



**Office of Child Care  
Administration for Children and Families**

## **Child Care Improper Payments Data Collection Instructions**

February 4, 2015

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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 Fiscal Year 2016. This document includes the following changes:

- Throughout the entire document, the instructions were expanded and updated to address errata and provide clarifications
- In the *Record Review Worksheet* (ACF-403), updated boilerplates to reflect new requirements under child care reauthorization
- In the *Record Review Worksheet* (ACF-403), the option to customize column 1 of element 410
- In the *State Improper Payments Report* (ACF-404), the addition of one new item – the improper payment amount for missing and insufficient documentation errors

These revisions to the methodology are consistent with HHS' compliance with: 1) the Improper Payments Information Act of 2002 (IPIA) as amended; 2) the Improper Payments Elimination and Recovery Act of 2010 (IPERA); 3) the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA); and 4) Executive Order 13520 – Reducing Improper Payments – 2009.

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 October 20, 2014, 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.

The error rate reviews require States to implement the methodology as it relates to their policies and procedures. As States comply with provisions of the Child Care and Development Block Grant (CCDBG) Act of 2014, the reviews must reflect the most recent policies in place during the time that child care services were provided. It is anticipated that States will need ongoing revisions to review instruments as new policies are put in place to ensure compliance with reauthorization requirements. For example, the law requires States to account for irregular fluctuations in income that may occur during the initial eligibility determination or re-determination. A State may subsequently put policies in place that allow the State flexibility to broaden the scope of income verification through the use of income averaging or accepting documentation that demonstrates that the income is an irregular fluctuation.

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## II. Overview of Methodology

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, and whether any improper payments were made.

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

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

### State Review Cycle

Each state reports its error rate once every three years on a rotational cycle. Using a stratified random sample method of selecting States, one-third of the total of 52 States<sup>1</sup> (including the District of Columbia and Puerto Rico) were selected for each of the three reporting year cohorts. Exhibit 1 displays the three cohorts. The national error measures are calculated by combining the measures from the States in the current reporting year cohort with the most recent measures from the other two cohorts. A review cycle is complete after the cohort of Year 3 States has reported, at which point National error measures for the complete cycle are calculated.

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<sup>1</sup> The sample consisting 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 fewest cases. Every third State on the list was then selected, using a random start number for Year 1 and Year 2. Year 3 includes those States not selected for Year 1 or Year 2. This yielded a mix of States in each cohort, including those with county-administered and State-administered programs and those serving small and large numbers of children.

### Exhibit 1: States by Cohort

Year 1 States

Region	State
I	New Hampshire
I	Vermont
II	Puerto Rico
III	Pennsylvania
III	West Virginia
IV	Georgia
IV	Alabama
V	Illinois
V	Indiana
VI	Texas
VI	Oklahoma
VII	Kansas
VIII	Colorado
VIII	North Dakota
IX	California
IX	Nevada
X	Washington
X	Alaska

Year 2 States

Region	State
I	Massachusetts
I	Rhode Island
II	New York
III	Virginia
III	Delaware
IV	Florida
IV	Tennessee
IV	Mississippi
V	Ohio
V	Wisconsin
VI	Louisiana
VI	Arkansas
VII	Iowa
VIII	Utah
VIII	South Dakota
IX	Arizona
X	Oregon

Year 3 States

Region	State
I	Connecticut
I	Maine
II	New Jersey
III	Maryland
III	District of Columbia
IV	North Carolina
IV	Kentucky
IV	South Carolina
V	Michigan
V	Minnesota
VI	New Mexico
VII	Missouri
VII	Nebraska
VIII	Montana
VIII	Wyoming
IX	Hawaii
X	Idaho

### Timeline

Exhibit 2 displays the timeline for the three cohorts' next reporting years. While the timeline provides deadlines by which States must provide the required submissions, States may submit required approval earlier

documents for review and than the deadline. For subsequent years, each State will adhere to the timeline, relative to its reporting year cohort.

### Exhibit 2: Error Rate Methodology Timeline

N/A	Year 1 States	Year 2 States	Year 3 States
Case review period	October 1, 2015 – September 30, 2016	October 1, 2016 – September 30, 2017	October 1, 2014 – September 30, 2015
Last day to submit <i>Sampling Decisions, Assurances, and Fieldwork Preparation Plan</i> *	October 31, 2016	October 31, 2017	October 31, 2015
Last day to submit <i>Record Review Worksheet (ACF-403)</i> *	December 31, 2016	December 31, 2017	December 31, 2015
Last day to submit <i>State Improper Payments Report (ACF-404)</i> *	June 30, 2017	June 30, 2018	June 30, 2016
Submit <i>Error Rate Review Corrective Action Plan (ACF-405)</i> , if applicable*	Within 60 days of ACF-404 submission	Within 60 days of ACF-404 submission	Within 60 days of ACF-404 submission

\*Submit to the Child Care Regional Program Manager in the ACF Regional Office for approval

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## Components of Methodology

- The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* includes the State's plans for sampling cases and conducting case record reviews. Each State must create, submit, and receive approval for its *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* prior to drawing the first sample. The deadline for submission is the last day of October in the calendar year prior to the reporting year. Further guidance on creating the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* is in Section III, and guidance on generating a sample of cases can be found in Section IV.
- The *Record Review Worksheet* (ACF-403) provides a standardized format to assess the case record, to determine whether the child was eligible and received the correct subsidy payment for the sample review month. Each State must customize, submit, and receive approval for its *Record Review Worksheet* prior to conducting case record reviews. The deadline for submission is the last day of December in the calendar year prior to the reporting year. The information gathered in the *Record Review Worksheet* forms the basis for computing error measures. Further guidance on customizing the *Record Review Worksheet* is in Section V, and guidance on conducting case record reviews can be found in Section VI.
- The *State Improper Payments Report* (ACF-404) contains the error and improper payment findings and analysis from the case record reviews. States must prepare and submit the *State Improper Payments Report* by June 30 of the reporting year. Further guidance on preparing the *State Improper Payments Report* is in Section VII.
- Any State with an error rate that exceeds 10 percent must prepare and submit a comprehensive *Error Rate Review Corrective Action Plan* (ACF-405) within 60 days of submitting the *State Improper Payments Report*. Further guidance on preparing the *Error Rate Review Corrective Action Plan* can be found in Section VIII.

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).

### **III. Creating the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan***

The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* includes States' plans for sampling cases and conducting case record reviews. Each State must create, submit, and receive approval for its *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* prior to drawing the first sample. The deadline for submission is the last day of October in the calendar year prior to the reporting year.

States selecting a monthly frequency for sampling, and choosing to conduct case record reviews monthly during the case review period (real time reviews), are encouraged to receive approval in a timely manner to avoid delays in implementing the plan.

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## Part I: Sampling Decisions

The following decisions are required and must be included:

- Sample size – States select a random sample of 271 or 276 active cases. The sample of cases is projected to achieve a State level error rate with a 5 percent margin of error at the 90 percent confidence level<sup>2</sup>. States that choose to sample 271 cases will randomly select 23 cases for each of the first seven months of the review period, and 22 cases for each of the last five months. Alternatively, States may choose to select 23 cases for each of the 12 months in the review period, yielding a total of 276 cases. Adding five cases to the annual required total allows States to select the same number of cases for each month of the review period.
- Number of monthly replacement cases – States randomly select a minimum of three replacement cases for each month in the review period. States may choose to select more than three replacement cases for each month. States may use a replacement case only for defined valid reasons, *with prior approval* from the Child Care Program Manager (or designee) in the ACF 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 the State’s fraud investigation unit, or the case is under appeal. All requests for use of replacement cases will be evaluated on an individual basis.
- Citation of the source of the random number – States name the random number sampling book or software that will be used in generating the sample of cases.
- Sampling frequency – States create 12 sampling frames (one for each month in the review period) from which cases will be selected for review. States determine how frequently they will create sampling frames, based on how often they choose to pull records and conduct reviews. This may be at the end of each month, quarterly, semiannually, or annually.
- Projected date for the start of the sampling process.

## Part II: Assurances and Certifications

The State assures that it will adhere to all requirements of the instructions and regulations for *Error Rate Reporting* at 45 CFR 98 Subpart K. Refer to Section VII (Preparing and Submitting the *State Improper Payments Report*) or Attachment 2 for additional information on these requirements.

## Part III: Fieldwork Preparation Plan

The following decisions are required and must be included:

- The project and review team leadership – The leader(s) must understand the program and have the authority to ensure timelines are met. The level of authority should be comparable to that of the leader who is responsible for the submission of the CCDF Plan.
- Methods for ensuring inter-reviewer consistency – States may choose to conduct group discussions of case findings, re-review cases, or use other methods.

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<sup>2</sup> To determine sample size for the CCDF error rate review methodology, OCC assumed (1) a conservative error rate estimate of 50 percent, (2) a 90 percent confidence level, and (3) a margin of error of +/- 5 percent. While OMB recommends a margin of error of +/- 2.5 percent, this would require a sample size of more than 1,000 children in each State, which was determined to be too burdensome for Lead Agencies. OMB granted permission to use the 90 percent confidence level and margin of error of +/- 5 percent. The sample size needed,  $n$ , is computed as  $n = [Z^2 * p * (1-p)] / E^2$ , where  $Z$  is the critical value from a standard normal distribution corresponding to the 90 percent confidence level,  $p$  is the error rate estimate, and  $E$  is the margin of error. Thus,  $n = (2.706 * .5 * .5) / .0025 = 270.6$ , for a final sample size of 271.

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- Review team composition – The review team may not include persons who made or approved eligibility determinations during the review period, or who are under the supervision of persons responsible for eligibility determinations. Staff selected to complete the review must be knowledgeable about the applicable Federal statutes and regulations and State CCDF policies.
  - Error definition – The integrity of the review findings requires that all reviewers have a shared view of what constitutes an error. States provide training and instruction to reviewers so that there is consistent interpretation of error. States should differentiate between improper payment and nonpayment errors in their definitions.
  - Record retention measures – The State must agree to retain case review materials for five years from the date of submission of the *State Improper Payments Report*, or the date of the final revision submission, whichever date is later.

The State has the option of including the following:

- Designation of the person who will certify and submit the *State Improper Payments Report*
- Plan and process for review of State policies and procedures
- Project responsibilities and coordination relating to information systems
- Case review logistics

#### **IV. Generating a Sample of Cases for Review**

A State may begin generating a sample of cases for review after the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* has been approved. This section provides instructions and examples for each step of the sampling process. Implementation of the steps will vary based on each State's own sampling decisions.

Before generating the sample of cases, a State must ensure that the sampling frame and sampling units have been properly identified.

The primary sampling unit is an active case (an individual child) for whom a subsidy payment was made for services received during the sample month. Each sampling unit will be identified by the following information:

- Sequential number
- Unique child ID
- County of service
- Sample month

The sampling frame is the list of all sampling units (cases) with a payment made for services received in the sample month. The sample month corresponds to a single calendar month. States must take into consideration any variations in payment schedules when creating sampling frames, to ensure that only payments for the services received in the sample month are included.

A State determines its own parameters for creating unique Child IDs, adhering to the following criteria:

- Each *child* receives a unique Child ID. If two or more children in the same family or household receive services, they should each be given a unique Child ID, even if they are otherwise considered to be under the same case.

- The unique Child ID does not contain identifying information; rather, it is linked to a county or State data system, so that the case record can be pulled if the child is selected for review.

Exhibit 3 provides step-by-step instructions for generating a sample of cases.

### Exhibit 3: Steps for Generating a Sample of Cases

Step	Instruction	Examples
<b>1. Determine number of monthly sampling frames to be created</b>	<ul style="list-style-type: none"> <li>• The sampling frame consists of all sampling units (cases), with a payment made for services received in the sample month (a single calendar month).</li> <li>• The number of sampling frames created at one time will depend on the State’s sampling decisions, as recorded in the <i>Sampling Decisions, Assurances, and Fieldwork Preparation Plan</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• If selecting 12 monthly sampling frames once per year, for a June 30, 2016 submission date: Select 12 monthly sampling frames (one each for October 2014-September 2015) in November 2015.</li> <li>• If selecting six monthly sampling frames twice per year, for a June 30, 2016 submission date: Select six monthly sampling frames (one each for October 2014-March 2015) in May 2015. Then select the remaining six monthly sampling frames (for April-September 2015) in November 2015.</li> </ul>
<b>2. Create the monthly sampling frame</b>	<ul style="list-style-type: none"> <li>• Consider any variations in payment schedules when creating sampling frames, to ensure that <u>only</u> payments for services received in the sample month are included.</li> <li>• Generate a list of all cases with a payment made for services received in the sample month</li> <li>• Sort the list by county caseload size, listing counties with the largest caseload first and continuing down to counties with the smallest caseload</li> <li>• Within the county, list all unique Child ID numbers sequentially from lowest to highest</li> </ul>	<ul style="list-style-type: none"> <li>• Sort the list by caseload county size; e.g., County K (2,615 cases), County R (995 cases), County W (971 cases), County M (848 cases), etc.</li> <li>• List unique Child ID numbers from lowest to highest; e.g., 233124 is in position 1, 233128 is in position 2, 255320 is in position 3, etc.</li> </ul>
<b>3. Calculate the sampling interval and determine the random number</b>	<ul style="list-style-type: none"> <li>• Calculate a sampling interval by dividing the total number of cases listed in the monthly sampling frame by the number of cases to be selected for the sample (23 or 22)</li> <li>• Using a random number table or software (as identified in the <i>Sampling Decisions, Assurances, and Fieldwork Preparation Plan</i>), select a number falling within the sampling interval. If the sampling interval is not a whole number, round to the nearest whole number.</li> </ul>	<ul style="list-style-type: none"> <li>• Assume 31,286 cases in the sample month.</li> <li>• Divide 31,286 (the number of cases in the sampling frame) by 23 (the number of cases to be selected for the sample), to equal 1,360.3.</li> <li>• Use a random number table or software to select a random number that falls between 1 and 1,360 (1,360.3 rounded down).</li> </ul>
<b>4. Select sample cases</b>	<ul style="list-style-type: none"> <li>• The case corresponding to the random number is the first case selected for the sample</li> <li>• Add the (unrounded, if applicable) sampling interval to the random number. Round the result (if applicable) to select the next case for the sample.</li> <li>• Continue to add the (unrounded) sampling interval to each (unrounded) result, then round to select cases until the sample is complete at 23 or 22 cases.</li> </ul>	<ul style="list-style-type: none"> <li>• Assume the random number is 463. The case in the 463<sup>rd</sup> position is the first case selected for the sample.</li> <li>• Add 1,360.3 and 463 to get 1823.3. The next case in the sample would be the 1823<sup>rd</sup> case (1823.3 rounded down).</li> <li>• Add 1360.3 to 1823.3 to get 3183.6. The next case in the sample would be the 3184<sup>th</sup> case (3183.6 rounded up).</li> <li>• Continue until 23 or 22 cases have been selected for the sample.</li> </ul>

Step	Instruction	Examples
<b>5. Calculate the sampling interval and determine the random number for selecting replacement cases</b>	<ul style="list-style-type: none"> <li>• After the sample of 23 or 22 cases has been selected, remove them from the sampling frame. Make sure the remaining cases are properly sorted and listed as described in Step 2.</li> <li>• Calculate a sampling interval by dividing the total number of cases in the new monthly sampling frame by the number of cases (3) to be selected as replacement cases.</li> <li>• Using a random number table or software, select a number falling within the new sampling interval. If the new sampling interval is not a whole number, round to the nearest whole number.</li> </ul>	<ul style="list-style-type: none"> <li>• Assume 23 cases have been selected from the sampling month, leaving 31,263 in the new monthly sampling frame.</li> <li>• Divide 31,263 (the number of cases in the sampling frame) by 3 (the number of replacement cases to be selected) to equal 10,421.</li> <li>• Use a random number table or software to select a random number that falls between 1 and 10,421.</li> </ul>
<b>6. Select replacement cases</b>	<ul style="list-style-type: none"> <li>• The case corresponding to the random number is the first replacement case selected.</li> <li>• Add the (unrounded, if applicable) sampling interval to the random number. Round the result (if applicable) to select the next replacement case.</li> <li>• Add the (unrounded) sampling interval to the (unrounded) result, then round to select the third replacement case. If more than three replacement cases are to be selected, continue this process until all replacement cases are selected.</li> </ul>	<ul style="list-style-type: none"> <li>• Assume the random number is 10. The case in the 10<sup>th</sup> position is the first replacement case selected.</li> <li>• Add 10,421 to 10 to get 10,431. The next replacement case selected would be the 10,431<sup>st</sup> case.</li> <li>• Add 10,421 to 10,431 to get 20,852. The third replacement case selected would be the 20,852<sup>nd</sup> case.</li> </ul>
<b>7. Create additional monthly sampling frames, if applicable</b>	<ul style="list-style-type: none"> <li>• Based on the frequency of monthly sample selection, draw additional sampling frames if applicable.</li> </ul>	<ul style="list-style-type: none"> <li>• If selecting 12 monthly sampling frames: Repeat steps 2-6 eleven times.</li> <li>• If selecting six monthly sampling frames: Repeat steps 2-6 five times.</li> </ul>

## V. Customizing the *Record Review Worksheet*

The *Record Review Worksheet* (ACF-403) provides a standardized format to document and assess the information available in the case record, in order to determine whether the child was eligible and received the correct subsidy payment amount for the sample review month. Each State must customize, submit, and receive approval for its *Record Review Worksheet* prior to conducting case record reviews. The deadline for submission is the last day of December in the calendar year prior to the reporting year.

The information gathered in the *Record Review Worksheet* forms the basis for computing error measures. The *Record Review Worksheet* template can be found in Attachment 1.

States customize the *Record Review Worksheet* template to conform to the specifics of their CCDF subsidy program. When completed, the customized *Record Review Worksheet* will allow reviewers to:

- Identify the status of each element of eligibility and benefit calculation, based on the applicable Federal statutes and regulations and State CCDF policies;
- Determine the correct subsidy amount for the sample month; and
- Identify any resulting errors to include improper payment errors and nonpayment errors.

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The *Record Review Worksheet* consists of four sections designed for assessing different eligibility areas. The sections are further divided into elements for review of specific areas of eligibility. The four sections, and their elements, are as follows:

- Section I. State Child Care Program Forms  
Element 100. Application/Redetermination Forms
- Section II. Priority Group Placement  
Element 200. Priority Group Placement
- Section III. General Program Requirements  
Element 300. Qualifying Head of Household  
Element 310. Residency  
Element 320. Parental Work/Training Status  
Element 330. Qualifying Child  
Element 340. Qualifying Care  
Element 350. Qualifying Provider Arrangement
- Section IV. Income and Payment  
Element 400. Income Requirements  
Element 410. Payments/Case Summary

The *Record Review Worksheet* template has four columns designed for documenting and assessing information:

- Column 1: Elements of Eligibility and Payment Determination
- Column 2: Analysis of Case Record
- Column 3: Findings
- Column 4: Results

States customize column 1 to conform to the specifics of their CCDF program, citing policies and describing other requirements for reviewers to consider when assessing the case record. States customize column 2 by adding features to assist reviewers in providing a detailed analysis of the case record. Detailed instructions for customizing columns 1 and 2 are included below.

States may not customize columns 3 or 4, which are used to summarize the findings of each element (and, in Element 410, the findings of **the entire case record review**).

For further information about completion of the customized *Record Review Worksheet* as part of the case record reviews, refer to Section VI.

### **Review Identification Information**

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

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

This column includes the boilerplate descriptions of the basic elements of eligibility, income requirements, subsidy amount, and computations. States retain the column heading “Elements of Eligibility and Payment Determination” and boilerplate descriptions for each element in the column. Then, States customize by adding details, clearly distinct from the boilerplate, that reflect laws, policies, procedures, and other requirements.

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## Section I. State Child Care Program Forms

### Element 100. Application/Redetermination Forms

- *Boilerplate: Determine whether required eligibility forms met all State and Federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) family assets, as determined by a family member; and (4) voucher or certificate, as applicable.*
- Customization of this element might include 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

- *Boilerplate: Determine whether client met criteria of any State-designated priority group, e.g., special needs or low income.*
- Customization of this element might include listing priority groups, definitions with policy citations, and any documentation required for placement.

## Section III. General Program Requirements

### Element 300. Qualifying Head of Household

- *Boilerplate: Determine whether client met 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.*
- Customization of this element might include listing the parent definition, any required documentation, or providing policy citations.

### Element 310. Residency

- *Boilerplate: Determine whether client was a resident according to State policy.*
- Customization of this element might include listing the State and/or county residency regulation citations and the required documentation needed by the eligibility worker to verify status.

### Element 320. Parental Work/Training Status

- *Boilerplate: To receive services a child's parent or parents must have been working or attending a job training or educational program (including a job search if applicable), or have had a child receiving or needing to receive protective services under the State's definition.*
- Customization of this element might include listing categories such as qualifying activity (working a minimum of X hours per week), schedule (attending job training or an educational activity X hours per week), applicable job search activity, disability, protective services case, and other criteria based on State policy.

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### Element 330. Qualifying Child

- *Boilerplate: Determine if the child met eligibility criteria including (1) age (younger than 13 years, or younger than 19 years and physically or mentally incapable of caring for himself or herself or under court supervision), (2) citizenship/qualified alien status as set forth in Federal Policy, and (3) other eligibility requirements as defined in the State Plan.*
- Customization of this element might include listing the above categories and any required documentation.

### Element 340. Qualifying Care

- *Boilerplate: Determine whether number of hours of care authorized for the sample month were correct based on State policy.*
- Customization of this element might include 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 after school program.

### Element 350. Qualifying Care and Provider Arrangement

- *Boilerplate: Determine whether services were 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 applicable requirements, including health and safety requirements.*
- Customization of this element might include 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 a prompt to check the provider record status screen to see whether a valid license or certificate was in effect for the sample review month.

## Section IV. Income and Payment

### Element 400. Income Requirements

- *Boilerplate:*
  - o *Determine 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).*
  - o *Determine whether household income met State requirements (e.g., family gross income must be within X percent of State's median income).*
  - o *Identify the eligibility worker's subsidy amount for the sample review month.*
  - o *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.*
- Customization of this element might include 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. Payment/Case Summary

- *Boilerplate: Compare the eligibility worker’s subsidy amount to the reviewer’s subsidy amount. If the amounts are the same there is no improper payment error.*

*If the amounts are different, compare the reviewer’s subsidy amount to the sample month payment amount.*

*If the sample month payment was a full payment and was:*

- o *greater than the reviewer’s subsidy amount, the difference is an overpayment (improper payment).*
- o *less than the reviewer’s subsidy amount, the difference is an underpayment (improper payment).*

- Customization of this element is optional.

**Customizing 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. States retain the column 2 heading “Analysis of Case Record.” States then customize by adding features to assist reviewers in summarizing their analysis of the specific element and compliance with the specifics of the State’s CCDF subsidy policy.

While it is not required, States may ask reviewers to include 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.

Exhibit 4 contains an example of customization for column 2 of element 320. The customization for column 1 is also included for context. In this example, column 2 is customized by using “yes” or “no” items. If a state is using an automated tool, drop-down windows and check boxes may be added for ease of review, and comment boxes might be added to allow the reviewer to provide additional information.

**Exhibit 4: Example of a Column 2 Modification of the 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 have been working or attending a job training or educational program (including a job search if applicable), or have had a child receiving or needing to receive protective services under the State’s definition.</p> <p>CC Manual:  <a href="#">11002.4</a>, Persons Eligible  <a href="#">11002.9</a> (A, P, Q, U, AH, AP), Definitions and Explanations of Terms  <a href="#">11003.2</a>, Parent/Caretaker in TANF  <a href="#">11003.3</a>, Parent/Caretaker on Food Stamps  <a href="#">11003.7.2</a>, Income Eligible/Homeless  <a href="#">11003.7.3</a>, Income Eligible/Loss of Employment or Job Transition</p>	<p>Child Parent(s) is/are:            Working – Y <input type="checkbox"/> N <input type="checkbox"/>            In an educational program – Y <input type="checkbox"/> N <input type="checkbox"/>            In Job training – Y <input type="checkbox"/> N <input type="checkbox"/>            In Job search – Y <input type="checkbox"/> N <input type="checkbox"/>            NA <input type="checkbox"/>            Child meets State definition of protective services for CCDF – Y <input type="checkbox"/> N <input type="checkbox"/></p> <p>Comments:</p>

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## VI. Conducting Case Record Reviews

In the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan*, States describe the roles of the reviewers and other program staff in ensuring the integrity of the review and its findings. Case record reviews must not be conducted by persons who made or approved eligibility determinations during the review period, or who are under the supervision of persons responsible for eligibility determinations. Staff selected to complete reviews must be knowledgeable about the applicable Federal statutes and regulations and State CCDF eligibility policies. States provide training and instructions to reviewers so that there is consistent definition of error.

### General Instructions

Reviewers use the *Record Review Worksheet* to conduct the analysis of the case record and document findings. This documentation provides verification that substantiates the eligibility determination and the subsidy amount for the sample review month. 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 activity status) that might impact eligibility for the sample month, as applicable.

The review does not include independent verification of eligibility and data elements.

To properly review cases, reviewers must identify and examine the documentation within the case record that was used to determine eligibility for the sample review month and calculate a subsidy amount for that month. This documentation may be permanent portions of the case record (e.g., a birth certificate), or information specific to the eligibility period that covers the sample month (e.g., copies of pay stubs or 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 the reviewer determines that there is missing documentation, the State may choose to contact the local eligibility office and provide an opportunity for them to locate the document(s) that was in their possession but not included in the case record when it was submitted for review. This should not be construed as an opportunity for the local eligibility office to obtain documentation it had not previously obtained, or to seek new documentation.

Before conducting the review, reviewers complete identifying information in the first line of the *Record Review Worksheet*. This includes the unique Child ID, State, County, Sample Month/Year, and Review Date.

Following are column-by-column instructions for conducting reviews as they relate to each section and element of the customized *Record Review Worksheet*.

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

### Element 100. Application/Redetermination Forms

*Boilerplate: Determine whether required eligibility forms met all State and Federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) family assets, as determined by a family member; and (4) voucher or certificate, as applicable.*

#### Column 1: Elements of Eligibility

Identify any child care subsidy related forms required by the State

#### Column 2: Analysis of Case Record

Check the record for all required forms, recording whether any required documentation is missing or incomplete. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

#### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

#### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

## **Section II. Priority Group Placement**

### Element 200. Priority Group Placement

*Boilerplate: Determine whether client met criteria of any State-designated priority group, e.g., special needs or low income.*

#### Column 1: Elements of Eligibility

Identify State priority group policies that are consistent with Federal requirements.

#### Column 2: Analysis of Case Record

Examine case record information to determine whether the child’s priority group placement met State and Federal policy criteria. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

#### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

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#### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

### **Section III. General Program Requirements**

#### Element 300. Qualifying Head of Household

*Boilerplate: Determine whether client met 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: Elements of Eligibility

Identify State requirements for a qualifying head of household.

#### Column 2: Analysis of Case Record

Check the application form and supplementary documentation to determine whether the necessary requirements are met. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

#### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

#### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

#### Element 310. Residency

*Boilerplate: Determine whether client was a resident according to State policy.*

#### Column 1: Elements of Eligibility

Identify State policy requirements for residency.

#### Column 2: Analysis of Case Record

Compare State residency requirements with case record documentation. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

#### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

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#### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

#### Element 320. Parental Work/Training Status

*Boilerplate: To receive services a child’s parent or parents must have been working or attending a job training or educational program (including a job search if applicable), or have had a child receiving or needing to receive protective services under the State’s definition.*

#### Column 1: Elements of Eligibility

Identify State policy requirements for parental activity status, and definitions and requirements for protective services.

#### Column 2: Analysis of Case Record

Examine case record information to determine whether the parent’s job, training, or educational activity (including job search, if applicable) met the criteria in State policy or whether the child met the State criteria for protective services under CCDF. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

#### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

#### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

#### Element 330. Qualifying Child

*Boilerplate: Determine if the child met eligibility criteria including (1) age (younger than 13 years, or younger than 19 years and physically or mentally incapable of caring for himself or herself or under court supervision), (2) citizenship/qualified alien status as set forth in Federal Policy, and (3) other eligibility requirements as defined in the State Plan.*

#### Column 1: Elements of Eligibility

Identify State policy requirements for child eligibility status.

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#### Column 2: Analysis of Case Record

Compare information in the case record with State policy to determine 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 met Federal citizenship/qualified alien status requirements. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

#### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

#### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

#### Element 340. Qualifying Care

*Boilerplate: Determine whether number of hours of care authorized for the sample month were correct based on State policy.*

#### Column 1: Elements of Eligibility

Refer to any relevant documentation and applicable State policy to determine hours of care needed.

#### Column 2: Analysis of Case Record

Compare the hours authorized for services, as noted in the case record, with the documentation found in the case record, to determine whether there is a discrepancy. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

#### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

#### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

#### Element 350. Qualifying Care

*Boilerplate: Determine whether services were 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 applicable requirements, including health and safety requirements.*



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### Column 1: Elements of Eligibility

Identify State policy requirements for allowable provider categories consistent with Federal requirements.

### Column 2: Analysis of Case Record

Examine case record information to determine whether the provider was from an allowable provider category as defined in Federal policy, and has completed forms and provided documentation as required by the State. Use additional features in column 2 to assist the reviewer. Provide additional notes in the comments box, as applicable.

### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

## Section IV. Income and Payment

### Element 400. Income Requirements

#### *Boilerplate:*

- o Determine 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).*
- o Determine whether household income met State requirements (e.g., family gross income must be within X percent of State’s median income).*
- o Identify the eligibility worker’s subsidy amount for the sample review month.*
- o 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.*

### Column 1: Elements Payment Determination

Identify the State income requirements as applicable from the Federal statute, regulations and State policy.

### Column 2: Analysis of Case Record

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 treatment of disregarded income), and checking the computations for accuracy. Compare the State income requirements with the computed income. Locate and record the subsidy amount for the sample review month. Determine whether the subsidy amount was based on income and other factors.

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### Column 3: Findings

Summarize the findings of the analysis from column 2. If one or more errors are cited, include a detailed description of the cause(s) of the error(s).

### Column 4: Results

Complete the coding to summarize the review findings for the element, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was not due to missing or insufficient documentation, and “NA” if there is no error

### Element 410. Payment/Case Summary

*Boilerplate: Compare the eligibility worker’s subsidy amount to the reviewer’s subsidy amount. If the amounts are the same there is no improper payment error.*

*If the amounts are different, compare the reviewer’s subsidy amount to the sample month payment amount.*

*If the sample month payment was a full payment and was:*

- o greater than the reviewer’s subsidy amount, the difference is an overpayment (improper payment).*
- o less than the reviewer’s subsidy amount, the difference is an underpayment (improper payment).*

### Column 1: Elements of Payment Determination

The instructions for column 1 are contained in the boilerplate. If the Lead Agency customized column 1, identify applicable State policies. If the Lead Agency did not customize column 1, no separate action is required.

### Column 2: Analysis of Case Record

Enter the eligibility worker’s and the reviewer’s subsidy amounts for the sample month, and, if there is a difference, the sample month payment amount.

### Column 3: Findings

Summarize the findings of the analyses for **the entire case record**. If one or more errors are cited, include a detailed description of the cause(s) of the error(s). Also include: (1) whether the error resulted in an improper payment, (2) the reason for the improper payment and if 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 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

Complete the coding to summarize the review findings for **the entire case record**, as follows:

1. *No Error/Error* – Enter “0” for no error, or “1” for error
2. *Insufficient/Missing Documentation* – Enter “Y” if the error was due to missing or insufficient documentation, “N” if the error was 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 in improper payments is coded here).
3. *Overpayment/Underpayment* – Enter “U” for underpayment, “O” for overpayment, and “NA” if there is no improper payment (for cases with both types of improper payments, the type of error responsible for the largest dollar amount is coded).
4. *Total Amount of Improper Payment* – Enter the dollar amount of the improper payment.
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**

Exhibit 5 illustrates the column 2 analysis of one element of a case record using a customized *Record Review Worksheet*.

**Exhibit 5: Example of a Column 2 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 have been working or attending a job training or educational program (including a job search if applicable), or have had a child receiving or needing to receive protective services under the State’s definition.</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 Parent(s) is/are:            Working – Y<input checked="" type="checkbox"/> N<input type="checkbox"/>            In an educational program –            Y<input type="checkbox"/> N<input checked="" type="checkbox"/>            In Job training – Y<input type="checkbox"/> N<input checked="" type="checkbox"/>            In Job search – Y<input type="checkbox"/> N<input checked="" type="checkbox"/>            NA<input type="checkbox"/>            Child meets State definition of protective services for CCDF –            Y<input type="checkbox"/> N<input checked="" type="checkbox"/></p> <p>Comments:</p>

In this example, the reviewer would first identify the State policies cited in the customized portion of column 1 as they relate to the element (element 320, Parental Work/Training Status). Then, in the customized column 2, the reviewer would respond to each of the “yes” or “no” items. As can be seen, the reviewer indicated that the parent was working, not in an educational or job training program, not searching for a job, and that the child did not meet the definition for protective services. In the comments section, the reviewer added that the case record included copies of the parent’s pay stubs.

Exhibit 6 illustrates the column 3 findings for the same element.

**Exhibit 6: Example of a Column 3 Analysis Using a Customized Record Review Worksheet**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
<p><b>320 PARENTAL WORK/TRAINING STATUS</b></p> <p>To receive services a child’s parent or parents must have been working or attending a job training or educational program (including a job search if applicable), or have had a child receiving or needing to receive protective services under the State’s definition.</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 Parent(s) is/are:            Working – Y<input checked="" type="checkbox"/> N<input type="checkbox"/>            In an educational program – Y<input type="checkbox"/> N<input checked="" type="checkbox"/>            In Job training – Y<input type="checkbox"/> N<input checked="" type="checkbox"/>            In Job search – Y<input type="checkbox"/> N<input checked="" type="checkbox"/> NA<input type="checkbox"/>            Child meets State definition of protective services for CCDF – Y<input type="checkbox"/> N<input checked="" type="checkbox"/></p> <p>Comments: <i>Copies of the client’s pay stubs were in the case record</i></p>	<p><i>The pay stubs document the client’s employment, which satisfies the parental work requirements.</i></p>

In this example, the reviewer would complete column 3 by providing a summary of the case record analysis. As can be seen, the reviewer wrote that the pay stubs in the case file documented the parent’s employment status.

Exhibit 7 illustrates the column 4 findings for the same element.

**Exhibit 7: Example of a Column 4 Analysis Using a Customized Record Review Worksheet**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
<p><b>320 PARENTAL WORK/TRAINING STATUS</b></p> <p>To receive services a child’s parent or parents must have been working or attending a job training or educational program (including a job search if applicable), or have a child receiving or needing to receive protective services under the State’s definition.</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 Parent(s) is/are:            Working – Y<input checked="" type="checkbox"/> N<input type="checkbox"/>            In an educational program – Y<input type="checkbox"/> N<input checked="" type="checkbox"/>            In Job training – Y<input type="checkbox"/> N<input checked="" type="checkbox"/>            In Job search – Y<input type="checkbox"/> N<input checked="" type="checkbox"/> NA<input type="checkbox"/>            Child meets State definition of protective services for CCDF – Y<input type="checkbox"/> N<input checked="" type="checkbox"/></p> <p>Comments: <i>Copies of the client’s pay stubs were in the case record</i></p>	<p><i>The pay stubs document the client’s employment, which satisfies the parental work requirements.</i></p>	<p><b>320 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error/Error _0_</li> <li>2. Insufficient/Missing Documentation _NA_</li> </ol>

In this example, the reviewer would complete the coding in column 4 to summarize the review findings for the element. For item 1, the reviewer coded “0” since there was no error. For item 2, the reviewer coded “NA,” since missing or insufficient documentation is only reported when there is an error.

## Element 410 Examples

The following examples illustrate element 410 of the customized *Record Review Worksheet* and how column 4 would be completed to capture the findings of the **entire case record review**. The first example, shown in exhibit 8, is a case with no error.

**Exhibit 8: No Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
<p><b>410 PAYMENT/CASE SUMMARY</b></p> <p>Compare the eligibility worker’s subsidy amount to the reviewer’s subsidy amount. If the amounts are the same there is no improper payment error.</p> <p>If the amounts are different, compare the reviewer’s subsidy amount to the sample month payment amount.</p> <p>If the sample month payment was a full payment and was:</p> <ul style="list-style-type: none"> <li>○ greater than the reviewer’s subsidy amount, the difference is an overpayment (improper payment).</li> <li>○ less than the reviewer’s subsidy amount, the difference is an underpayment (improper payment).</li> </ul>	<p>Eligibility Worker Subsidy Amount: \$<u>256</u></p> <p>Reviewer Subsidy Amount: \$<u>256</u></p> <p>Sample Month Payment Amount: \$<u>    </u></p>	<p><i>No payment error.</i></p>	<p><b>410 RESULTS</b></p> <ul style="list-style-type: none"> <li>1. No Error/Error <u>0</u></li> <li>2. Insufficient/Missing Documentation <u>NA</u></li> <li>3. Overpayment/ Underpayment <u>NA</u></li> <li>4. Total Amount of Improper Payment <u>\$0</u></li> <li>5. Total Payment Amount for Sample Month <u>\$256</u></li> </ul>

The reviewer calculated the subsidy amount to be \$256, which corresponded to the eligibility worker’s subsidy amount. The reviewer completed columns 2 and 3 to record these findings. Since there is no difference, the reviewer did not compare their subsidy amount to the sample month payment amount.

The reviewer also did not find any other errors in elements 100-400. Thus, column 4 for element 410 was completed for the entire case record as follows:

1. “0” = no errors in the case
2. “NA” = no error
3. “NA” = no improper payment
4. “\$0” = no improper payment
5. “\$256” = total sample month payment amount

The next example, shown in exhibit 9, is a case with an overpayment error.

**Exhibit 9. Overpayment Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
<p><b>410 PAYMENT/CASE SUMMARY</b></p> <p>Compare the eligibility worker’s subsidy amount to the reviewer’s subsidy amount. If the amounts are the same there is no improper payment error.</p> <p>If the amounts are different, compare the reviewer’s subsidy amount to the sample month payment amount.</p> <p>If the sample month payment was a full payment and was:</p> <ul style="list-style-type: none"> <li>o greater than the reviewer’s subsidy amount, the difference is an overpayment (improper payment).</li> <li>o less than the reviewer’s subsidy amount, the difference is an underpayment (improper payment).</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><i>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</i></p>	<p><b>410 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error/Error <u>1</u></li> <li>2. Insufficient/Missing Documentation <u>N</u></li> <li>3. Overpayment/ Underpayment <u>O</u></li> <li>4. Total Amount of Improper Payment <u>\$50</u></li> <li>5. Total Payment Amount for Sample Month <u>\$250</u></li> </ol>

The client provided weekly pay stubs at application, but 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. Because of this discrepancy, the reviewer checked the sample month payment amount and found it to be \$250. Columns 2 and 3 contain the reviewer’s findings.

Column 4 for element 410 was completed for the entire case record as follows:

1. “1” = the case has an error
2. “N” = the error was not due to missing or insufficient documentation
3. “O” = overpayment error
4. “\$50” = improper payment amount
5. “\$250” = total sample month payment amount

Exhibit 10 shows an example of a case with an underpayment error.

**Exhibit 10. Underpayment Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
<p><b>410 PAYMENT/CASE SUMMARY</b></p> <p>Compare the eligibility worker’s subsidy amount to the reviewer’s subsidy amount. If the amounts are the same there is no improper payment error.</p> <p>If the amounts are different, compare the reviewer’s subsidy amount to the sample month payment amount.</p> <p>If the sample month payment was a full payment and was:</p> <ul style="list-style-type: none"> <li>o greater than the reviewer’s subsidy amount, the difference is an overpayment (improper payment).</li> <li>o less than the reviewer’s subsidy amount, the difference is an underpayment (improper payment).</li> </ul>	<p>Eligibility Worker Subsidy Amount: \$<u>150</u></p> <p>Reviewer Subsidy Amount: \$<u>175</u></p> <p>Sample Month Payment Amount: \$<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>	<p><b>410 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error/Error <u>1</u></li> <li>2. Insufficient/Missing Documentation <u>N</u></li> <li>3. Overpayment/ Underpayment <u>U</u></li> <li>4. Total Amount of Improper Payment <u>\$25</u></li> <li>5. Total Payment Amount for Sample Month <u>\$150</u></li> </ol>

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. Because of this discrepancy, the reviewer checked the sample month payment amount and found it to be \$150. Columns 2 and 3 contain the reviewer’s findings.

Column 4 for element 410 was completed for the entire case record as follows:

1. “1” = the case has an error
2. “N” = the error was not due to missing or insufficient documentation
3. “U” = underpayment error
4. “\$25” = improper payment amount
5. “\$150” = total sample month payment amount

## VII. Completing and Submitting the *State Improper Payments Report*

The *State Improper Payments Report* (ACF-404) contains the error and improper payment findings and analysis from the case record reviews. States must prepare and submit the State Improper Payments Report by June 30 of the reporting year. The ACF-404 template can be found in Attachment 2. The *State Improper Payments Report* consists of three parts:

- Part I. Program Assurances and Certifications
- Part II. Error Measures Reporting
- Part III. State Responses to Error Measures Findings

States are required to submit the *State Improper Payments Report* electronically using the Online Data Collection (OLDC) system. States enter data for Parts II and III of the report (some information is automatically populated) and electronically sign Part I before submitting.

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## Part I. Program Assurances and Certifications

The State inserts 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 instructions and regulations for *Error Rate Reporting* at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve 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.

The required identifying information for the submission and the person making the certifications includes “Name,” “Title,” “State,” “State Agency,” “Telephone Number,” and “E-mail Address.” Identifying information is provided by the State prior to completing the submission of the State Improper Payments Report on OLDC. The identifying information will prepopulate onto the OLDC template.

## 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.

When entering dollar amounts, always round to the nearest dollar (rounding up if the number is 5) and omit cents. Thus, if the amount is \$256.26, enter \$256. If the amount is \$256.50, enter \$257.

The instructions for all items in part II follow. Note that the term “payment” means subsidy payment amount for all services received during the sample review month.

1. *Number of cases sampled* – Enter the total number of cases sampled (set at 276 or 271).
2. *Total number of cases with an error* – Enter the total number of cases with a “1” in element 410, column 4, #1 of the *Record Review Worksheet*.
3. *Percentage of cases with an error* – Divide the total number of cases with error (Item 2) by the number of cases sampled (Item 1) and multiply by 100.

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4. *Total number of cases with an improper payment* – Enter the total number of cases with a “1” in element 410, column 4, #1 of the *Record Review Worksheet* that also have a number other than zero entered in element 410, column 4, #4.
  5. *Percentage of cases with an improper payment* – Divide the total number of cases with an improper payment (Item 4) by the number of cases sampled (Item 1) and multiply by 100.
  6. *Total number of cases with an improper payment due to missing or insufficient documentation* – Enter the total number of cases with a “Y” in element 410, column 4, #2 of the *Record Review Worksheet* that also have a number other than zero in element 410, column 4, #4.
  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 (Item 6) by the total number of cases with an improper payment (Item 4) and multiply by 100.
    - 7A. *Total amount of improper payments due to missing or insufficient documentation* – Enter the sum of the improper payment amounts recorded in element 410, column 4, #4 of the *Record Review Worksheet* only for those cases with a “Y” in element 410, column 4, #2.
  8. *Total amount of payments for the sampled cases* – Enter the sum of the payment amounts recorded in element 410, column 4, #5 of the *Record Review Worksheet*.
  9. *Total amount of improper payments for review period (gross amount of underpayments and overpayments)* – Enter the sum of the improper payment amounts recorded in element 410, column 4, #4 of the *Record Review Worksheet*. This amount will also equal the sum of Items 9A and 9B.
    - 9A. *Total amount of underpayments for review period* – Enter the sum of the improper payment amounts recorded in element 410, column 4, #4 of the *Record Review Worksheet* only for those cases with a “U” in element 410, column 4, #3.
    - 9B. *Total amount of overpayments for review period* – Enter the sum of the improper payment amounts recorded in element 410, column 4, #4 of the *Record Review Worksheet* only for those cases with an “O” in element 410, column 4, #3.
  10. *Percentage of the total amount of payments for the sampled cases that are improper payments* – Divide the total amount of improper payments for the review period (Item 9) by the total amount of payments for the sampled cases (Item 8) and multiply by 100. This is the State’s error rate.
  11. *Average amount of improper payments* – Divide the total amount of improper payments for the review period (Item 9) by the total number of cases with an improper payment (Item 4) and multiply by 100.
  12. *Estimated annual amount of improper payments* – Multiply the percentage of the total amount of payments for the sampled cases that are improper payments (Item 10) by the total dollar amount of all child care subsidies paid during the 12 month review period.

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- 13. Pooled funds** – Check the appropriate response based on whether the State combines, or pools, funds, and conducted its reviews based on a sample drawn from a universe of cases served by these pooled funds. Check:
1. If the review is not based on a sample drawn from pooled funds
  2. If the review is based on a sample drawn from pooled funds and the State applied the pooling factor found on the most recent ACF-800 reporting form. If this is checked, provide the pooling factor from the most recent ACF-800 reporting form in 2i.
  3. If the review is based on a sample drawn from pooled funds but the State has not applied the pooling factor found on the most recent ACF-800 reporting form. If this is checked, provide the pooling factor different from that found on the most recent ACF-800 reporting form in 3i, and explain the derivation of this pooling factor in 3ii.
- 14. Number of replacement cases used each month of the 12-month review period and reason for each replacement** – Enter the number and reason for replacement cases in the table provided. If there are more than three replacement cases in a single month, and there are more than three reasons, place an asterisk after the name of the month and include the information below the table.

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

- 15. Describe lessons learned or improvements made in implementation of the review process during the current review cycle.**  
Provide a summary of how the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* was implemented during the review process. Do not simply restate the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan*. Include lessons learned, best practices adopted, improvements made, and any changes to what was planned.
- 16A. Of the cases with an improper payment error due to missing or insufficient documentation, (see Item 6 above), provide the number and type of the two most common error causes and provide examples of each.**  
Based on the *Record Review Worksheets* of cases with an improper payment due to missing or insufficient documentation, list the two most common causes of error. For each of the two causes, provide the type of error, the number of cases with this type of error, and an example.
- 16B. Of the cases that had an improper payment error due to a cause other than missing or insufficient documentation, provide the number and type of the two most common error causes and provide examples of each.**  
Based on the *Record Review Worksheets* of cases with an improper payment due to causes other than missing or insufficient documentation, list the two most common causes of error. For each of the two causes, provide the type of error, the number of cases with this type of error, and an example.
- 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.**  
Consider the targets that will be set for the next review cycle. Focusing on each of the four most common improper payment causes (as identified in Items 16A and 16B), provide an overview of the implementation actions, timelines, and review methods to reduce the errors so that targets are met.

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**18A.** *State 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 Item 9B above), provide a summary of the reasons limiting the collections.*

Enter the amount of improper payments that are expected to be recovered, and, if applicable, the reason(s) why the entire amount of overpayments is not expected to be collected. In determining estimates, consider the collection history of overpayments and any State laws that might limit the collection amount.

**18B.** *State the amount of improper payments the State recovered as a result of the previous review.*

Refer to the amount of overpayments identified in the previous review cycle and any amounts recovered. The answer to this item can help guide the answer to Item 18A.

**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.*

Describe information systems, automated tools, or processes that assist in identifying and reducing improper payments. Some examples include child care systems that are integrated or interface with other systems, automated eligibility systems that profile and highlight potential improper payments, ongoing or ad hoc exception reports, and eligibility worker alerts. Also include any plans to acquire additional systems or acquire existing infrastructure. Provide descriptions of any barriers that prohibit acquiring or upgrading automation.

**20.** *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.*

Enter the required information in the table provided.

**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 Item 17 in order to reduce future improper payment errors.*

Provide a summary of what target or targets were not met and why they were not met. Refer to Item 17 to identify implementation actions and timelines for future reductions.

**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.*

Refer to the *State Improper Payments Report* from the previous review cycle. Also, include any additional actions taken that were not listed in the previous report.

## **VIII. Completing and Submitting the *Error Rate Review Corrective Action Plan***

When a State has an error rate that exceeds 10 percent, they must submit the *Error Rate Review Corrective Action Plan* (ACF-405) to the Assistant Secretary within 60 days of the submission of the *State Improper Payments Report*. The *Error Rate Review Corrective Action Plan* is submitted using the OLDC. The plan must be approved by the Assistant Secretary. Subsequent progress report must be submitted as requested by the Assistant Secretary. The ACF-405 template can be found in Attachment 3.

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# APPENDIX A

## Glossary

**Active Case/Case** – An individual child for whom a subsidy payment was made for services received during the sample review month. A case is the primary sampling unit for this analysis.

**Case Record** – The physical or electronic 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 non-CCDF funds, it includes all pooled child care funds.

**Cohort** – Groups of States with the same reporting year.

**County** – 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** – 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** – 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** – 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. For elements 100-400, an error results when reviewer determine that case review findings do not meet Federal or State requirements as defined. Element 410 captures both payment errors as determined from the review of subsidy amounts, as well as errors elsewhere in the case.

**Error Rate** - For this analysis, the error rate is the percentage of the total amount of payments for the sampled cases that are improper payments.

**Improper Payment** – A discrepancy between the subsidy amount as determined by the reviewer and the sample month payment amount, resulting from error.

**Overpayment** – An improper payment in which the sample month payment amount exceeds the reviewer's subsidy amount.

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**Redetermination** – Eligibility action taken to establish a monthly subsidy amount for an additional period immediately following the expiring certification period. Redetermination is sometimes referred to as recertification.

**Reporting Year** – The year in which a cohort submits the *State Improper Payments Report*.

**Review Cycle** – Three reporting years. The reporting cycle is complete after the Year 3 States submit the *State Improper Payments Report*, allowing for the computation of national error measures for the full cycle.

**Review Period** – The Federal Fiscal Year prior to June 30 of the calendar year in which a *State Improper Payments Report* must be submitted. For example, for a June 30, 2016, submission date, the review period would be October 1, 2014, through September 30, 2015.

**Sample** – The cases selected for the case record review. For the purposes of this methodology, the sample consists of either 276 or 271 cases.

**Sample Month Payment Amount/Sample Month Payment** – 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 factors such as attendance, center closures, and school schedules.

**Sample Review Month/Sample Month** – 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 payment was made for services received in January.

**Sampling Frame** – The list of all sampling units, or cases, with a payment made for services received in the sample month.

**Sampling Interval** – Used to select cases for the sample, the sampling interval is calculated by dividing the number of cases listed in the monthly sampling frame by the number of cases to be selected.

**Sampling Unit** – A child for whom a child care subsidy payment was made for services received during the sample review month (see also, “active case”)

**State** – Includes the 50 States, the District of Columbia, and Puerto Rico.

**Subsidy Amount** – The amount the State agrees to pay for a child’s subsidy, which may be different from the amount actually paid. This might also be referred to as the certificate or voucher amount. The “eligibility worker’s subsidy amount” refers to the amount authorized for the child, either at the initial eligibility determination or at redetermination. The “reviewer’s subsidy amount” is the amount calculated during the case record review.

**Underpayment** – An improper payment in which the sample month payment amount is less than the reviewer’s subsidy amount.

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# APPENDIX B

## Sampling Decisions, Assurances, and Fieldwork Preparation Plan

The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* includes the State's plans for sampling cases and conducting case record reviews. Each State must create, submit, and receive approval for its *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* prior to drawing the first sample. The deadline for submission is the last day of October in the calendar year prior to the reporting year.

States selecting a monthly frequency for sampling, and choosing to conduct case record reviews monthly during the case review period (real time reviews), are encouraged to receive approval in a timely manner to avoid delays in implementing the plan.

### Part I: Sampling Decisions

The following decisions are required and must be included:

- Sample size – States select a random sample of 271 or 276 active cases. The sample of cases is projected to achieve a State level error rate with a 5 percent margin of error at the 90 percent confidence level<sup>0</sup>. States that choose to sample 271 cases will randomly select 23 cases for each of the first seven months of the review period, and 22 cases for each of the last five months. Alternatively, States may choose to select 23 cases for each of the 12 months in the review period, yielding a total of 276 cases. Adding five cases to the annual required total allows States to select the same number of cases for each month of the review period.
- Number of monthly replacement cases – States randomly select a minimum of three replacement cases for each month in the review period. States may choose to select more than three replacement cases for each month. States may use a replacement case only for defined valid reasons, *with prior approval* from the Child Care Program Manager (or designee) in the ACF 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 the State's fraud investigation unit, or the case is under appeal. All requests for use of replacement cases will be evaluated on an individual basis.
- Citation of the source of the random number – States name the random number sampling book or software that will be used in generating the sample of cases.
- Sampling frequency – States create 12 sampling frames (one for each month in the review period) from which cases will be selected for review. States determine how frequently they will create sampling frames, based on how often they choose to pull records and conduct reviews. This may be at the end of each month, quarterly, semiannually, or annually.
- Projected date for the start of the sampling process.

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<sup>0</sup> To determine sample size for the CCDF error rate review methodology, OCC assumed (1) a conservative error rate estimate of 50 percent, (2) a 90 percent confidence level, and (3) a margin of error of +/- 5 percent. While OMB recommends a margin of error of +/- 2.5 percent, this would require a sample size of more than 1,000 children in each State, which was determined to be too burdensome for Lead Agencies. OMB granted permission to use the 90 percent confidence level and margin of error of +/- 5 percent. The sample size needed,  $n$ , is computed as  $n = [Z^2 * p * (1-p)] / E^2$ , where  $Z$  is the critical value from a standard normal distribution corresponding to the 90 percent confidence level,  $p$  is the error rate estimate, and  $E$  is the margin of error. Thus,  $n = (2.706 * .5 * .5) / .0025 = 270.6$ , for a final sample size of 271.

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## **Part II: Assurances and Certifications**

The State assures that it will adhere to all requirements of the *Measuring Improper Payments in the Child Care and Development Fund (CCDF) Program* instructions and regulations at 45 CFR Subpart K. Refer to Section VII (Preparing and Submitting the *State Improper Payments Report*) or Attachment 2 for additional information on these requirements.

## **Part III: Fieldwork Preparation Plan**

The following decisions are required and must be included:

- The project and review team leadership – The leader(s) must understand the program and have the authority to ensure timelines are met. The level of authority should be comparable to that of the leader who is responsible for the submission of the CCDF Plan.
- Methods for ensuring inter-reviewer consistency – States may choose to conduct group discussions of case findings, re-review cases, or use other methods.
- Review team composition – The review team may not include persons who made or approved eligibility determinations during the review period, or who are under the supervision of persons responsible for eligibility determinations. Staff selected to complete the review must be knowledgeable about the applicable Federal statutes and regulations and State CCDF policies.
- Error definition – The integrity of the review findings requires that all reviewers have a shared view of what constitutes an error. States provide training and instruction to reviewers so that there is consistent interpretation of error. States should differentiate between improper payment and nonpayment errors in their definitions.
- Record retention measures – The State must agree to retain case review materials for five years from the date of submission of the *State Improper Payments Report*, or the date of the final revision submission, whichever date is later.

The State has the option of including the following:

- Designation of the person who will certify and submit the *State Improper Payments Report*
- Plan and process for review of State policies and procedures
- Project responsibilities and coordination relating to information systems
- Case review logistics

# **ATTACHMENT 1**

## **Record Review Worksheet (ACF-403)**

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## RECORD REVIEW WORKSHEET (ACF-403)

**CHILD ID#**                      **STATE:**                      **COUNTY:**                      **SAMPLE MONTH/YEAR**                      **REVIEW DATE:**

### SECTION I. STATE CHILD CARE PROGRAM FORMS

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS(4)
<p><b>100 APPLICATION/REDETERMINATION FORMS</b></p> <p>Determine whether required eligibility forms met all State and Federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) family assets, as determined by a family member; and (4) voucher or certificate, as applicable.</p>	N/A	N/A	<p><b>100 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>

### SECTION II. PRIORITY GROUP PLACEMENT

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS(4)
<p><b>200 PRIORITY GROUP PLACEMENT</b></p> <p>Determine whether client met criteria of any State-designated priority group, e.g., special needs or low income.</p>	N/A	N/A	<p><b>200 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>

### SECTION III. GENERAL PROGRAM REQUIREMENTS

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS(4)
<p><b>300 QUALIFYING HEAD OF HOUSEHOLD</b></p> <p>Determine whether client met 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.</p>	N/A	N/A	<p><b>300 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS(4)
<p><b>310 RESIDENCY</b></p> <p>Determine whether client was a resident according to State policy.</p>	N/A	N/A	<p><b>310 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>
<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 (including a job search if applicable), or have a child receiving or needing to receive protective services under the State's definition.</p>	N/A	N/A	<p><b>320 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>
<p><b>330 QUALIFYING CHILD</b></p> <p>Determine if the child met eligibility criteria including (1) age (younger than 13 years, or younger than 19 years and physically or mentally incapable of caring for himself or herself or under court supervision), (2) citizenship/qualified alien status as set forth in Federal Policy, and (3) other eligibility requirements as defined in the State Plan.</p>	N/A	N/A	<p><b>330 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>
<p><b>340 QUALIFYING CARE</b></p> <p>Determine whether number of hours of care authorized for the sample month were correct based on State policy.</p>	N/A	N/A	<p><b>340 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>
<p><b>350 QUALIFYING CARE AND PROVIDER ARRANGEMENT</b></p> <p>Determine whether services were 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 applicable requirements, including health and safety requirements.</p>	N/A	N/A	<p><b>350 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>

**SECTION IV. INCOME AND PAYMENT**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS(4)
<p><b>400 INCOME REQUIREMENTS</b></p> <ul style="list-style-type: none"> <li>○ Determine 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).</li> <li>○ Determine whether household income met State requirements (e.g., family gross income must be within X percent of State’s median income).</li> <li>● Identify the eligibility worker’s subsidy amount for the sample review month.</li> <li>○ 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.</li> </ul>	N/A	N/A	<p><b>400 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> </ol>
<p><b>410 PAYMENT/CASE SUMMARY</b></p> <p>Compare the eligibility worker’s subsidy amount to the reviewer’s subsidy amount. If the amounts are the same there is no improper payment error.</p> <p>If the amounts are different, compare the reviewer’s subsidy amount to the sample month payment amount.</p> <p>If the sample month payment was a full payment and was:</p> <ul style="list-style-type: none"> <li>● greater than the reviewer’s subsidy amount, the difference is an overpayment (improper payment).</li> <li>● less than the reviewer’s subsidy amount, the difference is an underpayment (improper payment).</li> </ul>	N/A	N/A	<p><b>410 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Insufficient/ Missing Documentation</li> <li>3. Overpayment Underpayment</li> <li>4. Total Amount of Improper Payment</li> <li>5. Total Payment Amount for Sample Month</li> </ol>

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.

"THE PAPERWORK REDUCTION ACT OF 1995" Public reporting for this collection of information is estimated to average 6.33 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

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# **ATTACHMENT 2**

## **State Improper Payments Report (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 instructions and regulations for *Error Rate Reporting* 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.

<b>Submission Date:</b>
<b>Name:</b>
<b>Signature:</b>
<b>Title:</b>
<b>State:</b>
<b>State Agency:</b>
<b>Phone Number:</b>
<b>E-mail:</b>
<b>Fiscal Year:</b>

### Part II. Error Measures Reporting

Item #	N/A	N/A
1.	Number of cases sampled	N/A
2.	Total number of cases with an error	N/A
3.	Percentage of cases with an error	N/A
4.	Total number of cases with an improper payment	N/A
5.	Percentage of cases with an improper payment	N/A
6.	Total number of cases with an improper payment due to missing or insufficient documentation	N/A

Item #	N/A	N/A
7.	Percentage of cases with an improper payment due to missing or insufficient documentation	N/A
7A.	Total amount of improper payments due to missing or insufficient documentation	N/A
8.	Total amount of payments for the sampled cases	N/A
9.	Total amount of improper payments for review period (gross amount of underpayments and overpayments)	N/A
9A.	Total amount of underpayments for review period	N/A
9B.	Total amount of overpayments for review period	N/A
10.	Percentage of the total amount of payments for the sampled cases that are improper payments	N/A
11.	Average amount of improper payments	N/A
12.	Estimated annual amount of improper payments	N/A
13.	<p>Check the appropriate response.</p> <p><input type="checkbox"/> 1. Review not based on a sample drawn from pooled funds.</p> <p><input type="checkbox"/> 2. Review based on a sample drawn from pooled funds and the 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><input type="checkbox"/> 3. Review based on a sample drawn from pooled funds but the 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 ACF-800 reporting form.</p> <p style="padding-left: 20px;">ii. Explain the derivation of this pooling factor.</p>	N/A
14.	Number of replacement cases used each month of the 12-month review period and reason for each replacement	N/A

Month	Reason(s) for Replacement Cases (please list)	# Times Reason Used
October	1. 2. 3.	1. 2. 3.
November	1. 2. 3.	1. 2. 3.
December	1. 2. 3.	1. 2. 3.
January	1. 2. 3.	1. 2. 3.
February	1. 2. 3.	1. 2. 3.
March	1. 2. 3.	1. 2. 3.
April	1. 2. 3.	1. 2. 3.

Month	Reason(s) for Replacement Cases (please list)	# Times Reason Used
May	1. 2. 3.	1. 2. 3.
June	1. 2. 3.	1. 2. 3.
July	1. 2. 3.	1. 2. 3.
August	1. 2. 3.	1. 2. 3.
September	1. 2. 3.	1. 2. 3.

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

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

Item #	N/A
16B.	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 type of the two most common error causes and provide examples of each.

Item #	N/A
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 #	N/A
18A.	State 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 Item 9B above), provide a summary of the reasons limiting the collections.

<b>Item #</b>	<b>N/A</b>
18B.	State the amount of improper payments the State recovered as a result of the previous review.

<b>Item #</b>	<b>N/A</b>
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.

<b>Item #</b>	<b>N/A</b>
20.	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	N/A	N/A	N/A	N/A	N/A
Percentage of cases with an improper payment	N/A	N/A	N/A	N/A	N/A
Percentage of total amount of payments for the sample that are improper payments	N/A	N/A	N/A	N/A	N/A
Average amount of improper payments	N/A	N/A	N/A	N/A	N/A
Estimated annual amount of improper payments	N/A	N/A	N/A	N/A	N/A

<b>Item #</b>	<b>N/A</b>
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 Item 17 in order to reduce future improper payment errors.

<b>Item #</b>	<b>N/A</b>
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.

"THE PAPERWORK REDUCTION ACT OF 1995" Public reporting for this collection of information is estimated to average 639 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

# **ATTACHMENT 3**

## **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 Corrective Action Plan:
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:

"THE PAPERWORK REDUCTION ACT OF 1995"

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.

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