluation of Internal Controls § 98.68(a)(4)

Internal controls to ensure program integrity and accountability, while maintaining continuity of services in CCDF, includes a regular evaluation of internal controls activities.

Some areas to evaluate 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; and



Annually and/or quarterly assessment of administrative errors and improper payments.



# Processes to Identify Fraud and Program Violations § 98.68(b)(1)

# Processes to Identify Fraud § 98.68(b)(1)

- Lead Agencies are required to have in place processes to identify fraud or other program violations.
- Lead Agencies should conduct a wide variety of activities to fight fraud and ensure program integrity.
- Program violations can include client/provider IPV and UPV and administrative errors, as defined by the Lead Agency.

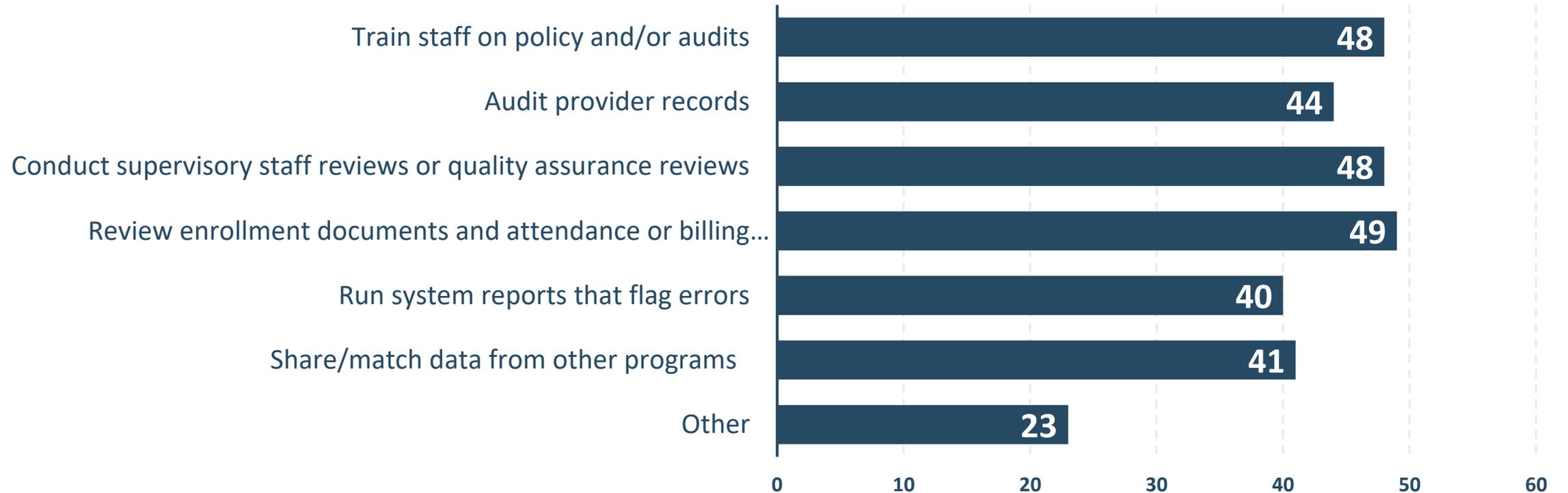


## Strategies may include:

- Record matching and database linkages;
- Review of attendance and billing records;
- Quality control reviews; and
- Staff training on monitoring and audit processes.

# Processes to Identify Fraud § 98.68(b)(1)

## States/Territory Plan 2019-21 (8.1.4) Identify Fraud & Program Violations (All States/Territories)



# Processes to Identify Fraud § 98.68(b)(1)

## State/Territory Plan 2019-21 (8.1.4) Identify Fraud & Program Violations (Region 3)



# Processes to Identify Fraud § 98.68(b)(1)

Effective strategies to identify fraud include:

Record matching  
and data base  
linkages

Review of  
attendance and  
billing records

QC and quality  
assurance  
reviews

Staff training on  
monitoring and  
audit processes

Fraud Toolkit

Red Flag Reports

# Processes to Identify Fraud § 98.68(b)(1)

The CCDF Fraud Toolkit is an evolving resource designed to assist Lead Agencies in increasing program integrity and accountability and decreasing fraud within the child care program. The Toolkit will include five separate evaluation sections:

- an overall Fraud Risk Assessment Tool
- Prevention Assessment Tool
- Detection Assessment Tool
- Enforcement & Recovery Assessment Tool
- Monitoring Assessment Tool

- The available Fraud Toolkit sections are the overall Fraud Risk Assessment Tool, Prevention, and Detection.
- FTK Demo

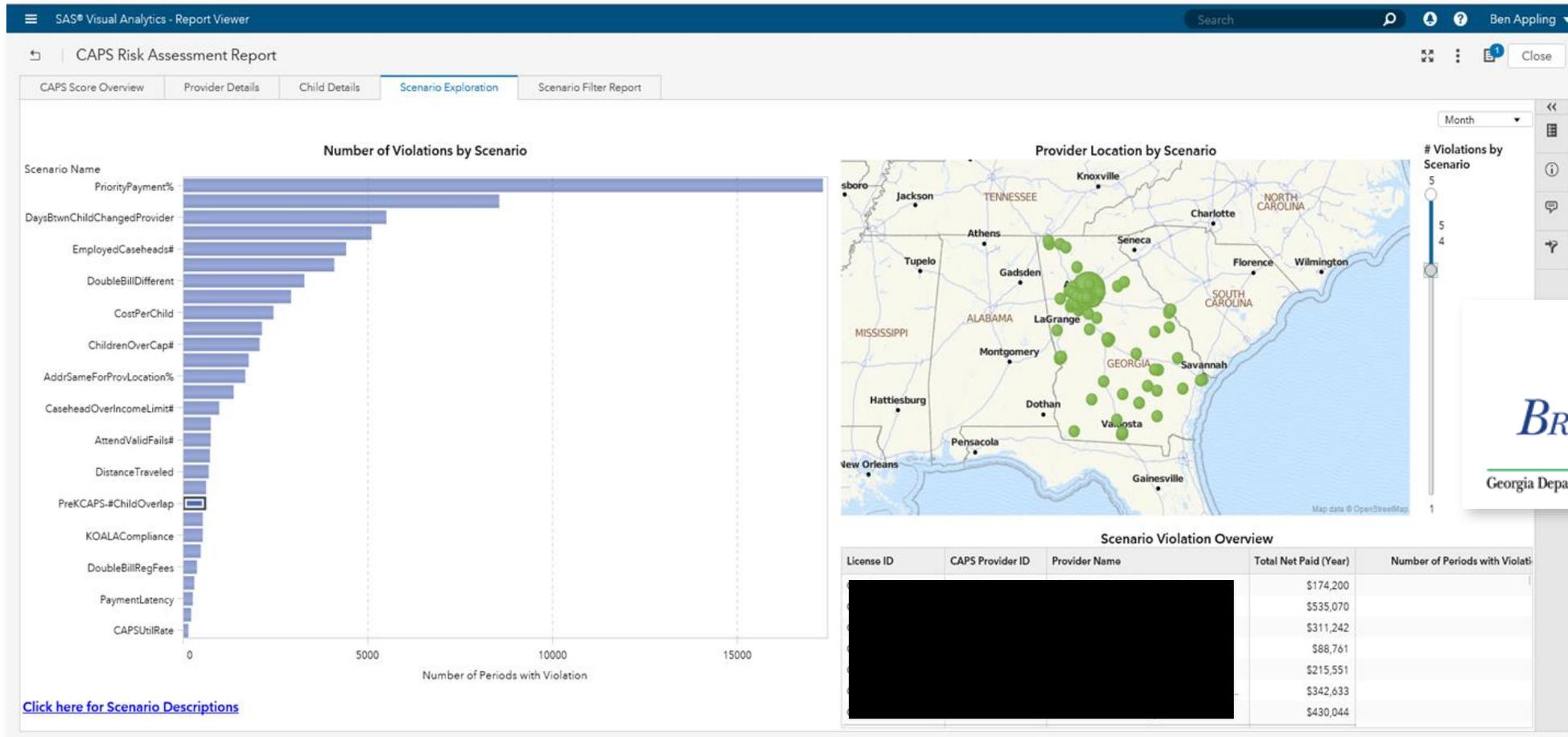
# Processes to Identify Fraud § 98.68(b)(1)

Another common and effective strategy to identify fraud and program violations are Red Flag Reports or System Alerts

Provider/Participant Address/Phone/DOB Match	Disproportionate eligibility worker authorizations	Precise attendance
Payments sent to a PO box	Worker overrides	Same child billed at multiple locations
Payments exceed threshold	Application processing delay	Checks mailed to correctional facility
Perfect attendance	Provider rate or copayment discrepancy	Inconsistent demographics
Program never closes	Attempt to end eligibility prior to 12 months	Parents employed by providers
Expired license	Attendance exceeds license capacity	Care received after hours
Driving distance		

# Processes to Identify Fraud § 98.68(b)(1)

## Data Analytics





# Repayment Plan

**Recovery of  
Misspent  
Funds  
§ 98.68(b)(2)**

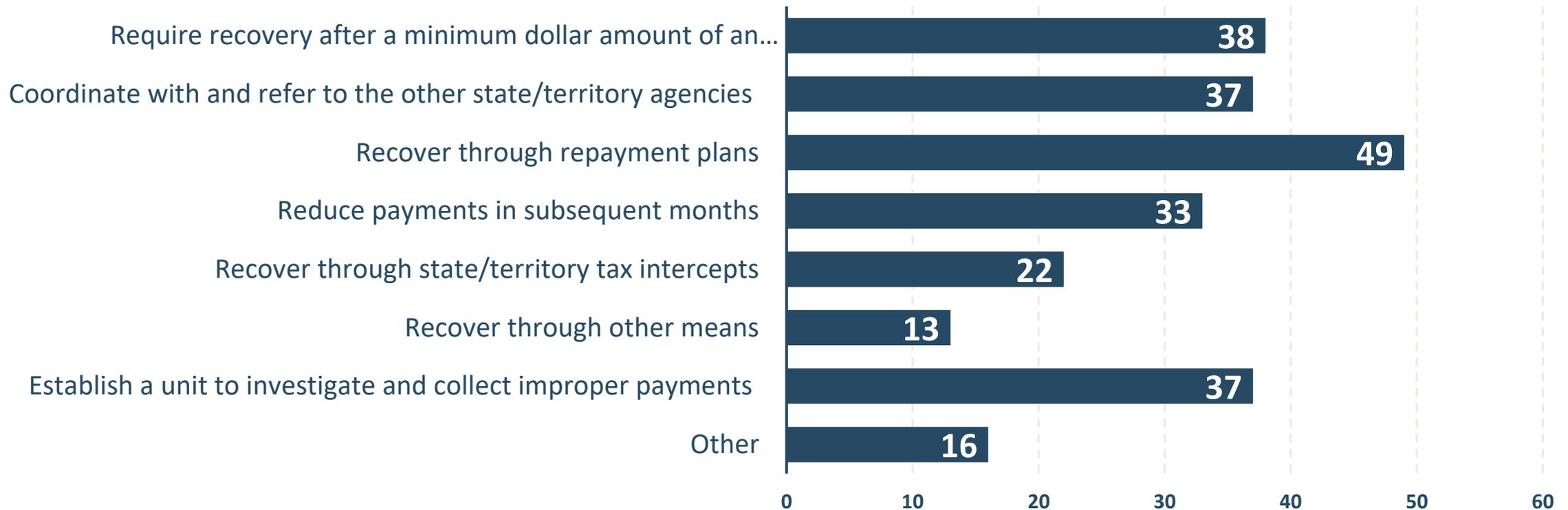
# Strategies to Recover Misspent Funds § 98.68(b)(2)

Lead Agencies are required to describe in their Plan the processes that are in place to investigate and recover fraudulent payments and to impose sanctions on clients or providers in response to fraud.

- Recovery techniques may include:
  - Recovery through payment plans, state/territory tax intercepts and reduced future payments.
  - Coordination with other agencies, such as law enforcement or collection agencies.
  - Establishing a unit that is specifically responsible for collecting mis-spent funds.
- Lead Agencies also have the option to recover mis-spent funds due to errors.

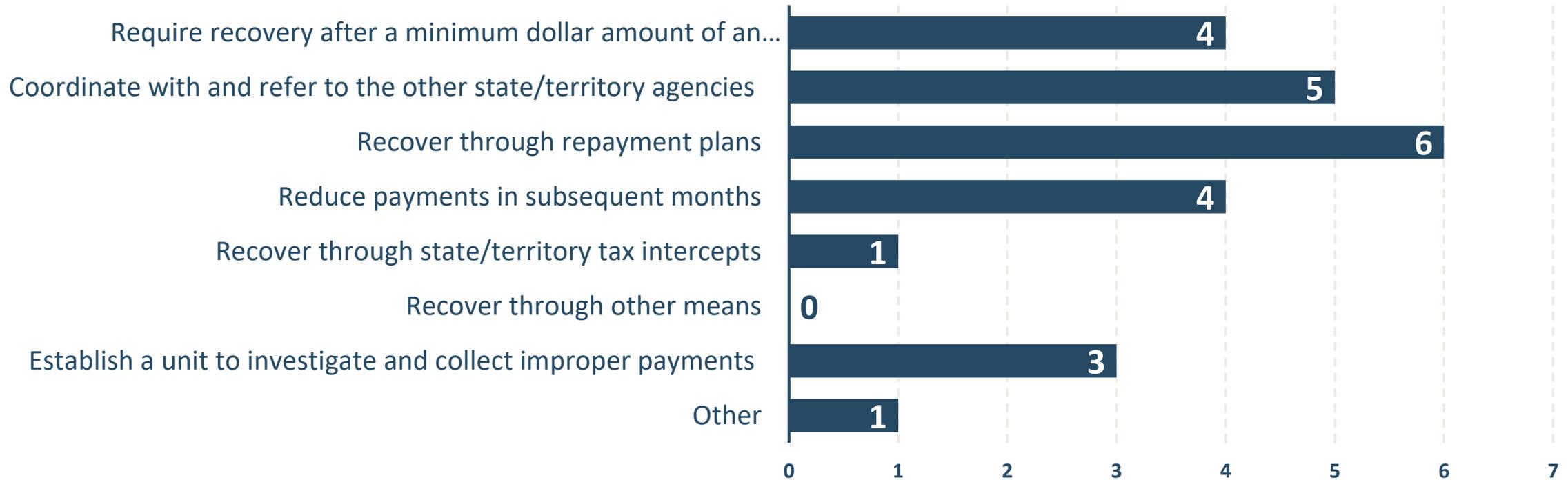
# Strategies to Recover Misspent Funds § 98.68(b)(2)

## States/Territory Plan 2019-21 (8.1.5) Identify and Recover Misspent Funds (All States and Territories)



# Strategies to Recover Misspent Funds § 98.68(b)(2)

## States/Territory Plan 2019-21 (8.1.5) Identify and Recover Misspent Funds (Region 3)



# Discussion

- Delaware's successful strategies to recoup misspent funds.
- What are some effective strategies you use in your state?





# Penalties and Sanctions § 98.68(b)(2)

# Processes for Imposing Penalties § 98.68(b)(2)

The Final Rule requires Lead Agencies to investigate and recover fraudulent payments and to impose sanctions on clients or providers in response to fraud.

Types of sanctions include:

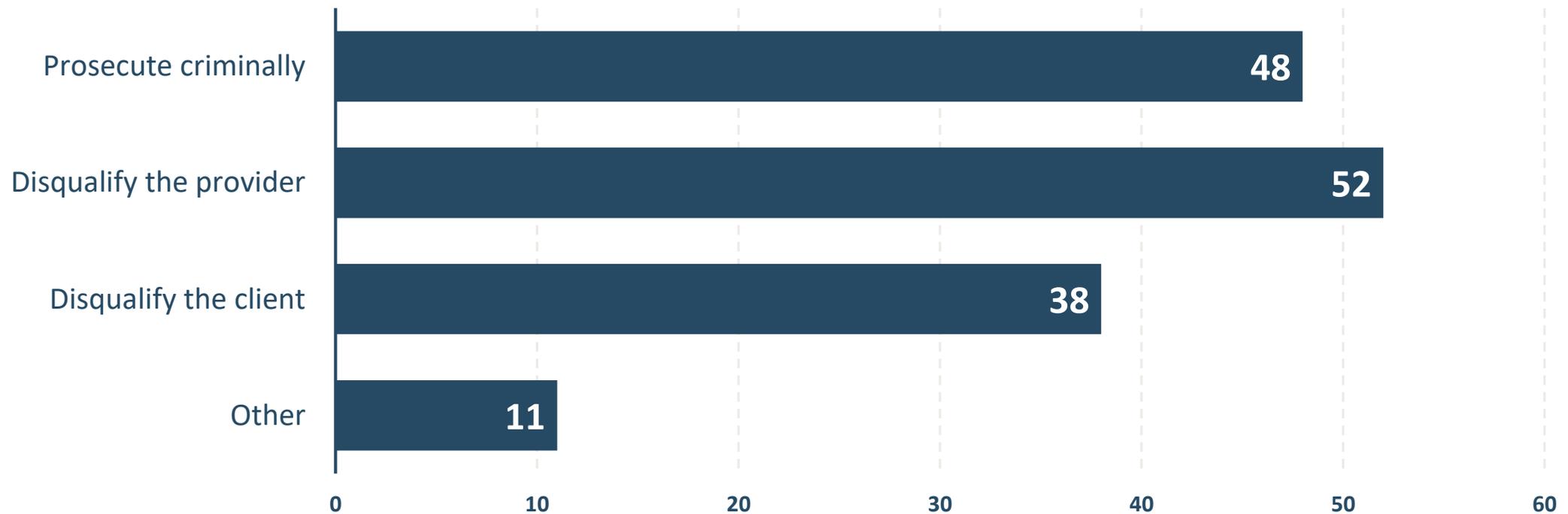
Disqualifying the client

Disqualify the provider

Prosecuting criminally

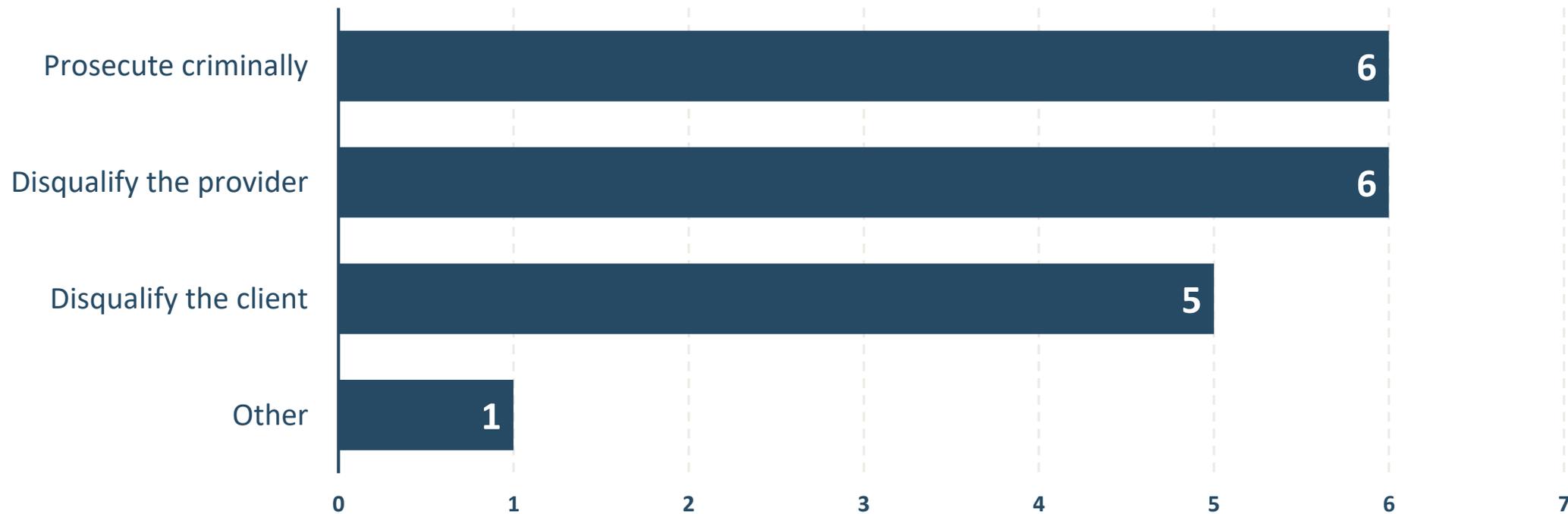
# Processes for Imposing Penalties § 98.68(b)(2)

States/Territory Plan 2019-21 (8.1.6)  
Sanctions to Reduce Improper Payments  
(All States and Territories)



# Processes for Imposing Penalties § 98.68(b)(2)

## States/Territory Plan 2019-21 (8.1.6) Sanctions to Reduce Improper Payments (Region 3)





# Ensuring Eligible Children are Receiving Services § 98.68(c)

# Processes to Ensure Eligible Children are Receiving Services § 98.68(c)

Lead Agencies must describe in their Plan the procedures that are in place for documenting and verifying that children receiving assistance meet eligibility criteria at the time of eligibility determination and redetermination.

## Common required verifications include:

- Applicant's identity
- Child's relationship with applicant
- Child's identity, age, citizen/immigration status
- Applicant's work, training, or education status
- Family income
- Household composition
- Residence

# Processes to Ensure Eligible Children are Receiving Services § 98.68(c)

## Verification of Eligibility Requirements and Data Sharing

TANF	SNAP	Child and Adult Care Food Program
Medicaid	State directory of new hires	Social Security Administration
PARIS	EHS/HS/PreK	Vital statistics
Child Support Enforcement	Motor vehicle registration	Unemployment Compensation
The Work Number		

# Let's talk about it

What are some effective strategies you use in your state?



# Processes to Ensure Eligible Children are Receiving Services § 98.68(c)

Aligning programs such as TANF, SNAP, Head Start and Early Head Start

For CCDF,  
**minimum** 12-  
month eligibility

Shared case  
management  
approach to child  
and family needs

Eligibility and  
verification  
requirements

Remove barriers  
for parents

Cross training of staff

Reduce administrative  
burden and create  
efficiencies

# Questions and Open Discussion





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# Thank you!

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