



**Child Care Improper Payment Initiative  
Office of Child Care  
Administration for Children and Families**

**Improper Payments  
Data Collection Instructions**



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## I. INTRODUCTION

This document provides instructions for implementing the required error-rate methodology for the Child Care and Development Fund (CCDF) and successfully submitting the *State Improper Payments Report* to the Department of Health and Human Services (HHS). The instructions contain changes that will be effective beginning with States reporting in June 2014. The document includes the following changes:

- Error-rate methodology will measure improper payments rather than improper authorizations for payment.
- Statistical samples will be drawn from paid cases instead of cases with an authorization for payment.
- States with error rates that exceed 10 percent are required to submit a *Corrective Action Plan* to the Assistant Secretary, Administration for Children and Families (ACF) and progress reports annually to ACF.

The error-rate methodology and reporting requirements will continue the focus on administrative errors associated with client eligibility, consistent with the focus of the error-rate methodology since initial implementation in 2007.

The implementation of the CCDF error-rate methodology in 2007 measured improper authorization for payments due to administrative error in client eligibility determination. ACF has conducted an ongoing evaluation of the case-record review process to determine whether “improper authorization for payment” remained a suitable proxy for actual “improper payments.” It has been determined that, in some cases, authorizations for payment were as much as 20 percent higher than actual payments. The changes in the methodology will enable States to assess the accuracy of actual payments associated with eligibility determinations. The data-collection forms include a new numbering sequence (ACF-403 and ACF-404) to distinguish them from those issued under prior instructions. The *Corrective Action Plan*, numbered ACF-405 has also been added.

These revisions to the methodology are consistent with HHS’ compliance with the Improper Payments Information Act of 2002 (IPIA) and the Improper Payments Elimination and Recovery Act of 2010 (IPERA). The IPIA requires Federal agencies to review programs and activities they administer annually, identify those that may be susceptible to significant improper payments, and submit a report on actions taken to reduce improper payments. According to the IPIA, agencies must adhere to guidance prescribed by the Office of Management and Budget (OMB). The provisions in this document comply with the revisions to OMB Circular A-123, appendix C issued April 14, 2011, which provides guidance for implementing the requirements. These instructions also comply with the Code of Federal Regulations (CFR), Title 45—Public Welfare—Parts 98 and 99, the official regulations for the CCDF. The 45 CFR 98 Subpart K—Error Rate Reporting—requires States, the District of Columbia, and Puerto Rico (States) to measure, calculate, and report improper payments as well as identify strategies for reducing future improper payments.

This instruction package provides

- an overview of the improper payments review methodology;
- instructions for completing each State component of the review methodology;
- a glossary of terms used in the instruction package (appendix A);
- a required *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* with instructions (appendix B);
- a required *Record Review Worksheet* (ACF-403), with instructions (attachment 1);
- a required *State Improper Payments Report* (ACF-404), with instructions (attachment 2); and
- a *Corrective Action Plan* (ACF-405) (attachment 3), only required if the error rate exceeds 10 percent. (See page 3.)

## II. OVERVIEW

The CCDF methodology for measuring improper payments focuses on client eligibility and employs a case-record review process to determine whether eligibility for child care subsidy payments was properly determined.

This methodology enables States to determine errors, as well as to identify the types and sources of these errors. The results will provide States with information that will be useful in developing action plans to reduce future improper payments.

The CCDF error-rate methodology includes the action steps and a timeline based on the FY 2014 reporting year that examines cases for errors during the period of October 1, 2012, through September 30, 2013—see exhibit 1 below.

**Exhibit 1. CCDF Error-Rate Methodology**

STEP #	CCDF ERROR-RATE METHODOLOGY	2014 REPORTING YEAR TIME LINE
1.	Submit the <i>Sampling Decisions, Assurances, and Fieldwork Preparation Plan</i> to the Child Care Program Manager in the ACF Regional Office for approval	On or before October 2013
2.	Submit <i>Record Review Worksheet</i> (ACF-403) to the Child Care Program Manager in the ACF Regional Office for approval	On or before December 2013
3.	Submit <i>State Improper Payments Report</i> (ACF-404) to the Child Care Program Manager in the ACF Regional Office for approval	On or before June 30, 2014
4.	Submit <i>Corrective Action Plan</i> (ACF-405), if applicable, to the Child Care Program Manager in the ACF Regional Office for approval	Within 60 days of the ACF-404 submission

While the exhibit 1 table provides deadlines by which grantees must provide the required submissions, grantees may submit required documents for review and approval earlier than the deadline.

In subsequent years, States adhere to the above time line, relative to their reporting year. States submit, and must receive approval of the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan*, prior to drawing the first sample and no later than October of the calendar year prior to the reporting year. States will customize the *Record Review Worksheet* and must receive approval of the customized *Record Review Worksheet* prior to conducting case-record reviews. States selecting a monthly frequency for sampling, and choosing to conduct case-record reviews monthly during the 12-month review period, are encouraged to submit information identified in steps 1 and 2 in a timely manner to avoid unnecessary delays in implementing the methodology.

### **Corrective Action Plan**

Any Lead Agency with an error rate that exceeds 10 percent must submit a comprehensive corrective action plan to the Assistant Secretary for approval, as well as subsequent reports describing progress in implementing the plan.

- (1) The corrective action plan must be submitted within 60 days of the June 30 deadline for submitting the Lead Agency's *State Improper Payments Report* required by § 98.102.
- (2) The corrective action plan must include the following:
  - (i) Current error rate
  - (ii) Identification of a senior accountable official;
  - (iii) Identify actions and milestones the Lead agency will undertake to reduce improper payments and the individual responsible for completing each action;
  - (iv) Timeline for completing each action within 1 year of the Assistant Secretary's approval of the plan;
  - (v) Timeline for reducing the error rate below 10 percent;
  - (vi) Identify targets for future improper payments.
- (3) Subsequent progress reports must be submitted as requested by the Assistant Secretary.
- (4) Failure to carry out actions described in the approved corrective action plan will be grounds for a penalty or sanction under § 98.92.

### **III. STATE REPORTING CYCLE**

States calculate an error rate once every 3 years on a rotational cycle. As can be seen in exhibit 2, using a stratified random sample method of selecting States,<sup>1</sup> one-third of the total of 50 States, the District of Columbia, and Puerto Rico were selected to participate each year in the error-rate measurement methodology.

Upon completion of the first cycle of reviews, the error rate measures from all 3 years are combined to calculate the national error rate.

In Year 4, the States selected for Year 1 repeat the methodology. The Year 4 results replace the Year 1 results in the national error-rate calculation.

**Exhibit 2. States and Regions Selected By Year of 3-Year Reporting Cycle**

Cycle Year 1		Cycle Year 2		Cycle Year 3	
Region	State	Region	State	Region	State
I	New Hampshire	I	Massachusetts	I	Connecticut
	Vermont		Rhode Island		Maine
II	Puerto Rico	II	New York	II	New Jersey
III	Pennsylvania	III	Virginia	III	Maryland
	West Virginia		Delaware		District of Columbia
IV	Georgia	IV	Florida	IV	North Carolina
	Alabama		Tennessee		Kentucky
V	Illinois		Mississippi		South Carolina
	Indiana	V	Ohio	V	Michigan
VI	Texas		Wisconsin		Minnesota
	Oklahoma	VI	Louisiana	VI	New Mexico
VII	Kansas		Arkansas	VII	Missouri
VIII	Colorado	VII	Iowa		Nebraska
	North Dakota	VIII	Utah	VIII	Montana
IX	California		South Dakota		Wyoming
	Nevada	IX	Arizona	IX	Hawaii
X	Washington	X	Oregon	X	Idaho
	Alaska				

Following completion of a case-record review, data entry, computation of error measures, and analysis and response to the improper payments findings, States prepare and submit a *State Improper Payments Report* (see attachment 2), described in section VIII of these instructions.

The ACF will review the *State Improper Payments Reports* submitted by States; calculate the national error measures; and consolidate the findings, describing the amounts and types of all identified errors, adhering to the requirements found in appendix C to OMB Circular A-123. This information will be reported in HHS’ annual Agency Financial Report (AFR).

<sup>1</sup> The sample of 50 States, the District of Columbia, and Puerto Rico was stratified by region (10 total), with the regions randomly ordered. States were sorted within regions by caseload, from the most cases to the least cases. Every third State on the list was then selected, using a random start number the 1st and 2nd years. The 3rd year included those States not selected for Year 1 or Year 2. Each year this will yield a mix of county-administered and State-administered States and States serving both small and large numbers of children annually.

#### **IV. COMPLETING SAMPLING DECISIONS, ASSURANCES, AND FIELDWORK PREPRATION PLAN** (See appendix B for instructions.)

States must submit the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* to the Child Care Program Manager in the Administration for Children and Families (ACF) Regional Office no later than October of the calendar year prior to the reporting year. The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* includes required information regarding sampling decisions, assurances, and fieldwork preparation outlined below.

The State must receive Regional Office approval of the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* prior to drawing the first sample.

The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* must include the following required information:

- Part I: Sampling Decisions—Decisions regarding sample size and number of monthly replacement cases; citation of the source of the random number; sampling frequency and projected date for the start of the sampling process.
- Part II: Assurances and Certifications—The State assures that it will abide by the instructions contained in the Child Care Improper Payment Initiative *Improper Payments Data Collection Instructions*. (See section VIII for additional information.)
- Part III: Fieldwork Preparation Plan—The State identifies, at a minimum the
  - project and review team leadership;
  - methods for ensuring inter-reviewer consistency;
  - review team composition;
  - error definition; and
  - record retention measures.

The state has the option of including the

- person who will certify and submit the *State Improper Payments Report*;
- process for and use of the policy review;
- information systems project responsibilities; and
- case review logistics.

#### **V. GENERATING A SAMPLE OF CASES FOR REVIEW**

States select a statewide random sample of at least 271 or 276 active cases. The sample of cases is projected to achieve a State-level improper payments rate within 5-percent precision at the 90-percent confidence level.<sup>2</sup> This section details steps for the selection process. The steps include 3

<sup>2</sup> To illustrate the use of confidence limits, two assumptions must be made: (1) the eligibility error rate variable is the percentage of clients that exhibit an eligibility error during the review month; and (2) 271 cases are sampled and

areas in which States have flexibility and which are discussed in more detail below—the decision to sample 271 or 276 cases, how frequently monthly sampling frames will be collected, and the source for the required random numbers.

### **Review Period**

The Office of Child Care has designated a 12-month review period, based on the Federal Fiscal Year (FFY) ending September 30, for the data-collection methodology. The purpose of the 12-month review period is to obtain a representative estimate of annual improper payments.

The State calculates an error rate based on a review of all cases selected during the review period. States that choose to sample 271 cases will randomly select 23 cases for each of the first 7 months and 22 cases for each of the last 5 months of the 12-month review period (e.g., from October–April, 23 cases per month will be selected, and from May–September, 22 cases per month will be selected). Alternatively, States may choose to select 23 cases for each month of the review period, yielding a total of 276 cases. Adding 5 cases to the annual required total allows States to select the same number of cases for each of the 12 review months.

### **Sampling Unit**

The primary sampling unit is an active case (child) for whom a subsidy payment was made for services received during a sample review month.

Each sampling unit will be identified by the following information:

1. Sequential number
2. Child ID
3. County of service
4. Sample month

States determine their own parameters for creating unique Child IDs, adhering to the following criteria when creating the Child IDs:

- Each child in the sampling frame receives a unique Child ID. If there are two or more children in a family, case, or household, each child will be assigned a unique Child ID.
- The unique Child ID does not contain identifying information; rather it is linked to a county or State data system, so that the county or State can pull the case record if the child is selected for the review.

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50 percent show an eligibility error (this is the most conservative assumption about the error rate in terms of yielding the largest confidence interval). The confidence limits are calculated as follows:  $[m = 1.645(\text{SQRT}(p(1-p)/n))]$ , where  $m$  is the 90-percent confidence limit (or interval),  $\text{SQRT}$  is the square root,  $n$  is the sample size, and  $p$  is the proportion of the sample found to be in error. Following the assumptions, the confidence interval would be calculated as  $[m = 1.645(\text{SQRT}(.5(.5)/100) = .05 \text{ (or 5\%)}]$ . The 90-percent confidence interval can be described in two ways: (1) with 90 percent confidence, the error rate for this sampled population is between 45 percent and 55 percent; or (2) with 90 percent confidence, 50 percent of the population is in error with a margin of error for this estimate of +/- 5 percent. Selecting at least 271 cases assures that the confidence limits are +/- 5 percent or less.

### **Selecting the Monthly Sample**

States create 12 sampling frames of active cases (i.e., one sampling frame per month for each month in the 12-month review period). The review period is the most recent FFY ending prior to the submission date for the *State Improper Payments Report*. For example, for a June 30, 2014, submission date, the review period would be October 1, 2012, through September 30, 2013. For a June 30, 2015, submission date, the review period would be October 1, 2013, through September 30, 2014.

Once each sampling frame has been created, States randomly select the monthly sample of 22 or 23 cases (271 or 276 cases during the review period). Once this process has been completed, States randomly select a minimum of three replacement cases for each sampling frame. States may choose to select more than three replacement cases for each sampling frame. States use a replacement case only for defined valid reasons, with prior approval from the Child Care Program Manager in the Regional Office. Examples of valid reasons include situations in which the case record is unavailable due to natural disaster; the case has been referred to a State's fraud investigation unit; or the case is under appeal. Additional reasons for a valid case record replacement will be evaluated on a case by case basis. If a State chooses to select more than 3 replacement cases for each sampling frame, the State will replace "(3)" in steps 5, 6, and 7 by whatever larger number of replacement cases the State has chosen to select.

Exhibit 3 provides instructions for each of the steps and includes examples using timeframes applicable for the **first** implementation year.

### Exhibit 3. Selecting the Monthly Sample

Steps	Instructions	Examples
<b>1. Determine frequency of monthly sample selection</b>	<ul style="list-style-type: none"> <li>• States determine how frequently they will create sampling frames.</li> <li>• States create a sampling frame for each of the 12 months in the review period.</li> <li>• States may choose to create these lists at the end of each month, quarterly, semiannually, or annually; the choice will be based on how often States choose to pull records and conduct reviews.</li> </ul>	<p><b>Example one (Select 6 monthly sampling frames, 2 times per year):</b> For a June 30, 2014, submission date, select 6 monthly sampling frames for October 2012–March 2013, in May 2013. Then select the remaining 6 monthly sampling frames for April–September 2013, in November 2013.</p> <p><b>Example two (Select 12 monthly sampling frames, once per year):</b> For a June 30, 2014, submission date, select 12 monthly sampling frames for October 2012–September 2013, in November 2013.</p>
<b>2. Create 12 Monthly Sampling Frames</b>	<p>For each month of the 12-month review period, generate a list of all cases with a payment made for services received for that sample review month:</p> <ul style="list-style-type: none"> <li>• Sort the list by county and caseload size, listing counties with the largest caseload first and continuing down to counties with the smallest caseload.</li> <li>• List all Child ID numbers sequentially, within each county from smallest to largest.</li> </ul>	<p>For each month of the 12-month review period, generate a list of all cases with a payment for services received during the sample review month:</p> <ul style="list-style-type: none"> <li>• <b>Sort the list by county caseload size.</b> List counties with the largest caseload first, e.g., County K (2,615 cases), County R (995 cases), County W (971 cases), County M (848 cases).</li> <li>• <b>List Child ID numbers from lowest to highest,</b> e.g., 233124, 233128, 255320.</li> </ul>
<b>3. Calculate Sampling Interval to Select Sample Cases.</b>	<ul style="list-style-type: none"> <li>• Calculate a sampling interval based on the size of the sampling frame and the number of cases (23 or 22) to be selected for the sample.</li> <li>• Select either (1) 23 cases for 7 months and 22 cases for 5 months to yield 271 cases, or (2) 23 cases for each of 12 months to yield 276 cases.</li> <li>• Divide the total number of cases listed in the sampling frame (all cases with a payment for services received during the sample month) by the number of cases to be selected for the sample (23 or 22).</li> <li>• When the interval computed is not a whole number, round the end of the first interval to the nearest whole number. If the result is x.50 or more, round up to select the nearest whole number (i.e., x+1). If the result is x.49 or less, round down to select the nearest whole number (i.e., x).</li> </ul>	<ul style="list-style-type: none"> <li>• Assume 31,286 cases in a sample month.</li> <li>• Divide the total number of cases with a subsidy payment made for services received during the sample month (31,286 cases), by the number of cases to be selected for the sample (23).</li> <li>• Calculate the sampling interval by dividing 31,286 cases in the sample month by 23, the number of cases to be selected in the sample. (31,286/23=1,360.3)</li> <li>• If the sampling interval is a whole number, such as 1,360, select every 1,360th case from a random starting point defined below.</li> <li>• If the sampling interval is not a whole number, e.g., for 1,360.3, round down to randomly select a starting case between the 1st and 1,360th case; or for 1,360.6, round up to select a starting case between case 1 and case 1,361.</li> </ul>

Steps	Instructions	Examples
<b>4. Select Sample Cases</b>	<ul style="list-style-type: none"> <li>Using a random number table or software, select a random number within the first sampling interval.</li> <li>Use the random number as the starting point to select the first case in the sample.</li> <li>From the first case, use the sampling interval to select the next case that falls within the second sampling interval.</li> <li>Continue to add the sampling interval to select the next cases until the sample is complete at 23 or 22 cases.</li> <li>When the interval computed is not a whole number, continue to add the exact interval amounts together without rounding to determine each interval from which to round the result to select the next case.</li> </ul>	<ul style="list-style-type: none"> <li>If the sampling interval is 1,360.3, use a random number table or software to select a random number that falls within the first sampling interval of 1–1,360 (rounded down).</li> <li>If the random number selected is 463, select case 463 as the first case in the sample.</li> <li>If the sampling interval is 1,360.3, then select the next case that falls within the second sampling interval, or the case listed 1823 (463+1,360.3=1,823.3, which rounds to 1,823).</li> <li>The next case selected would be 3,184 (1,823.3+1,360.3=3,183.6, which rounds to 3,184). Continue until the sample is complete and 23 or 22 cases have been selected.</li> </ul>
<b>5. Calculate Sampling Interval to Select Replacement Cases</b>	<ul style="list-style-type: none"> <li>After the sample of 23 or 22 cases has been selected, remove the 23 or 22 cases from the sampling frame.</li> <li>Calculate a sampling interval based on the size of the new sampling frame and the number of cases (3)<sup>3</sup> to be selected as replacement cases.</li> <li>Divide the total number of cases listed in the sampling frame (after removing the 23 or 22 sample cases) by the number of cases to be selected as replacements (3).</li> </ul>	<ul style="list-style-type: none"> <li>Remove the 23 cases from the total number of cases with a subsidy payment made for services received during the sample month. (31,286–23=31,263)</li> <li>To calculate the sampling interval, divide the remaining total number of cases in the sample month (31,263), by the number of cases to be selected as the replacement cases (3). (31,263/3=10,421)</li> <li>If the sampling interval is 10,421, select every 10,421st case from a random starting point defined below.</li> </ul>
<b>6. Select Replacement Cases</b>	<ul style="list-style-type: none"> <li>Using a random number table or software, select a random number within the first replacement sampling interval.</li> <li>Use the random number as the starting point to select the first case in the sample.</li> <li>From the first case, select the next case that falls within the sampling interval.</li> <li>Continue to use the sampling interval to select the next cases until three replacement cases have been selected.</li> </ul>	<ul style="list-style-type: none"> <li>If the sampling interval is 10,421, use a random number table or software to select a random number that falls within the first replacement sampling interval of 1–10,421.</li> <li>If the random number selected is 10, select the 10th case as the first case in the sample.</li> <li>If the sampling interval is 10,421, then select the next 2 cases that fall within the sampling interval, or the cases listed 10,431st and 20,852nd.</li> </ul>

<sup>3</sup> If a State chooses to select more than 3 replacement cases for each sampling frame, the State will replace "(3)" in steps 5, 6, and 7 by whatever larger number of replacement cases the State has chosen to select.

Steps	Instructions	Examples
<p><b>7. Create additional monthly sampling frames for each month of the review period.</b></p>	<ul style="list-style-type: none"> <li>Based on the frequency of monthly sample selection, draw additional sampling frames for each month of the 1-, 3-, 6-, or 12-month review period. For each month of the review period, repeat steps 2-6, found in column 1 above.</li> </ul>	<p><b>Example one (Select 6 monthly sampling frames, 2 times per year):</b></p> <ul style="list-style-type: none"> <li>If the 6-month sampling frame is October 2012–March 2013, in May 2013, generate 1 sampling frame per month, starting with the month of October 2012, repeating steps 2–6 for each month through March 2013.</li> <li>In November 2013, generate 1 sampling frame per month, starting with the month of April 2013, repeating steps 2–6 for each month through September 2013.</li> </ul> <p><b>Example two (Select 12 monthly sampling frames, once per year):</b></p> <ul style="list-style-type: none"> <li>If the 12-month review period is October 2012–September 2013, generate 1 sampling frame per month, starting with the month of October 2012, repeating steps 2–6 for each month.</li> </ul>

## VI. CUSTOMIZING THE *RECORD REVIEW WORKSHEET*

The *Record Review Worksheet* (attachment 1) provides a standardized format to assess and record the information and documentation existing in the case record needed to determine whether the child was eligible and received the correct subsidy payment amount for the sample review month. States customize the *Record Review Worksheet* template to conform to the specifics of their CCDF subsidy program by doing the following:

- In column 1, adding the appropriate State policies **in addition to** the boilerplate to identify each element of CCDF eligibility.
- In column 2, adding features to assist reviewers in their analysis of the specific element and compliance with the States' CCDF subsidy program policy.

When completed, the customized *Record Review Worksheet*

- identifies the status of each element of eligibility and benefit calculation, based on the CFR and the States' CCDF subsidy program policy;
- determines the correct subsidy amount for the sample month; and
- identifies any resulting errors.

States make no changes to columns 3 or 4. Because reviewers use column 3 for narrative purposes, this column may not be customized. The format for column 4 must be retained in order to capture all of the information required for completion of the *State Improper Payments Report*.

States provide training and instruction to reviewers. This will assist States in certifying that the review process is consistent with the States' CCDF subsidy program policies and in ensuring

consistency within the State in the interpretation of what is an error. Using the State's customized *Record Review Worksheet* as a guide, reviewers conduct case-record reviews of a random sample of cases with a payment for services received during the review period.

States must have ACF approval for revisions to the *Record Review Worksheet* template prior to using it in the record review. States send customized *Record Review Worksheets* to the Child Care Program Manager in the ACF Regional Office no later than the end of December of the calendar year prior to the reporting year.

The *Record Review Worksheet* template consists of four sections designed for the following data collection:

- **Section I:** State Child Care Program Forms—this is a review of application, recertification, and change-reporting forms to determine that they are current according to eligibility policies in effect in the sample review month. Typical eligibility forms include the application form, rights and responsibilities notification form, referral form, parental choice form, and parent/provider agreement form, if applicable.
- **Section II:** Priority Group Placement—This is a review to determine whether the child meets the criteria of State-designated priority groups. These groups are identified in the State plan. Examples include categories such as special needs, foster care, working families with very low incomes, TANF, etc.
- **Section III:** General Program Requirements—This is a review to determine whether the parent of the client meets the State's definition of parent, meets the State's or county's residency requirement, is working or attending a job training or educational program, and meets other general program requirements of the State or county. This review also is to determine whether the child meets the citizenship/qualified-alien criteria, meets age or special needs criteria, whether the number of hours of care authorized is consistent with State policy, and whether services are provided by a legally operating provider.
- **Section IV:** Income and Payment—This is a review to determine whether the household income meets State requirements, the accuracy of computations, and the subsidy amount. This section also includes computation, if any, of the gross improper payment amount. The calculation of improper payment includes both overpayments and underpayments.

Each section of the *Record Review Worksheet* template has four columns designed for the following data collection:

- **Column 1**—This column lists the CFR citations and boilerplate descriptions of the basic elements of eligibility, income requirements, subsidy amount, and computations. In customizing the *Record Review Worksheet* template, States provide descriptions of the forms, documents, and States' CCDF subsidy program policies to be considered by the reviewer, including any specific questions, prompts, or form

names that can assist the reviewer in identifying or assessing the accuracy of the specific element of eligibility.

- Column 2—This column is for the reviewer to provide a detailed analysis of the case record. In customizing the *Record Review Worksheet* template, States add features to assist reviewers in their analysis of the specific element and compliance with the States' CCDF program policy.
- Column 3—The reviewer provides a summary of the findings of the review of the specific element. If an error is *cited in the review* of a specific element, the reviewer describes the cause(s) of the error(s) in Column 3. In Column 3 of Element 410, the summary should also include (1) whether the error(s) resulted in an improper payment; (2) the reason for the improper payment and whether it was due to missing or insufficient documentation; (3) whether the improper payment was an overpayment or underpayment; and (4) the amount of the improper payment.
- Column 4—This column provides codes for the reviewer to summarize the results of the case-review findings for the specific element and, in Column 4 of element 410, for the complete case review.

For further information about completion of the customized *Record Review Worksheet* as part of the case-record reviews, refer to section VII of this document.

The following provides a detailed explanation of each section of the *Record Review Worksheet* template.

### **Review Identification Information**

States must retain the case identification information found at the top of the *Record Review Worksheet* template. This information includes: "Child ID," "State," "County," "Sample Month/Year" and "Review Date."

### **Column 1: Elements of Eligibility and Payment Determination**

States must retain the column heading "Elements of Eligibility and Payment Determination." States retain the CFR citations and boilerplate descriptions for each element of column 1. States then customize by adding details, clearly distinct from the boilerplate, that reflect their laws, policies, and procedures. Examples for the elements follow.

#### Section I. State Child Care Program Forms

- Element 100 Application/Redetermination Forms—Determine whether required eligibility forms meet all State and Federal policies in effect during the sample review month. Examples include (1) application form, (2) child care agreement, and (3) voucher or certificate, as applicable.

States might choose to customize this section by listing each required form and providing policy citations, including page number, for any required forms.

#### Section II. Priority Group Placement

- Element 200 Priority Group Placement—Determine whether client meets criteria of any State-designated priority group, e.g., special needs and/or low income.

### Section III. General Program Requirements

- Element 300 Qualifying Head of Household—Determine whether client meets parent definition (parent means a parent by blood, marriage, or adoption, and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same.

States might customize this section by listing the parent definition, any required documentation or providing regulation citations.

- Element 310 Residency—Determine whether client is a resident according to State policy.

States might customize this section by listing the State and county residency regulation citations and the required documentation needed by the eligibility worker to verify status.

- Element 320 Parental Work/Training Status—To receive services, a child's parent or parents must be working or attending a job training or educational program, or have a child receiving or needing to receive protective services under the State's definition. States might customize this section by listing categories such as qualifying activity (working a minimum of 20 hours a week), schedule (attending job training or an educational activity 20 hours a week), disability, protective services case, and other criteria based on State policy.

- Element 330 Qualifying Child—Determine whether child meets eligibility criteria including (1) younger than 13 years; (2) younger than 19 years and physically or mentally incapable of caring for himself or herself, or under court supervision; or (3) meets other eligibility requirements defined in the State Plan, and (4) whether the child meets citizenship/qualified alien requirements as set forth in Federal policy.

States might customize this section by listing the above categories and any required documentation.

- Element 340 Qualifying Care—Determine number of hours of care to be authorized during review period based on State policy.

States might customize this section by providing additional prompts for the reviewer. Examples in accordance with State policies may include: transportation time, sleep time for shift work, study time for student parents, and bands of time to allow the child to attend a quality early learning or afterschool program.

- Element 350 Qualifying Provider Arrangement—Determine whether services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider, and that the provider met all regulatory requirements.

States might customize this section by listing separately the allowable provider categories or providing the appropriate State policy citation. Any exceptions that a State applies to in-home care may be reflected in this section.

States might provide additional prompts for the reviewer, such as: "Check the provider record status screen to see whether a valid license or certificate was in effect as of the sample review month."

#### Section IV. Income and Payment

- Element 400 Income/Income Standards/Parental Fee Calculation—Describe income verification and calculations for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment). States may include information on cases that are considered exempt from income verification based on CCDF rules and State policy.

Determine whether household income meets State requirements (e.g., family gross income must be within X percent of State's median income).

Identify the eligibility worker's subsidy amount for a sample review month.

Determine whether the subsidy amount for a sample review month was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.

States may customize by separately identifying State-specific data, such as head of household employment income; spouse employment income; any changes in income reported; and loss of income during eligibility period.

The State might cite its income eligibility policy.

- Element 410 Payments/Computations—Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a difference, compare the reviewer's subsidy amount to the sample month payment amount.
  - If the sample month payment amount is greater, the difference is an overpayment.
  - If the sample month payment amount is less the difference is an underpayment. Not all underpayments are necessarily due to errors with eligibility determinations. If the underpayment is due to State or local policies the State may adjust the amount of the underpayment after consultation with the Child Care Program Manager in the Administration for Children and Families (ACF) Regional Office.

States make no additions to column 1 language as element 410 is the computation of the improper payment.

#### **Column 2: Analysis of Case Record**

This column contains the details for analysis of the case record. The analysis provides a summary of the case-record information as it relates to the requirements stipulated in column 1.

In customizing column 2, States must retain the column heading "Analysis of Case Record." States add features to assist reviewers in summarizing their analysis of the specific element and compliance with the specifics of the States' CCDF subsidy program policy.

While it is not required, States may choose to ask reviewers to include photocopies of specific documentation to support the column 2 analysis.

In Element 200 some States indicate that they served all eligible recipients during the review period in column 2.

In the example below, Column 2 is customized by using "yes" or "no" columns. In addition, Column 1 also has been customized to include State-specific information. If a State is using an automated tool, drop down windows and check boxes may be added for ease of review and comment boxes help the reviewer provide additional information.

**Example of a Column 2 Modification  
of the Record Review Worksheet**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<b>320 PARENTAL WORK/TRAINING STATUS</b>	
<p><i>To receive services, a child's parent or parents must be working or attending a job training or educational program, or have a child receiving or needing to receive protective services under the State's definition.</i></p> <p>CC Manual:  <u>11002.4</u>, Persons Eligible  <u>11002.9</u> (A, P, Q, U, AH, AP), Definitions and Explanations of Terms  <u>11003.2</u>, Parent/Caretaker in TANF  <u>11003.3</u>, Parent/Caretaker on Food Stamps  <u>11003.7.2</u>, Income Eligible/Homeless  <u>11003.7.3</u>, Income Eligible/Loss of Employment or Job Transition</p>	<p>Child's Parent(s) is:            Working            Y ____ N ____            In an Educational Program            Y ____ N ____            In Job training            Y ____ N ____ or            Child meets State definition of protective services for CCDF            Y ____ N ____</p> <p>Comments:            Copies of the required pay stubs were in the case record.</p>

**Column 3: Findings**

States may not customize column 3. Column 3 contains a summary of the findings of the case-record review and provides any pertinent facts or conflicts in information as they relate to the requirements stipulated in column 1. If an error is cited in the review of a specific element, the reviewer describes the cause(s) of the error(s). In column 3 of element 410, the summary should also include (1) whether the error(s) resulted in an improper payment; (2) the reason for the improper payment and whether it was due to missing or insufficient documentation; (3) whether the improper payment was an overpayment or underpayment; (4) an explanation of the sample month payment amount if it was less than the subsidy amount; and (5) the amount of the improper payment.

#### **Column 4: Results**

States may not customize column 4. Reviewers identify in column 4 the codes that summarize the review findings from column 3. The column 4 codes for elements 100–400 are the following:

1. Error—Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error.

As element 410 is a summation of the entire case-record review, the column 4 codes are the following:

1. Error —Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error. (For cases with multiple errors, the type of the error responsible for the largest dollar amount is coded.)
3. Type of improper payment(s) during sample review month—Enter “U” for underpayment, “O” for overpayment, and "NA" if there is no improper payment. (For cases with both error types, the type of the error responsible for the larger dollar amount is coded.)
4. Total Amount of Improper Payment—Enter the dollar amount of the error.
5. Total Payment Amount for Sample Month—Enter the total dollar amount of the payment that was actually made for the child for the sample month.

## **VII. CONDUCTING CASE-RECORD REVIEWS**

The case-record review is considered a quality control function and is not to be carried out by persons who made or approved eligibility determinations during the review period, or are under the supervision of persons responsible for eligibility determinations. Staff selected to complete the review must be knowledgeable about the CFR and State child care policies. The integrity of the review findings requires that all reviewers have a shared view of what constitutes an error for all elements of the review.

States provide training and instruction to reviewers sufficient that States can certify that the review process is consistent with the eligibility policies and there is consistent interpretation of what is an error. To accomplish this inter-reviewer reliability, States have chosen to

- discuss, as a group, the initial case reviews and their findings; and/or

- conduct several “second-level” rereviews to assure inter-reviewer consistency.

States decide the location where cases are reviewed. Using the customized *Record Review Worksheet* as a guide, States conduct desk record reviews of the random sample of cases that received a payment for services received during one of the sample review months.

### **General Instructions**

Reviewers use the *Record Review Worksheet* to record the analysis of the case record and findings. This documentation provides the verification that substantiates the eligibility determination and the subsidy amount for the sample review month. Regarding eligibility status, reviewers examine the most recent eligibility determination in effect as of the sample review month: either the initial determination or a redetermination, **and** any subsequently reported changes (e.g., income, or status) that might impact eligibility for the sample review month. To properly review cases, reviewers must identify and examine the documentation within the case records that was used to determine eligibility for a sample review month and calculate a subsidy amount for that month. This documentation may be permanent portions of the case record (e.g., birth certificates, etc.) or information specific to the eligibility period which covers the sample month (e.g., copies of pay stubs, school schedules, etc.). The review also includes access to, or inquiry of, any relevant screens or files within a State’s automated system, as appropriate and necessary.

If, in reviewing a case record, there is missing documentation, the State may choose to contact the local eligibility office to provide an opportunity for them to locate the document(s) **that was in their possession** but was not included in the case record when it was submitted for review. The local eligibility office may not seek new documentation and the opportunity for them to locate a document should not be construed as an opportunity for them to obtain documentation that it had not previously obtained. Additionally, the review does not include independent verification of eligibility and data elements.

### **Review Identification Information**

Reviewers complete identifying information for each review in the first line of the *Record Review Worksheet*. This information includes the unique Child ID#, State and county names, the sample month/year and the review date (the date the case record is reviewed).

### **Column 1: Elements of Eligibility and Payment Determination, and Column 2: Analysis of Case Record**

The following identifies each of the elements in column 1 and the kinds of information that have to be reviewed. Also identified are what companion facts, questions, or conflicts in information to insert in column 2.

### **Section I. General Program Requirements**

Section I. State Child Care Program Forms Determine whether required eligibility forms meet all State and Federal policies in effect during the sample review month. Examples include (1) application form, (2) child care agreement, and (3) voucher or certificate, as applicable.

- Element 100 Application/Redetermination Forms—*Determine whether required eligibility forms meet all State and Federal policies in effect during the sample review month. Examples include (1) application form, (2) child care agreement, and (3) voucher or certificate, as applicable.*

Column 1—Reviewers identify any required child care subsidy eligibility-related forms in their State.

Column 2—Reviewers check the record for all required forms, recording whether any required documentation is missing or incomplete.

## Section II. Priority Group Placement

- Element 200 Priority Group Placement—*Determine whether client meets criteria of any State-designated priority group, e.g., special needs or low income.*

Column 1—Reviewers identify State priority-group policies that are consistent with Federal requirements.

Column 2—Reviewers examine case-record information to determine whether the child’s priority-group placement met the Federal policy criteria.

## Section III. General Program Requirements

- Element 300 Qualifying Head of Household—*Determine whether client meets parent definition (parent means a parent by blood, marriage, or adoption and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same.*

Column 1—Reviewers consult the list in the customized worksheet or refer directly to State policy for requirements for a qualifying head of household.

Column 2—Reviewers check the application form and supplementary documentation to determine whether the necessary requirements are met.

- Element 310 Residency—*Determine whether client is a resident according to State policy.*

Column 1—Reviewers identify State policy requirements for residency requirements, if not already on customized worksheet.

Column 2—Reviewers compare State residency requirements with case-record documentation.

- Element 320 Parental Work/Training Status—*To receive services, a child's parent or parents must be working or attending a job training or educational program, or has a child receiving or needing to receive protective services under the State’s definition.*

Column 1—Reviewers identify State policy requirements for parental activity status which are consistent with requirements.

Column 2—Reviewers examine case-record information to determine whether the parent’s job/training/educational activity status met the criteria in State policy or whether the child met the State criteria for protective services under CCDF (see definition in State Plan). The reviewer records the finding by checking the appropriate block.

- Element 330 Qualifying Child—*Determine whether child meets eligibility criteria including (1) younger than 13 years; (2) younger than 19 years and physically or mentally incapable of caring for himself or herself, or under court supervision; or (3) meets other eligibility requirements defined in the State Plan, (4) and whether child meets citizenship/qualified alien status requirements as set forth in Federal policy.*

Column 1—Reviewers identify State policy requirements for child eligibility status, if not already on customized worksheet, and look for corresponding information about the child in the case record.

Column 2—Reviewers compare information in the case record with State policy to find out whether the child's eligibility determination was appropriate to the child's age, physical or mental needs, or other criteria in State policy, and whether the child meets Federal citizenship/qualified-alien status requirements.

- Element 340 Qualifying Care—*Determine number of hours of care to be authorized during review period based on State policy.*

Column 1—Reviewers refer to any relevant documentation and applicable State policy to determine hours of care needed. Examples in accordance with State policies may include transportation time, sleep time for shift work, study time for student parents, and bands of time to allow the child to attend a quality early learning or afterschool program.

Column 2—Reviewers compare the hours authorized for services, as recorded in the case record, with the documentation found in the case record.

- Element 350 Qualifying Provider Arrangement—*Determine whether services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider, and that the provider met all regulatory requirements.*

Column 1—Reviewers identify State policy requirements for allowable provider categories that are consistent with Federal requirements.

Column 2—Reviewers examine case-record information to determine whether the provider is from an allowable provider category as defined in Federal policy and has completed any documentation required by the State. The reviewer records the finding by checking the appropriate block.

## **Section II. Income and Payments**

- Element 400 Income/Income Standards/Parental Fee Calculation—*Describe income verification and calculations for household members. Specify time period (e.g., based*

*on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).*

*Determine whether household income meets State requirements (e.g., family gross income must be within X percent of State's median income).*

*Identify the eligibility worker's subsidy amount for a sample review month.*

*Determine whether the subsidy amount for a sample review month was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.*

Column 1—Income categories may be customized on the worksheet and may include head of household employment income; spouse employment income; any changes in income reported; and loss of income during eligibility period. Reviewers identify the State income requirements from State policy, if not included in the customized worksheet.

Column 2—Reviewers review and describe how household income, both earned and unearned, was verified and computed. This includes reviewing the income documentation information in the case record used for verification, reviewing compliance with State income-verification policy, such as the treatment of disregarded income, and checking the computations for accuracy. Reviewers compare the State income requirements with the computed income. Reviewers locate in the case record and record the subsidy amount for the sample review month. Reviewers determine whether the subsidy amount was based on income and other factors.

- Element 410 Payment/Computations—*Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a difference, compare the reviewer's subsidy amount to the sample month payment amount:*
  - *If the sample month payment amount is greater, the difference is an overpayment.*
  - *If the sample month payment amount is less, the difference is an underpayment.*

Column 1—There is no separate action required for column 1.

Column 2—Reviewers enter the eligibility worker's and reviewer's subsidy amounts for the sample month and, if there is a difference, the sample month payment amount.

### **Column 3: Findings**

Reviewers summarize the findings of the analysis from column 2 for each element. If an error is cited, the summary should include a detailed description of the cause(s) of the error(s). In column 3 of element 410, the summary should also include (1) whether the error resulted in an improper payment; (2) the reason for the improper payment and whether it was due to missing or insufficient documentation; (3) whether the improper payment was an overpayment or underpayment; (4) an explanation of the sample month payment amount if it was less than the subsidy amount; and (5) how the sample month payment amount affected the amount of the improper payment.

#### **Column 4: Results**

Based upon the column 3 summary, the reviewer completes the coding in column 4 for each element in each section of the *Record Review Worksheet*. For elements 100–400, the following codes summarize the review findings for the specific element:

1. Error—Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error.

For element 410 the following codes summarize the findings for the complete case-record review:

1. Error—Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error. (For cases with multiple errors the error responsible for the largest dollar amount is coded.)
3. Type of improper payment(s) during sample review month—Enter “U” for underpayment, “O” for overpayment and "NA" if there is no improper payment. (For cases with both error types the type of the error responsible for the larger dollar amount is coded.)
4. Total Amount of Improper Payment—Enter the dollar amount of the error.
5. Total Payment Amount for Sample Month—Enter the total dollar amount of the payment that was actually made for the child for the sample month.

#### **Case-Record Review Examples**

The following examples illustrate how to record the analysis and summarize the findings of the case-record review across the columns and elements of the *Record Review Worksheet*.

#### ***Review Identification Information***

The reviewer completes identifying information for each review in the first line of the *Record Review Worksheet*. This information includes the unique Child ID#, State and County names, the Sample Month/Year, and the Date of the Review (the date the case record is reviewed).

#### ***Column 1: Elements of Eligibility and Payment Authorization***

Reviewers identify State child eligibility policies, pertinent to each of the review elements, which are consistent with Federal requirements.

#### ***Column 2: Analysis of Case Record***

Reviewers complete column 2 at the point in time the record is reviewed. Reviewers summarize any pertinent facts, questions, or conflicts in information found in the case-record documentation

and the actions taken by the caseworkers as they relate to the requirements stipulated in column 1.

Exhibit 4 illustrates the column 2 summary of the results of one element of a case-record analysis using the *Record Review Worksheet*.

**Exhibit 4. Example of a Column 2 Summary of a Case-Record Analysis  
Using a Customized *Record Review Worksheet***

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<p><b>320 PARENTAL WORK/TRAINING STATUS</b></p> <p>To receive services a child's parent or parents must be working or attending a job training or educational program or have a child receiving or needing to receive protective services under the State's definition.</p> <p>State Policies: Policy Manual Section XX, page YY</p>	<p><i>Child's Parents must be:</i> <i>Working</i> Y <u>  X  </u> N <u>  </u></p> <p><i>In an Educational Program</i> Y <u>  </u> N <u>  </u></p> <p><i>In Job training</i> Y <u>  </u> N <u>  </u> or <i>Child meets State definition of protective services for CCDF</i> Y <u>  </u> N <u>  </u></p> <p><i>Copies of the customer's pay stubs were in the case record.</i></p>

**Column 3: Findings**

Reviewers summarize the findings of the analysis from column 2 for each element. If an error is cited, the summary should include a detailed description of the cause(s) of the error(s). In element 410, the summary should also include (1) whether the error resulted in an improper payment; (2) the reason for the improper payment and whether it was due to missing or insufficient documentation; (3) whether the improper payment was an overpayment or underpayment; (4) an explanation of the sample month payment amount if it was less than the subsidy amount; and (5) how the sample month's payment amount affected the amount of the improper payment.

Exhibit 5 illustrates the column 2 summary and the column 3 findings and how they would be completed to capture the complete findings of the example case-record review.

**Exhibit 5. Example of Column 2 Summary and Column 3 Findings  
Using a Customized Record Review Worksheet**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
<p align="center"><b>320 PARENTAL WORK/TRAINING STATUS</b></p> <p>To receive services a child's parent or parents must be working or attending a job training or educational program or have a child receiving or needing to receive protective services under the State's definition.</p> <p>State Policies: Policy Manual Section XX, page YY</p>	<p><i>Child's Parents must be:</i> <i>Working</i> Y <u>X</u> N ___</p> <p><i>In an Educational Program</i> Y ___ N ___</p> <p><i>In Job training</i> Y ___ N ___ or</p> <p><i>Child meets State definition of protective services for CCDF</i> Y ___ N ___</p> <p><i>Copies of the customer's pay stubs were in the case record.</i></p>	<p><i>The pay stubs document the customer's employment which satisfies the parental work requirements.</i></p>

**Column 4: Results**

Based upon the column 3 summary, the reviewer completes the coding in column 4 for each element in the *Record Review Worksheet*. For elements 100–400, column 4, list the following codes to summarize the review findings:

1. Error—Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error.

Exhibit 6 illustrates the column 2 summary, the column 3 and the column 4 findings, and how they would be completed to capture the findings of the example case-record review.

**Exhibit 6. Example of Column 2 Summary, Column 3 Findings, and Column 4 Results Using a Customized *Record Review Worksheet***

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)			
<p align="center"><b>320 PARENTAL WORK/TRAINING STATUS</b></p> <p>To receive services a child's parent or parents must be working or attending a job training or educational program or have a child receiving or needing to receive protective services under the State's definition.</p> <p><i>State Policies:</i> Policy Manual Section XX, page YY</p>	<p><i>Child's Parents must be:</i></p> <p><i>Working</i> Y ___ X ___ N ___</p> <p><i>In an Educational Program</i> Y ___ N ___</p> <p><i>In Job training</i> Y ___ N ___ or</p> <p><i>Child meets State definition of protective services for CCDF</i> Y ___ N ___</p> <p><i>Copies of the customer's pay stubs were in the case record.</i></p>	<p><i>The pay stubs document the customer's employment which satisfies the parental work requirements.</i></p>	<b>320 RESULTS</b>			
			1.	0	No Error Error	
			2.	N/A	Insufficient/ Missing Documentation	

Element 410, column 4, lists the following codes to summarize the findings for the entire case-record review:

1. Error—Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error. (For cases with multiple errors the error responsible for the largest dollar amount is coded.)
3. Type of improper payment(s) during sample review month—Enter “U” for underpayment, “O” for overpayment, and "NA" if there is no improper payment. (For cases with both error types, the type of the error responsible for the larger dollar amount is coded.)
4. Total Amount of Improper Payment—Enter the dollar amount of the error.
5. Total Payment Amount for Sample Month—Enter the total dollar amount of the payment that was actually made for the child for the sample month.

Exhibit 7 illustrates element 410 of the customized *Record Review Worksheet* and how it would be completed to capture the complete findings of the example case-record review.

**Exhibit 7. Example of Column 2 Summary, Column 3 Findings and Column 4 Results of Element 410 Using a Customized Record Review Worksheet**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)		
<p align="center"><b>410 PAYMENTS/ COMPUTATIONS</b></p> <p>Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a difference, compare the <u>reviewer's subsidy amount</u> to the <u>sample month payment amount</u>.</p> <ul style="list-style-type: none"> <li>o If the <u>sample month payment amount</u> is greater, the difference is an overpayment.</li> <li>o If the <u>sample month payment amount</u> is less, the difference is an underpayment.</li> </ul>	<p><i>Eligibility Worker Subsidy Amount:</i> \$ <u>256</u></p> <p><i>Reviewer Subsidy Amount:</i> \$ <u>256</u></p> <p><i>Sample Month Payment Amount:</i> \$ _____</p>	<p><i>No error.</i></p>	<b>410 RESULTS</b>		
			1.	0	No Error Error
			2.	N/A	Insufficient/ Missing Documentation
			3.	N/A	Underpayment Overpayment
			4.	\$0	Total Amount of Improper Payment
5.	\$256	Total Payment Amount for Sample Month			

The following several examples of element 410 illustrate the column 2 summaries, column 3 findings, and the column 4 results using the *Record Review Worksheet* when an error occurs during the case record review that impacts element 410:

- **Example #1—Overpayment Error**

The client provided weekly pay stubs at application. The eligibility worker converted the income as though it were biweekly. The eligibility worker computed \$250 as the subsidy amount. The reviewer determined \$200 to be the correct subsidy amount. The amount paid in the sample month (\$250) was \$50 higher when compared to the reviewer’s correct subsidy amount resulting in a \$50 overpayment error.

The error is coded in column 4, element 410 as follows:

- o Item 1: "1" = one or more errors
- o Item 2: "N" as the error was not due to missing or insufficient documentation
- o Item 3: “O” for an overpayment error
- o Item 4: “\$50” the amount of the error
- o Item 5: "\$250" the amount paid for the sample month

Exhibit 8 illustrates element 410 of the customized *Record Review Worksheet* and how it would be completed to capture the findings that resulted in the determination of an overpayment error.

**Exhibit 8. Example of Overpayment Error**

ELEMENTS OF ELIGIBILITY & PAYMENT (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)		
<p><b>410 PAYMENTS/ COMPUTATIONS</b></p> <p>Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a difference, compare the <u>reviewer's subsidy amount</u> to the <u>sample month payment amount</u>.</p> <ul style="list-style-type: none"> <li>o If the <u>sample month payment amount</u> is greater, the difference is an overpayment.</li> <li>o If the <u>sample month payment amount</u> is less, the difference is an underpayment.</li> </ul>	<p>Eligibility Worker Subsidy Amount: \$ <u>250</u></p> <p>Reviewer Subsidy Amount: \$ <u>200</u></p> <p>Sample Month Payment Amount: \$ <u>250</u></p>	<p>See element 400—The eligibility worker converted the income incorrectly. The error resulted in an overpayment. The amount paid in the sample month exceeded the correct subsidy amount by \$50.</p>	<b>410 RESULTS</b>		
			1.	1	No Error Error
			2.	N	Insufficient/ Missing Documentation
			3.	O	Underpayment Overpayment
			4.	\$50	Total Amount of Improper Payment.
5.	\$250	Total Payment Amount for Sample Month			

- **Example #2—Underpayment Error**

The client provided two biweekly pay stubs at application. The eligibility worker converted the income as though it were weekly income. The eligibility worker computed \$150 as the subsidy amount. The reviewer determined \$175 to be the correct subsidy amount. The amount paid in the sample month (\$150) was \$25 less than the reviewer’s correct subsidy amount resulting in a \$25 underpayment error.

The error is coded in column 4, element 410 as follows:

- o Item 1: "1" = one or more errors
- o Item 2: "N" as the error was not due to missing or insufficient documentation
- o Item 3: “U” for an underpayment error
- o Item 4: “\$25” the amount of the error
- o Item 5: "\$150" the amount paid for the sample month

Exhibit 9 illustrates element 410 of the customized *Record Review Worksheet* and how it would be completed to capture the findings that resulted in a determination of an underpayment error.

**Exhibit 9. Example of Underpayment Error**

ELEMENTS OF ELIGIBILITY & PAYMENT (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)		
<p><b>410PAYMENTS/ COMPUTATIONS</b></p> <p>Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a difference, compare the <u>reviewer's subsidy amount</u> to the <u>sample month payment amount</u>.</p> <ul style="list-style-type: none"> <li>o If the <u>sample month payment amount</u> is greater, the difference is an overpayment.</li> <li>o If the <u>sample month payment amount</u> is less, the difference is an underpayment.</li> </ul>	<p><i>Eligibility Worker Subsidy Amount:</i> \$ <u>150</u></p> <p><i>Reviewer Subsidy Amount:</i> \$ <u>175</u></p> <p><i>Sample Month Payment Amount:</i> \$ <u>150</u></p>	<p><i>See element 400—The eligibility worker converted the income incorrectly. The error resulted in an underpayment. The amount paid in the sample month was \$25 less than the correct subsidy amount.</i></p>	410 RESULTS		
			1.	1	No Error Error
			2.	N	Insufficient/ Missing Documentation
			3.	U	Underpayment Overpayment
			4.	\$25	Total Amount of Improper Payment
5.	\$150	Total Payment Amount for Sample Month			

- **Example #3—One Error, No Improper Payment**

The client provided two biweekly pay stubs at recertification. The eligibility worker used the net income figure rather than the gross figure in computing the income. The eligibility worker computed \$275 as the subsidy amount. The reviewer determined \$250 to be the correct subsidy amount. The amount paid in the sample month was \$200. While there is an error, there is no improper payment error as the amount paid for the sample month (\$200) was less than the correct subsidy amount (\$250).

The error is coded in column 4, element 410 as follows:

- o Item 1: "1" = one or more errors
- o Item 2: "N" the error was not caused by missing or insufficient documentation
- o Item 3: "N/A" = no improper payment occurred
- o Item 4: "\$0"
- o Item 5: "\$200" the amount paid for the sample month

Exhibit 10 illustrates element 410 of the customized *Record Review Worksheet* and how it would be completed to capture the findings that resulted in the determination of one error, but no improper payment.

**Exhibit 10. Example of One Error, No Improper Payment**

ELEMENTS OF ELIGIBILITY & PAYMENT (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)		
<p><b>410 PAYMENTS/ COMPUTATIONS</b></p> <p>Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a difference, compare the <u>reviewer's subsidy amount</u> to the <u>sample month payment amount</u>.</p> <ul style="list-style-type: none"> <li>o If the <u>sample month payment amount</u> is greater, the difference is an overpayment.</li> <li>o If the <u>sample month payment amount</u> is less, the difference is an underpayment.</li> </ul>	<p><i>Eligibility Worker Subsidy Amount:</i> \$ <u>275</u></p> <p><i>Reviewer Subsidy Amount:</i> \$ <u>250</u></p> <p><i>Sample Month Payment Amount:</i> \$ <u>200</u></p>	<p><i>See element 400—The eligibility worker computed the earned income incorrectly when computing the subsidy amount of \$275. The correct subsidy amount was \$250, which would have resulted in a \$25 overpayment. While there is an error, there is no improper payment error as the amount paid for the sample month (\$200) was less than the correct subsidy amount (\$250),</i></p>	410 RESULTS		
			1.	1	No Error Error
			2.	N	Insufficient/ Missing Documentation
			3.	N/A	Underpayment Overpayment
			4.	\$0	Total Amount of Improper Payment
5.	\$200	Total Payment Amount for Sample Month			

**VIII. COMPLETING AND SUBMITTING THE STATE IMPROPER PAYMENTS REPORT**

The *State Improper Payments Report* consists of three parts:

- Part I—Program Assurances and Certifications
- Part II—Error-Measures Reporting
- Part III—State Response to Error-Measures Findings

States report findings in the *State Improper Payments Report*, included as attachment 2, on or before June 30 of the reporting year.

## **Part I—Program Assurances and Certifications**

States insert identifying information of the agent authorized to assure and certify the following:

1. The data collection process, including sample selection and case-record reviews, adhered to all requirements of the "Measuring Improper Payments in the Child Care and Development Fund (CCDF) Program" instructions and regulations at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve the eligibility determinations or are under the supervision of persons responsible for eligibility determinations.
3. All reviewers have been trained to ensure that the review process is consistent with State policies and that there is consistency within the State in interpretation of what is an error.
4. The State agrees to retain *Record Review Worksheets*, the *State Improper Payments Report* and any revisions, and any other records pertinent to the case reviews and submission of error-rate reports, for 5 years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The State understands that this information, including the sampled case records and calculations, is subject to Federal review.

The required information is "Submission Date," "Name," "Signature," "Title," "State," "State Agency," "Telephone Number," "E-mail Address," and "Federal Fiscal Year."

## **Part II—Error-Measures Reporting**

States consolidate all the data in order to compute the error measures for input into the *State Improper Payments Report*. It is recommended that States enter all data from element 410, column 4 of each *Record Review Worksheet* into a database or spreadsheet for error-measures computation. Using software to consolidate all of the data improves accuracy and allows for easier analyses of the results from the case-record review process.

States use the table in Part II of the *State Improper Payments Report* to record information necessary to compute and record error measures.

The following are the templates for Part II of the *State Improper Payments Report*.

## **Exhibit 13. Improper Payments Reporting**

Item #		
1.	Number of cases sampled	
2.	Total number of cases with an error	
3.	Percentage of cases with an error	
4.	Total number of cases with an improper payment	
5.	Percentage of cases with an improper payment	
6.	Total number of cases with an improper payment due to missing or insufficient documentation	
7.	Percentage of cases with an improper payment due to missing or insufficient documentation	
8.	Total amount of payments for the sampled cases	\$
9.	Total amount of improper payments for review period (gross amount of underpayments and overpayments)	\$
9A.	Total amount of underpayments for review period	\$
9B.	Total amount of overpayments for review period	\$
10.	Percentage of the total amount of payments for the sampled cases that are improper payments	
11.	Average amount of improper payments	\$
12.	Estimated annual amount of improper payments	\$
13.	<p>Check the appropriate response.</p> <p>1. ___ Review not based on a sample drawn from pooled funds.</p> <p>2. ___ Review based on a sample drawn from pooled funds and State has applied the pooling factor found on the most recent ACF-800 reporting form.</p> <p style="padding-left: 20px;">i. ___ Pooling factor from the most recent ACF-800 reporting form if applicable.</p> <p>3. ___ Review based on a sample drawn from pooled funds but State has not applied the pooling factor found on the most recent ACF-800 reporting form.</p> <p style="padding-left: 20px;">i. ___ Pooling factor different from that found on the most recent ACF-800 reporting form.</p> <p style="padding-left: 20px;">ii. Explain the derivation of this pooling factor.</p>	

**14.** Number of replacement cases used each month of the 12-month review period and the reasons for the use of those replacements.

Following is the form in the *State Improper Payments Report* for recording replacement cases.

**Exhibit 14. Example of Replacement Cases**

Month	Reason(s) for Replacement Cases (please list)	# Times Reason Used

Month	Reason(s) for Replacement Cases (please list)	# Times Reason Used
October		
November		
December		
January		
February		
March		
April		
May		
June		
July		
August		
September		

If there are more than three replacement cases in a single month, and there are more than three reasons, States place an asterisk after the name of the month and include the additional information below the table.

**General Instructions**

- Round all entries to the nearest dollar.

- Omit cents.
- If the result contains 50 cents or more, round up to the nearest dollar.
- If the result contains 49 cents or less, round down to the nearest dollar.

The instructions for all items in part II follow. Note that the term "payment" means subsidy payment amount for services received during the sample review month. (See glossary.)

1. *Number of cases sampled*—The sample size for all States is set at 271 (or 276) cases.
2. *Total number of cases with an error*—Compute the sum of all cases with an error. This is the total number of cases with a 1 in element 410, column 4, Item #1 of the *Record Review Worksheet*.
3. *Percentage of cases with an error*—Divide the total number of all cases with an error (see #2 above) by 271 (or 276) and multiply by 100.
4. *Total number of cases with an improper payment*—Compute the sum of all cases with either an overpayment or underpayment. This is the total number of cases with an amount other than "\$0" in element 410, column 4, Item #4 of the *Record Review Worksheet*.
5. *Percentage of cases with an improper payment*—Divide the total number of all cases with an improper payment error (see #4 above) by 271 (or 276) and multiply by 100.
6. *Total number of cases with an improper payment due to missing or insufficient documentation*—Compute the number of all cases with a "Y" coding in element 410, column 4, Item #2, that also had an amount other than "\$0" in element 410, column 4, Item #4 of the *Record Review Worksheets*.
7. *Percentage of cases with an improper payment due to missing or insufficient documentation*—Divide the total number of cases with an improper payment due to missing or insufficient documentation (see #6 above) by the total number of cases with an improper payment (see #4 above) and multiply by 100.
8. *Total amount of payments for sampled cases*—Compute the sum of all sample month payment amounts for the 271 (or 276) sampled cases. The sample month payment amount is captured in element 410, column 4, Item #5 of each of the 271 (or 276) *Record Review Worksheets*.
9. *Total amount of improper payments for review period* (gross amount of underpayments and overpayments)—Compute the sum of all improper payments listed in element 410, column 4, Item #4, of the *Record Review Worksheets*.
- 9A. *Total amount of underpayments for review period*—Compute the sum of all improper payments listed in element 410, column 4, Item #4 of the *Record Review Worksheets* that also have a "U" listed in element 410, column 4, Item #3, of the *Record Review Worksheets*.
- 9B. *Total amount of overpayments for review period*—Compute the sum of all improper payments listed in element 410, column 4, item #4 of the *Record Review Worksheets*

that also have an "O" listed in element 410, column 4, item #3 of the *Record Review Worksheets*.

10. *Percentage of the total amount of payments for the sampled cases that are improper payments*—Compute the sum of all amounts of improper payments (see #9 above) divided by the sum of all payments for the 271 (or 276) sampled cases (see #8 above) multiplied by 100.
11. *Average amount of improper payments*—Compute the sum of all amounts of improper payments (see #9 above) divided by the total number of cases with an improper payment (see #4 above).
12. *Estimated annual amount of improper payments*—Multiply the percentage of the total amount of payments for the sampled cases that are improper payments (see #10 above) by the total dollar amount of all child care subsidies paid during the 12-month review period.

*Pooled funds*: If a State combines (pools) funds and conducted its review based on a sample drawn from a universe of cases served by these pooled funds, the State will calculate the total amount of child care subsidies paid during the 12-month review period in one of two ways to reflect the proportion of these funds that are CCDF funds:

- o (13-2) By applying the pooling factor found on the most recent ACF-800 reporting form to calculate the dollar amount
- o (13-3) By applying a pooling factor different from that found on the most recent ACF-800 reporting form

13. Check the appropriate response:

1. Review not based on a sample drawn from pooled funds
2. Review based on a sample drawn from pooled funds and State has applied the pooling factor found on the most recent ACF-800 reporting form
  - i. Provide pooling factor from the most recent ACF-800 reporting form, if applicable
3. Review based on a sample drawn from pooled funds but State has not applied the pooling factor found on the most recent ACF-800 reporting form.
  - i. Provide pooling factor different from that found on the most recent ACF-800 reporting form.
  - ii. Explain the derivation of this pooling factor.

14. Number of replacement cases used each month of the 12-month review period and reason for each replacement. If there are more than three replacement cases in a single month, and there are more than three reasons, the State places an asterisk after the name of the month and includes the information below the table.

### **Part III—State Response to Error Measures Findings**

States complete Part III for all reporting cycles **after** the initial *State Improper Payments Report* (ACF-404) report is submitted (formerly ACF-402).

15. Describe lessons learned or improvements made in implementation of the review process during the current review cycle.

States do not restate the fieldwork preparation plan, but provide a summary of any improvements made, lessons learned, or best practices adopted during implementation of the error-rate review process.

16. A. Of the cases with an improper payment error due to missing or insufficient documentation (see #6 above), provide the number and types of the two most common error causes and provide examples of each.

B. Of the cases that had an improper payment error due to a cause *other* than missing or insufficient documentation, provide the number and types of the two most common error causes and provide examples of each.

(Example—Thirty cases with an improper payment had errors due to **missing or insufficient documentation**, of which 15 were due to income errors, such as missing pay stubs and 10 were due to errors in the hours of care needed, such as missing work schedules.)

(Example—Fifteen of the cases with an improper payment had errors due to **other** causes, of which 8 were due to calculation errors, such as failing to add all amounts of gross income and 7 were due to misapplication of policy, such as granting eligibility to a family that had income over scale.)

17. Describe the implementation actions and the timeline planned to correct each type of improper payment error identified in Item 16 in order to reach the targeted reductions identified in Item 20. Describe the method(s) that will be used between review cycles to measure progress in reducing improper payments.

18. A. What is the amount of improper payments the State expects to recover as a result of the review? If the amount is less than the total amount of overpayments (see #9B above) provide a summary of the reasons limiting the collections.

B. What was the amount of improper payments the State recovered as a result of the previous review?

19. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper payments. If the Lead Agency does not have these tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.

20. Provide the findings for the current cycle, data and targets set in the previous cycle, and targets set for the next cycle for percentage of cases with an error; percentage of cases with an improper payment; percentage of the total amount of payments for the sampled cases that are improper payments; average amount of improper payments;

and estimated annual amount of improper payments. It is expected that State targets will show continual improvement.

21. If any targets were not met, provide an explanation of why the State did not meet these targets and what actions have been outlined in #17 in order to reduce future improper payment errors.
22. Discuss causes of errors and improper payments identified in the **previous cycle** and actions that were taken to correct those causes in order to reduce error rates

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## APPENDIX A. GLOSSARY

**Active Case (Case)**—A case (child) for which a subsidy payment was made for services received during the sample review month. A case is the primary sampling unit for this analysis.

**Average Amount of Improper Payment**—The average amount the State paid improperly per child during the review period. This rate is determined by dividing the gross amount (overpayments plus underpayments) of improper payments in the sample by the number of cases in the sample that had an improper payment.

**Case Record**—The physical record or case file. The documentation may be permanent portions of the case record (e.g., birth certificates) or information specific to the eligibility period (e.g., copies of pay stubs, school schedules) that covers the sample month.

**Child Care Subsidy Payment**—Payment amount of CCDF grant funds, including Federal Discretionary funds (which includes any funds transferred from the TANF Block Grant), Mandatory and Matching Funds, and State Matching and Maintenance-of-Effort (MOE) Funds. For States that do not separate CCDF funds from nonCCDF funds, this includes all pooled child care funds.

**County**—This is the primary legal division of most States. The term county includes independent municipalities. Most counties are functioning governmental units, whose powers and functions vary from State to State. If a State CCDF program does not currently have any process to collect any data by county or independent municipality, the State may substitute for "county" the smallest jurisdiction within the State for which data is collected, such as early-learning coalition or region.

**Documentation**—Documentation is a written or printed statement or a copy of a document furnishing information. For purposes of this review, documentation may also be documents that have been scanned into the State's automated systems.

**Eligibility Action**—Eligibility action is the action that is taken on a case that determines the subsidy payment amount. The eligibility action in effect for the sample month is the basis for the review of the payment amount.

**Error**—An error is any violation or misapplication of law, regulation, or policy governing the administration of CCDF grant funds, regardless of whether such a violation results in an improper payment. Violations may result in administrative errors that do not lead to payment errors. **For purposes of this methodology, an error results when there is a discrepancy between the subsidy amount determined to be correct by the reviewer(s) and the subsidy amount as determined by the eligibility worker.**

**Improper Payment Amount**—The improper payment amount is the difference between the subsidy amount calculated by the reviewer and the actual subsidy amount paid for services received during the sample month.

**Overpayment**—An overpayment is an improper payment amount that exceeds the subsidy payment amount calculated by the reviewer.

**Percentage of the total amount of payments for the sampled cases that are improper payments**—This measure is the percentage of improper payments for the review period (the error rate). This rate is determined by dividing the gross amount of improper payments in the sample (overpayments plus underpayments) by the total dollar amount of child care payments in the sample cases and then multiplying by 100.

**Recertification**—This is an eligibility action taken to establish a monthly subsidy amount for an additional period immediately following the expiring certification period.

**Review Period**—The review period is the Federal Fiscal Year prior to July 1 of the designated calendar year in which a *State Improper Payments Report* must be submitted. For example, for a July 1, 2014, submission date, the review period would be October 1, 2012, through September 30, 2013.

**Sample Month Payment Amount**—The sample month payment amount is the amount paid for services received during the sample month. This amount may be equal to the subsidy amount or may be different than the subsidy amount due to such things as errors, attendance, center closures, school schedules, etc.

**Sample Review Month**—The sample review month is the specific month within the 12-month review period for which a sampling frame is created. For example, the sample review month of January has a sampling frame that contains all cases for which a subsidy was paid for services received in January.

**Sampling Frame**—The sampling frame is the list of sampling units (total population or universe) paid for services received during the sample month. The sample of cases for each sample review month is drawn from the sampling frame.

**Sampling Unit**—The sampling unit is a child for whom a child care subsidy payment was made for services received during the sample review month.

**State**—The term State includes the 50 States, the District of Columbia, and Puerto Rico.

**Subsidy Amount**—The subsidy amount is the amount calculated based on criteria in effect for the sample month. This figure is the amount the State will pay for the child's subsidy and is frequently referred to as the certificate or voucher amount.

**Total Number of Cases with an Error**—This is the total number of cases with an error, regardless of whether the error ultimately results in an improper payment.

**Total Number of Cases with an Improper Payment**—This is the total number of cases with an error that resulted in an improper payment.

Underpayment—An underpayment is an improper payment amount that is less than the subsidy payment amount calculated by the reviewer. Not all underpayments are necessarily due to errors with eligibility determinations. If the underpayment is due to State or local policies, the State may adjust the amount of the underpayment after consultation with the Child Care Program Manager in the Administration for Children and Families (ACF) Regional Office.

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**APPENDIX B**

***SAMPLING DECISIONS, ASSURANCES, AND FIELDWORK  
PREPARATION PLAN***

**INSTRUCTIONS**

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## **INSTRUCTIONS FOR COMPLETING SAMPLING DECISIONS, ASSURANCES, AND FIELDWORK PREPARATION PLAN**

States must submit the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* to the Child Care Program Manager in the Administration for Children and Families (ACF) Regional Office no later than October of the calendar year prior to the reporting year. The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* includes required information regarding sampling decisions, assurances, and fieldwork preparation outlined below.

The State must receive Regional Office approval of the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* prior to drawing the first sample.

The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* must include the following required information:

- Part I: Sampling Decisions—Decisions regarding sample size and number of monthly replacement cases; citation of the source of the random number; sampling frequency and projected date for the start of the sampling process.
- Part II: Assurances and Certifications—The State assures that it will abide by the instructions contained in the Child Care Improper Payment Initiative *Improper Payments Data Collection Instructions*. (See Section VIII for additional information.)
- Part III: Fieldwork Preparation Plan—The State identifies, at a minimum the
  - project and review team leadership;
  - methods for ensuring inter-reviewer consistency;
  - review team composition;
  - error definition; and
  - record retention measures.

The state has the option of including the

- person who will certify and submit the *State Improper Payments Report*;
- process for and use of the policy review;
- information systems project responsibilities; and
- case review logistics.

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Public reporting for this collection of information is estimated to average 106 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

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**ATTACHMENT 1**

***RECORD REVIEW WORKSHEET***  
**(TEMPLATE)**

**(ACF-403)**

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### RECORD REVIEW WORKSHEET (ACF-403)

REVIEW WORKSHEET (TEMPLATE) (ACF-403)				
CHILD ID#	STATE:	COUNTY:	SAMPLE MONTH/YEAR:	REVIEW DATE:
ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	Results(4)	
<b>SECTION I. STATE CHILD CARE PROGRAM FORMS</b>				
<b>100 APPLICATION/REDETERMINATION FORMS</b>			<b>100 RESULTS</b>	
Determine whether required eligibility forms meet all State and Federal policies in effect during the sample review month. Examples include (1) application form, (2) child care agreement, and (3) voucher or certificate, as applicable.			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>SECTION II. PRIORITY GROUP PLACEMENT</b>				
<b>200 PRIORITY GROUP PLACEMENT</b>			<b>200 RESULTS</b>	
Determine whether client meets criteria of any State-designated priority group, e.g., special needs or low income.			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>SECTION III. GENERAL PROGRAM REQUIREMENTS</b>				

<b>300 QUALIFYING HEAD OF HOUSEHOLD</b>			<b>300 RESULTS</b>	
Determine whether client meets parent definition (parent means a parent by blood, marriage, or adoption and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same.			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>310 RESIDENCY</b>			<b>310 RESULTS</b>	
Determine whether client is a resident according to State policy.			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>320 PARENTAL WORK/TRAINING STATUS</b>			<b>320 RESULTS</b>	

<p>To receive services, a child's parent or parents must be working or attending a job training or educational program, or have a child receiving or needing to receive protective services under the State's definition.</p>			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>330 QUALIFYING CHILD</b>			<b>330 RESULTS</b>	
<p>Determine if child meets eligibility criteria including (1) younger than 13 years, (2) younger than 19 years and physically or mentally incapable of caring for himself or herself, or under court supervision, or (3) meets other eligibility requirements defined in the State Plan, and (4) if child meets citizenship/qualified alien status as set forth in Federal policy.</p>			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>340 QUALIFYING CARE</b>			<b>340 RESULTS</b>	
<p>Determine number of hours of care authorized during review period based on State policy.</p>			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>350 QUALIFYING CARE AND PROVIDER ARRANGEMENT</b>			<b>350 RESULTS</b>	

Determine whether services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider, and that the provider met all regulatory requirements.			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>SECTION IV. INCOME AND AUTHORIZATION</b>				
<b>400 INCOME / INCOME STANDARDS / PARENTAL FEE CALCULATION</b>			<b>400 RESULTS</b>	
*Describe income verification and calculations for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment). *Determine whether household income meets State requirements (e.g., family gross income must be within X percent of State's median income). *Identify the eligibility worker's subsidy amount for a sample review month. *Determine whether the subsidy amount was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.			1	No Error / Error
			2	Insufficient/ Missing Documentation
<b>410 PAYMENT / COMPUTATIONS</b>			<b>410 RESULTS</b>	
Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a			1	No Error / Error

<p>difference, compare the <u>reviewer's subsidy amount</u> to the <u>sample month payment amount</u>.</p> <p>□ If the <u>sample month payment amount</u> is greater, the difference is an overpayment.</p> <p>□ If the <u>sample month payment amount</u> is less, the difference is an underpayment.</p>			2	Insufficient/ Missing Documentation
			3	Overpayment Underpayment
			4	Total Amount of Improper Payment
			5	Total Payment Amount for Sample Month
<p>The coding for the Results Column for Elements 100 – 400 is as follows: 1: "0" = no error, "1" = error; 2: "Y" = error due to missing or insufficient documentation, "N" = error not due to missing or insufficient documentation, and "NA" = no error. The coding for the Results Column for Element 410 is as follows: 1: "0" = no error, "1" = error; 2: "Y" = error due to missing or insufficient documentation, "N" = error not due to missing or insufficient documentation, and "NA" = no error; 3: "U" = Underpayment, "O" = Overpayment, and "NA" = no improper payment; 4: Enter dollar amount of error; 5: Total Payment Amount for Sample Month.</p>				

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## **INSTRUCTIONS FOR COMPLETING RECORD REVIEW WORKSHEET**

### **General Instructions**

Reviewers use the customized *Record Review Worksheet* to record the analysis of the case record and findings. This documentation provides the verification that substantiates the eligibility determination and the payment amount for the sample review month. Regarding eligibility status, reviewers examine the most recent eligibility determination in effect as of the sample review month, either the initial determination or a redetermination, and any subsequently reported changes (e.g., income or status) that might impact eligibility.

To properly review cases, reviewers must identify and examine the documentation within the case records that was used to determine eligibility for a sample review month and calculate a subsidy amount for that month. This documentation may be permanent portions of the case record (birth certificates, etc.) or information specific to the eligibility period which covers the sample month (e.g., copies of pay stubs, school schedules). The review also includes access to, or inquiry of, any relevant screens or files within a State's automated system, as appropriate and necessary. If, in reviewing a case record, there is missing documentation, the State may choose to contact the local eligibility office to provide an opportunity for them to locate the document(s) that was in their possession but was not included in the case record when it was submitted for review. The local eligibility office may not seek new documentation and the opportunity for them to locate a document should not be construed as an opportunity for them to obtain documentation that it had not previously obtained. Additionally, the review does not include independent verification of eligibility and data elements.

### **Review Identification Information**

Reviewers complete identifying information for each review in the first line of the *Record Review Worksheet*. This information includes the unique Child ID#, State and county names, the sample month/year, and the review date (the date the case record is reviewed).

### **Column 1: Elements of Eligibility and Payment Determination, and Column 2: Analysis of Case Record**

Column 1: This column lists boilerplate descriptions of the basic elements of eligibility, income requirements, subsidy amount, and computations. In customizing the *Record Review Worksheet* template, in addition to the boilerplate descriptions, States provide descriptions of the forms, documents, and information to be considered by the reviewer, including any State policies, specific prompts, or form names that can assist the reviewer in identifying or assessing the accuracy of the specific element of eligibility.

Column 2: This column is for the reviewer to provide a detailed analysis of the case record. In customizing the *Record Review Worksheet* template, States add features to assist reviewers in summarizing their analysis of the specific element and compliance with the specifics of the States' CCDF subsidy program policy.

The following identifies each of the elements in column 1 and the kinds of information that have to be reviewed. Also identified are what companion facts, questions, or conflicts in information to insert in column 2.

### Section I. State Child Care Program Forms

- Element 100 Application/Redetermination Forms—Determine whether required eligibility forms meet all State and Federal policies in effect during the sample review month. Examples include (1) application form, (2) child care agreement, and (3) voucher or certificate, as applicable. States might choose to customize this section by listing each required form to prompt the reviewers. States may provide policy citations, including page number, for any required forms.

### Section II. Priority Group Placement

- Element 200 Priority Group Placement—Determine whether client meets criteria of any State-designated priority group, e.g., special needs and/or low income. Some States indicate that they served all eligible recipients during the review period.

### Section III. General Program Requirements

- Element 300 Qualifying Head of Household—Determine whether client meets parent definition (parent means a parent by blood, marriage or adoption, and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same.

States might customize this section by listing the parent definition, any required documentation or providing regulation citations to prompt reviewers.

- Element 310 Residency—Determine whether client is a resident according to State policy.

States might customize this section by listing the State and county residence regulation citations and the required documentation needed by the eligibility worker to verify status.

- Element 320 Parental Work/Training Status—To receive services, a child's parent or parents must be working or attending a job training or educational program, or has a child receiving or needing to receive protective services under the State's definition.

States might customize this section by listing categories such as qualifying activity (working a minimum of 20 hours a week), schedule (attending job training or educational activity 20 hours a week), disability, protective services case, and other areas that meet the State's definition.

Element 330 Qualifying Child—Determine whether child meets eligibility criteria including (1) younger than 13 years; (2) younger than 19 years, and physically or mentally incapable of caring for himself or herself, or under court supervision; or (3) meets other eligibility requirements defined in the State Plan. Determine whether the child meets citizenship/qualified-alien status requirements as set forth in Federal policy.

States might customize this section by listing the categories.

- Element 340 Qualifying Care—Determine number of hours of care to be authorized during review period based on State policy.

States might customize this section by providing additional prompts for the reviewer. Examples in accordance with State policies may include: transportation time, sleep time for shift work, study time for student parents, and bands of time to allow the child to attend a quality early learning or afterschool program.

- Element 350 Qualifying Provider Arrangement—Determine whether services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider, and that the provider met all regulatory requirements.

States might customize this section by listing separately the allowable provider categories or providing the appropriate State policy citation. Any exceptions that a State applies to in-home care may be reflected in this section.

States might provide additional prompts for the reviewer, such as "Check the provider record status screen to see whether a valid license or certificate was in effect as of the sample review month."

#### Section IV. Income and Payment

- Element 400 Income/Income Standards/Parental Fee Calculation—Describe income verification and calculations for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment). States may include information on cases that are considered exempt from income verification based on CCDF rules and State policy.

Determine whether household income meets State requirements (e.g., family gross income must be within X percent of State's median income).

Identify the eligibility worker's subsidy amount for a sample review month.

Determine whether the subsidy amount was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.

States may customize by separately identifying State-specific data, such as head of household employment income; spouse employment income; any changes in income reported; and loss of income during eligibility period.

The State might cite its income eligibility policy.

- Element 410 Payments/Computations—Compare the eligibility worker's subsidy amount with the reviewer's subsidy amount. If there is a difference, compare the reviewer's subsidy amount to the sample month payment amount.
  - If the sample month payment amount is greater, the difference is an overpayment.

- o If the sample month payment amount is less, the difference is an underpayment. Not all underpayments are necessarily due to errors with eligibility determinations. If the underpayment is due to State or local policies the State may adjust the amount of the underpayment after consultation with the Child Care Program Manager in the Administration for Children and Families (ACF) Regional Office.

States make no additions to column 1 language as element 410 is the computation of the improper payment.

### **Column 3: Findings**

Reviewers summarize the findings of the analysis from column 2 for each element. If an error is cited, the summary should include a detailed description of the cause(s) of the error(s). In element 410, the summary should also include (1) whether the error resulted in an improper payment; (2) the reason for the improper payment and whether it was due to missing or insufficient documentation; (3) whether the improper payment was an overpayment or underpayment; (4) an explanation of the sample month payment amount if it was less than the full amount; and (5) how the sample month payment amount affected the amount of the improper payment.

### **Column 4: Results**

Based upon the column 3 summary, the reviewer completes the coding in column 4 for each element in each section of the *Record Review Worksheet*. For elements 100–400, the following codes summarize the review findings for the specific element:

1. Error—Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error.

For element 410, the following codes summarize the findings for the complete case-record review:

1. Error —Enter the correct code according to the following key: “0” = no error, “1” = error.
2. Reason for error—Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error. (For cases with multiple errors the type of the error responsible for the largest dollar amount is coded.)
3. Type of improper payment(s) during sample review month—Enter “U” for underpayment, “O” for overpayment, and "NA" if there is no improper payment. (For cases with both error types, the type of the error responsible for the larger dollar amount is coded.)
4. Total Amount of Improper Payment—Enter the dollar amount of the error.

5. Total Payment Amount for Sample Month—Enter the total dollar amount of the payment that was actually made for the child for the sample month.

**ATTACHMENT 2**

***STATE IMPROPER PAYMENTS REPORT***

**AND INSTRUCTIONS**

**(ACF-404)**

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**STATE IMPROPER PAYMENTS REPORT (ACF-404)**

**PART I. PROGRAM ASSURANCES AND CERTIFICATIONS**

The Lead Agency, named below, assures and certifies the following:

1. The data collection process, including sample selection and case-record reviews, adhered to all requirements of the "Measuring Improper Payments in the Child Care and Development Fund (CCDF) Program" instructions and regulations at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve the eligibility determinations or who are under the supervision of persons responsible for eligibility determinations.
3. All reviewers have been trained to ensure that the review process is consistent with State policies and that there is consistency within the State in interpretation of what is an error.
4. The State agrees to retain *Record Review Worksheets*, the *State Improper Payments Report* and any revisions, and any other records pertinent to the case reviews and submission of error-rate reports for 5 years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The State understands that this information, including the sampled case records and calculations are subject to Federal review.

**Submission Date:** \_\_\_\_\_  
**Name:** \_\_\_\_\_  
**Signature:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**State:** \_\_\_\_\_  
**State Agency:** \_\_\_\_\_  
**Phone Number:** \_\_\_\_\_  
**E-mail:** \_\_\_\_\_  
**Fiscal Year:** \_\_\_\_\_

**PART II. ERROR MEASURES REPORTING**

Improper Payments Reporting

Item #		
1.	Number of cases sampled	
2.	Total number of cases with an error	
3.	Percentage of cases with an error	
4.	Total number of cases with an improper payment	
5.	Percentage of cases with an improper payment	
6.	Total number of cases with an improper payment due to missing or insufficient documentation	
7.	Percentage of cases with an improper payment due to missing or insufficient documentation	
8.	Total amount of payments for the sampled cases	\$
9.	Total amount of improper payments for review period (gross amount of underpayments and overpayments)	\$
9A.	Total amount of underpayments for review period	\$
9B.	Total amount of overpayments for review period	\$
10.	Percentage of the total amount of payments for the sampled cases that are improper payments	
11.	Average amount of improper payments	\$
12.	Estimated annual amount of improper payments	\$
13.	<p>Check the appropriate response.</p> <p>1. ____ Review not based on a sample drawn from pooled funds.</p> <p>2. ____ Review based on a sample drawn from pooled funds and State has applied the pooling factor found on the most recent ACF-800 reporting form.</p> <p style="padding-left: 20px;">i. ____ Pooling factor from the most recent ACF-800 reporting form, if applicable.</p> <p>3. ____ Review based on a sample drawn from pooled funds but State has not applied the pooling factor found on the most recent ACF-800 reporting form.</p> <p style="padding-left: 20px;">i. ____ Pooling factor different from that found on the most recent ACF-800 reporting form.</p> <p style="padding-left: 20px;">ii. Explain the derivation of this pooling factor.</p>	

14. Number of replacement cases used each month of the 12-month review period and the reasons for the use of those replacements.

Month	Reason(s) for Replacement Cases (please list)	# Times Reason Used
October		
November		
December		
January		
February		
March		
April		
May		
June		
July		
August		
September		

If there are more than three replacement cases in a single month, and there are more than three reasons, States place an asterisk after the name of the month and include the additional information below the table.

**Part III - State Response to Error-Measures Findings**

Item #	
15.	Describe lessons learned or improvements made in implementation of the error-rate review process during the current review cycle.

Item #	
16.	<p>A. Of the cases with an improper payment error due to missing or insufficient documentation, (see #6 above), provide the number and types of the two most common error causes and provide examples of each.</p> <p>B. Of the cases that had an improper payment error due to a cause <i>other</i> than missing or insufficient documentation, provide the number and types of the two most common error causes and provide examples of each.</p>

Item #	
17.	Describe the implementation actions and the timeline planned to correct each type of improper payment error identified in Item 16 in order to reach the targeted reductions identified in Item 20. Describe the method(s) that will be used between review cycles to measure progress in reducing improper payments.

Item #	
18.	<p>A. What is the amount of improper payments the State expects to recover as a result of the review? If the amount is less than the total amount of overpayments (see #9B above), provide a summary of the reasons limiting the collections.</p> <p>B. What is the amount of improper payments the State recovered as a result of the previous review?</p>

Item #	
--------	--

<b>19.</b>	Describe the information systems and other infrastructure that assist the State in identifying and reducing improper payments. If the Lead Agency does not have these tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.
<b>Item #</b>	
<b>20.</b>	Provide the findings for the current cycle, data and targets for the prior and current cycles, and targets for the next cycle for percentage of cases with an error, percentage of cases with an improper payment, percentage of improper payments, average amount of improper payments, and estimated annual amount of improper payments.

<b>Error Measures</b>	<b>Prior Cycle Data</b>	<b>Prior Cycle Target</b>	<b>Current Cycle Data</b>	<b>Current Cycle Target</b>	<b>Target for Next Cycle</b>
Percentage of cases with an error					
Percentage of cases with an improper payment					
Percentage of total amount of payments for the sample that are improper payments					
Average amount of improper payments					
Estimated annual amount of improper payments					

<b>Item #</b>	
<b>21.</b>	If any targets were not met, provide an explanation of why the State did not meet these targets and what actions have been outlined in #16 in order to reduce future improper payment errors.

<b>Item #</b>	
<b>22.</b>	Discuss causes of errors and improper payments identified in the previous cycle and actions that were taken to correct those causes in order to reduce error rates.

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hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

## **INSTRUCTIONS FOR COMPLETING STATE IMPROPER PAYMENTS REPORT**

All States are required to complete and submit this report in accordance with these instructions on behalf of the State agency administering the Child Care and Development Fund.

**Due Dates:** This report must be submitted every 3 Federal Fiscal Years, on or before June 30 of the reporting year.

**Distribution:** States will submit the *State Improper Payments Report* via the Online Data Collection System (OLDC). States may, upon request, submit the report by e-mail to the Regional Child Care Program Manager in their ACF Regional Office.

### **Part I. Program Assurances and Certifications**

States insert identifying information of the agent authorized to assure and certify the following:

1. The data-collection process, including sample selection and case-record reviews, adhered to all requirements of the "Measuring Improper Payment in the Child Care and Development Fund (CCDF) Program" instructions and regulations at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve the eligibility determinations or who are under the supervision of persons responsible for eligibility determinations.
3. All reviewers have been trained to ensure that the review process is consistent with State policies and that there is consistency within the State in interpretation of what is an error.
4. The State agrees to retain *Record Review Worksheets*, the *State Improper Payments Report* and any revisions, and any other records pertinent to the case reviews and submission of errorrate reports, for 5 years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The State understands that this information, including the sampled case records and calculations, is subject to Federal review.

### **Part II. Error Measures Reporting**

#### **General Instructions**

- Round all entries to the nearest dollar.
- Omit cents.
- If the result contains 50 cents or more, round up to the nearest dollar.
- If the result contains 49 cents or less, round down to the nearest dollar.

The instructions for all items in Part II follow. Note that the term "payment" means subsidy payment amount for services received during the sample review month. (See glossary.)

1. *Number of cases sampled*—The sample size for all States is set at 271 (or 276) cases.

2. *Total number of cases with an error*—Compute the sum of all cases with an error. This is the total number of cases with a 1 in element 410, column 4, Item #1 of the *Record Review Worksheet*.
3. *Percentage of cases with an error*—Divide the total number of all cases with an error (see #2 above) by 271 (or 276) and multiply by 100.
4. *Total number of cases with an improper payment*—Compute the sum of all cases with either an overpayment or underpayment. This is the total number of cases with an amount other than "\$0" in element 410, column 4, Item #4 of the *Record Review Worksheet*.
5. *Percentage of cases with an improper payment*—Divide the total number of all cases with an improper payment error (see #4 above) by 271 (or 276) and multiply by 100.
6. *Total number of cases with an improper payment due to missing or insufficient documentation*—Compute the number of all cases with a "Y" coding in element 410, column 4, item #2, that also had an amount other than "\$0" in element 410, column 4, Item #4 of the *Record Review Worksheets*.
7. *Percentage of cases with an improper payment due to missing or insufficient documentation*—Divide the total number of cases with an improper payment due to missing or insufficient documentation (see #6 above) by the total number of cases with an improper payment (see #4 above) and multiply by 100.
8. *Total amount of payments for sampled cases*—Compute the sum of all sample month payment amounts for the 271 (or 276) sampled cases. The sample month payment amount is captured in element 410, column 4, Item #5 of each of the 271 (or 276) *Record Review Worksheets*.
9. *Total amount of improper payments for review period* (gross amount of underpayments and overpayments)—Compute the sum of all improper payments listed in element 410, column 4, Item #4, of the *Record Review Worksheets*.
- 9A. *Total amount of underpayments for review period*—Compute the sum of all improper payments listed in element 410, column 4, Item #4 of the *Record Review Worksheets* that also have a "U" listed in element 410, column 4, Item #3, of the *Record Review Worksheets*.
- 9B. *Total amount of overpayments for review period*—Compute the sum of all improper payments listed in element 410, column 4, item #4 of the *Record Review Worksheets* that also have an "O" listed in element 410, column 4, item #3 of the *Record Review Worksheets*.
10. *Percentage of the total amount of payments for the sampled cases that are improper payments*—Compute the sum of all amounts of improper payments (see #9 above) divided by the sum of all payments for the 271 (or 276) sampled cases (see #8 above) multiplied by 100.
11. *Average amount of improper payments*—Compute the sum of all amounts of improper payments (see #9 above) divided by the total number of cases with an improper payment (see #4 above).

12. *Estimated annual amount of improper payments*—Multiply the percentage of the total amount of payments for the sampled cases that are improper payments (see #10 above) by the total dollar amount of all child care subsidies paid during the 12-month review period.

*Pooled Funds:* If a State combines (pools) funds and conducted its review based on a sample drawn from a universe of cases served by these pooled funds, the State will calculate the total amount of child care subsidies paid during the 12-month review period in one of two ways to reflect the proportion of these funds that are CCDF funds:

1. (13-2) By applying the pooling factor found on the most recent ACF-800 reporting form to calculate the dollar amount
  2. (13-3) By applying a pooling factor different from that found on the most recent ACF-800 reporting form
13. Check the appropriate response:
    1. Review not based on a sample drawn from pooled funds
    2. Review based on a sample drawn from pooled funds and State has applied the pooling factor found on the most recent ACF-800 reporting form
      - i. Provide pooling factor from the most recent ACF-800 reporting form, if applicable
    3. Review based on a sample drawn from pooled funds but State has not applied the pooling factor found on the most recent ACF-800 reporting form.
      - i. Provide pooling factor different from that found on the most recent ACF-800 reporting form.
      - ii. Explain the derivation of this pooling factor.
  14. Number of replacement cases used each month of the 12-month review period and reason for each replacement. If there are more than three replacement cases in a single month, and there are more than three reasons, the State places an asterisk after the name of the month and includes the information below the table.

### **Part III. State Response to Error Measures Findings**

States complete Part III for all reporting cycles **after** the initial State Improper Payments Report ACF-404 report is submitted (formerly ACF-402).

15. Describe lessons learned or improvements made in implementation of the review process during the current review cycle.

States provide a summary of any improvements made, lessons learned or best practices adopted during implementation of the error rate review process.
16. A. Of the cases with an improper payment error due to missing or insufficient documentation (see #6 above) provide the number and types of the two most common error causes and provide examples of each.

B. Of the cases that had an improper payment error due to a cause *other* than missing or insufficient documentation, provide the number and types of the two most common error causes and provide examples of each.

(Example—Thirty cases with an improper payment had errors due to **missing or insufficient documentation**, of which 15 were due to income errors, such as missing pay stubs and 10 were due to errors in the hours of care needed, such as missing work schedules.)

(Example—Fifteen of the cases with an improper payment had errors due to **other** causes, of which 8 were due to calculation errors, such as failing to add all amounts of gross income and 7 were due to misapplication of policy, such as granting eligibility to a family that had income over scale.)

17. Describe the implementation actions and the timeline planned to correct each type of improper payment error identified in Item 13 in order to reach the targeted reductions identified in Item 17. Describe the method(s) that will be used between review cycles to measure progress in reducing improper payments. Detail actions to be taken to reduce State-only administrative error.
18. A. What is the amount of improper payments the State expects to recover as a result of the review? If the amount is less than the total amount of overpayments (see #9B above) provide a summary of the reasons limiting the collections.  
B. What was the amount of improper payments the State recovered as a result of the previous review?
19. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper payments. If the Lead Agency does not have these tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.
20. Provide the findings for the current cycle, data and targets set in the previous cycle, and targets set for the next cycle for percentage of cases with an error; percentage of cases with an improper payment; percentage of the total amount of payments for the sampled cases that are improper payments; average amount of improper payments; and estimated annual amount of improper payments. It is expected that State targets will show continual improvement.
21. If any targets were not met, provide an explanation of why the State did not meet these targets and what actions have been outlined in #16 in order to reduce future improper payment errors.
22. Discuss causes of errors and improper payments identified in the previous cycle and actions that were taken to correct those causes in order to reduce error rates.

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**ATTACHMENT 3**

**CCDF ERROR-RATE REVIEW**

***CORRECTIVE ACTION PLAN***

**(ACF-405)**

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## ERROR-RATE REVIEW *CORRECTIVE ACTION PLAN*

(ACF-405)

**State:** \_\_\_\_\_

**Date:** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Any Lead Agency with a rate of improper payments that exceeds a threshold established by the Secretary must submit to the Assistant Secretary for approval a comprehensive *Corrective Action Plan*, as well as subsequent reports describing progress in implementing the plan. The threshold established in FY12 is 10 percent. The corrective action plan must be submitted within 60 days of deadline for submitting the Lead Agency’s standard error-rate report. Subsequent progress reports must be submitted as requested by the Assistant Secretary. Failure to carry out actions described in the approved corrective action plan will be grounds for a penalty or sanction under § 98.92.

1. Current Improper Payment Rate:      %
2. Senior Official Accountable for <i>Corrective Action Plan</i> :
3. Identify actions and milestones the Lead Agency will undertake to reduce improper payments and the individual responsible for completing each action:
4. Timeline for completing each action within 1 year of the Assistant Secretary’s approval of the plan:
5. Timeline for reducing the error rate below 10 percent:
6. Identify targets for future improper payments:

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Public reporting for this collection of information is estimated to average 156 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.