



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

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

10/31/2018

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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), including successful submission of the *State Improper Payments Report* (ACF-404) to the Department of Health and Human Services (HHS). The instructions contain changes that will be effective beginning Fiscal Year (FY) 2019. This document includes the following changes:

- Throughout the entire document, some instructions were expanded, updated, and/or reworded, and additional examples were included.
- *Sampling Decisions, Assurances, and Fieldwork Preparation Plan*:
  - all items are now required; there are no optional items;
  - states complete the plan using a template (provided in Appendix 1); and
  - additional required items, including a description of the process for determining the annual amount of payments and the projected start date for conducting the case record reviews.
- States are required to examine missing or insufficient documentation errors more closely, and while following approved methodology, may use limited additional inquiry to determine if an improper payment was made.
- *Record Review Worksheet* (ACF-403):
  - new column 4 items related to missing and insufficient documentation errors and additional inquiry;
  - provider payment rate is now included in Element 340, and the boilerplate has been changed to reflect this;
  - provider payment rate and subsidy amount are no longer included in Element 400, and the boilerplate has been changed to reflect this;
  - Element 410 only includes determination of an improper payment error, and no longer includes a case summary;
  - Element 500 has been added as a case summary Element; and
  - slight changes to the wording in the Element 320 boilerplate.
- *State Improper Payments Report* (ACF-404):
  - additional items related to missing and insufficient documentation errors and additional inquiry;
  - clarification is provided regarding the calculation of dollar figures for states using pooled or combined funds;
  - additional item for reporting the annual amount of payments;
  - states are required to report *all* causes of improper payment errors, and provide action steps for reducing all error causes; and
  - states are required to provide more detail on the action steps taken to reduce errors identified in the previous cycle and their impacts.
- The instructions for the *Error Rate Review Corrective Action Plan* (ACF-405) have been expanded.

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, subject to federal rules. As states comply with provisions of the Child Care and Development Block Grant (CCDBG) Act of 2014 and the CCDF Final Rule, reviews must reflect the policies in place during the time of eligibility action(s).

## **II. Overview of Methodology**

The CCDF error rate methodology employs a case record review process to determine whether eligibility for child care subsidy was properly determined, and whether any improper payments were made. The 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.

The methodology focuses on errors in *front-end processes* (processes involving eligibility determinations and subsidy authorization amounts). If an error is found, the reviewer considers whether the error resulted in an improper payment.

The following are *not* considered for the purposes of this methodology:

- intentional program violations by clients or providers,
- errors with attendance records identified via audit,
- errors with issuing payments identified via audit, or
- errors caused by client failing to report changes.

### **State Review Cycle**

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.

Each state completes the error rate review 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.

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.

**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

<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.

## Timeline

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, and are encouraged to, submit required documents for review and approval earlier than the deadline.

**Exhibit 2: Error Rate Methodology Timeline**

N/A	Year 1 States	Year 2 States	Year 3 States
Case review period	October 1, 2018 – September 30, 2019	October 1, 2019 – September 30, 2020	October 1, 2017 – September 30, 2018
Last day to submit <i>Sampling Decisions, Assurances, and Fieldwork Preparation Plan</i> **	October 31, 2019	October 31, 2020	October 31, 2018
Last day to submit <i>Record Review Worksheet (ACF-403)</i> *	December 31, 2019	December 31, 2020	December 31, 2018
Last day to submit <i>State Improper Payments Report (ACF-404)</i> **	June 30, 2020	June 30, 2021	June 30, 2019
Submit <i>Error Rate Review Corrective Action Plan (ACF-405)</i> , if applicable**	60 days from date of ACF-404 submission	60 days from date of ACF-404 submission	60 days from date of ACF-404 submission

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

\*\*Submit through the Online Data Collection (OLDC)

## 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. States may submit their document as early in the cycle as they choose. Further guidance on creating the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* is in Chapter III, and guidance on generating a sample of cases can be found in Chapter IV.
- The *Record Review Worksheet (ACF-403)* (including the *Missing and Insufficient Documentation Table [MID Table]*) provide a standardized format to assess the case record in order to evaluate whether eligibility was correctly determined and whether the subsidy payment was made in the correct amount. Each state must customize, submit, and receive approval for its *Record Review Worksheet* prior to conducting case record reviews. **All automated tools will be reviewed and approved.** The deadline for submission is the last day of December in the calendar year prior to the reporting year. States may submit their document as early as possible once it is customized. The information gathered in *Record Review Worksheets* forms the basis for computing error measures. Further guidance on customizing the *Record Review Worksheet* is in Chapter V, and guidance on conducting case record reviews can be found in Chapter 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 Chapter VII.

- Any state with an error rate that exceeds the threshold (10%) must prepare and submit a comprehensive *Error Rate Review Corrective Action Plan (ACF-405)* within 60 days of the submission deadline of the ACF-404 State Improper Payments Report. Further guidance on preparing the *Error Rate Review Corrective Action Plan* can be found in Chapter VIII.

OCC 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. The template for the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* is included in Attachment 1.

States conducting 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.

The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* consists of three parts, each of which must be completed in its entirety. Instructions for completing each item are outlined below.

#### **Part 1: Sampling Decisions**

##### Item 1a. Selection of cases and replacement cases

States select a random sample of 276 cases. The sample of cases was calculated to determine a state level error rate with a 5% margin of error at the 90% confidence level<sup>2</sup>. States select 23 cases for each of the 12 months in the review period, yielding a total of 276 cases. Chapter IV contains guidance on sampling cases.

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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%, (2) a 90% confidence level, and (3) a margin of error of +/- 5%. While OMB recommends a margin of error of +/- 2.5%, 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% confidence level and margin of error of +/- 5%. 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% 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.

States choose the number of replacement cases that the state will randomly select for each month of the review period. States must randomly select a minimum of three replacement cases for each month in the review period but may choose to select more than three. States may use a replacement case only *with prior approval* from the Child Care Program Manager (or designee) in the ACF Regional Office. Cases that are unavailable for review may be considered for replacement on a case by case basis. Examples include cases that are unavailable due to natural disaster, a fraud investigation, or other circumstances beyond the state's control.

#### Item 1b. Random number generator

Cite the name of the random number sampling book or software that will be used in generating the sample of cases.

#### Item 1c. Frequency of collecting monthly sampling frames and projected start dates

Choose the frequency of completing sampling frames and selecting cases for review; for example, monthly, quarterly, semiannually, or annually. If the state will select cases using some other frequency, or a combination of these, select the box for "Other" and describe.

This decision is based on how often the state chooses to pull records, and when and how they will be conducting reviews. Ensure that enough time is allowed for completing the reviews.

Include the projected date for the start of the sampling process, and the projected date for the start of case record reviews

### **Part 2: Assurances and Certifications**

The state must indicate that they will abide by the instructions contained in the *Child Care Improper Payments Data Collection Instructions*. Assurances include 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 five years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The state understands that this information, including the sampled case records and calculations, is subject to federal review.

## **Part 3: Fieldwork Preparation Plan**

### 3a. Identification of project leadership

Include the names, job titles, and roles of each member of 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. Also, include the name and job title of the person who will certify and submit the final *State Improper Payments* report.

### 3b. Inter-reviewer consistency

Select and describe the methods that will be used to ensure inter-reviewer consistency. At a minimum, a re-review of cases must be selected. Include the types and/or numbers or percentages of cases that will go through re-reviews. For example, the Lead Agency may choose to re-review any case with an error, or a certain percentage of all cases.

These methods, as well as trainings and meetings to ensure that the review team consistently interprets errors, also serve as helpful preparation for the joint Regional Office/Central Office case review meeting.

### 3c. Review team composition

Include the review team size and composition. The names of the reviewers are not required to be included. Members of 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.

### 3d. Error definitions

Include the state definitions for errors, improper payment errors, and nonpayment (administrative) errors. 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.

The following are *examples* of definitions of payment error. Definitions will vary by state:

- Example 1 – *An improper payment error refers to any payment that should not have been made, or a payment that was made in the incorrect amount, because of an eligibility error.*
- Example 2 – *An improper payment occurs when a violation or misapplication of policy or procedure governing the child care program results in an overpayment or underpayment to the child care provider.*

The following are *examples* of definitions of administrative (nonpayment) errors. Definitions will vary by state:

- Example 1 – *An administrative error refers to the misapplication of policies, rules, and regulations of the subsidy program that do not result in a change to the payment amount issued to the recipient.*
- Example 2 – *An administrative error is defined as any instance in which child care subsidy policy was misapplied, or rules or regulations were not followed, that did not result in an improper payment.*

### 3e. Plan for review of state policies/procedures and processes

Describe the plans for reviewing the state policies, procedures, and processes. This includes the plan to ensure that customization of the *Record Review Worksheet* will use state policy in effect during the sample month or the month of the eligibility actions, and the plan to ensure that reviewers consistently interpret error as defined in state policy.

Describe how the Lead Agency will identify whether to apply a pooling factor, and how the pooling factor will be determined for the *State Improper Payments Report*.

### 3f. Information systems project responsibilities

Select tasks that the Lead Agency will accomplish through coordination with information technology staff. These may include (but are not limited to):

- identification of the universe of cases paid with CCDF funding,
- identification of the sample review calendar month payment amount,
- archival of the universe and sampling frame files,
- assistance with the random number generator software,
- generation of the 12 monthly sampling frames,
- selection of the monthly samples and replacement cases,
- determination of the annual amount of payments for the review period's universe of children, and
- "Other" (describe).

If any of the 3f tasks are not accomplished in coordination with information technology staff, describe how they are accomplished and by whom.

Describe the process used to determine the annual amount of payments.

### 3g. Case review logistics

Provide a description of the logistics of reviewing case records, to include the following:

- whether electronic or physical record are reviewed;
- how the records (especially the physical records) are handled;
- where the record reading occurs (on-site, centrally, regionally, a mixture); and
- organization and maintenance of the review files.

## 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. Actual implementation of each step may vary based on each state's own approved sampling decisions.

Before generating the sample of cases, the state must ensure that the **sampling units** and **sampling frames** have been properly identified.

The **sampling unit** is a case (an individual child) that was active during the sample month, and for whom a **subsidy payment was made** for services that were received by the child during the sample month. Note: the service must have been received during the sample month though the payment may not have been made until a later month.

Each sampling unit is identified by the following information:

- sequential number,
- unique Child ID,
- county of service, and
- sample month.

The 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 must 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.

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 have different policies and practices regarding provider payments. These might involve how and when providers submit reimbursement requests, and how often they receive payments. States must take these into consideration when creating sampling frames, to ensure that the sampling frames contain ALL cases that received a payment, using at least some CCDF dollars, for services received during the calendar month corresponding to the sample month.

Exhibit 3 provides step-by-step instructions, as well as examples, 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>To determine the number of sampling frames to be created, refer to the sampling frequency decision in the approved <i>Sampling Decisions, Assurances, and Fieldwork Preparation Plan</i>.</li> </ul>	<ul style="list-style-type: none"> <li>If creating one monthly sampling frame twelve times per year, for a June 30, 2019 submission date: Create the sampling frame for October 2017 in November 2017. Each month, create the sampling frame for the prior month. The final sampling frame, for September 2018, is created in October 2018.</li> <li>If creating six monthly sampling frames twice per year, for a June 30, 2019 submission date: Create six monthly sampling frames (one each for October 2017-March 2018) in May 2018. Create the remaining six monthly sampling frames (for April-September 2018) in November 2018.</li> <li>If creating 12 monthly sampling frames once, for a June 30, 2019 submission date: Select 12 monthly sampling frames (one each for October 2017-September 2018) in November 2018.</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 only 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)</li> <li>Using a random number sampling book 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. This is the sampling interval.</li> <li>Use a random number sampling book 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 cases.</li> </ul>	<ul style="list-style-type: none"> <li>Assume the random number is 463. The case in the 463rd 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 1823rd 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 3184th case (3183.6 rounded up).</li> <li>Continue until all 23 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 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 to be selected as replacement cases (as identified in the <i>Sampling Decisions, Assurances, and Fieldwork Preparation Plan</i>).</li> <li>• Using a random number sampling book 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 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 sampling book 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 10th 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 10,431st case.</li> <li>• Add 10,421 to 10,431 to get 20,852. The third replacement case selected would be the 20,852nd 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 six monthly sampling frames: Repeat steps 2-6 five times.</li> <li>• If selecting 12 monthly sampling frames: Repeat steps 2-6 eleven times.</li> </ul>

## V. Customizing the Record Review Worksheet

The *Record Review Worksheet* (ACF-403) provides a standardized format to assess the case record in order to evaluate whether eligibility was correctly determined and whether the subsidy payment was made in the correct amount. 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 Worksheets* forms the basis for calculating the error measures reported on the *State Improper Payments Report (ACF-404)*. The *Record Review Worksheet* template can be found in Attachment 2.

States customize Elements 100-410 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, based on the applicable federal statutes and regulations and state CCDF policies;
- determine the correct subsidy amount for the sample month; and
- identify any errors, to include improper payment errors and administrative (nonpayment) errors.

The *Record Review Worksheet* consists of five **sections**, which are further divided into **Elements** for review of specific areas of eligibility. Elements 100-410 have four **columns** designed for documenting and assessing information.

The five sections of the *Record Review Worksheet*, 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. Financial Requirements and Payment.
  - Element 400. Financial Requirements.
  - Element 410. Payment.
- MID Table (complete as needed).
- Section V. Case Summary.
  - Element 500. Case Summary.

The four columns (in Elements 100-410) are as follows:

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

Element 500 includes the Findings and Results columns only.

### **General Instructions for Customizing Elements 100-410**

*Areas to customize:* States **may not** customize or change anything that is present on the *Record Review Worksheet* template. This includes the form title, case identification information (Child ID, State, County, Sample Month/Year, and Review Date), column headings, section and Element titles, boilerplate language, column 4 items, and the instructions at the bottom of the template.

The **only** exception to this is that the “N/A” present in the blank template cells should be removed before submission. “N/A” is there initially to ensure that the document is accessible to all viewers.

States add customizations to column 1 and customize column 2 to conform to the specifics of their CCDF program. In column 1, cite policies and describe other requirements for reviewers to consider when assessing the case record. In column 2, add items to assist reviewers in providing a detailed analysis of the case record.

States may not customize columns 3 or 4, which are used to summarize the findings of each Element. Additionally, states may not customize Element 500, which contains the case summary.

*Sample month policies:* When customizing columns 1 and 2 of the *Record Review Worksheet*, states should ensure that they are including the policies and requirements in effect during the review period. If, during the review period, an eligibility policy is changed, this may affect the *Record Review Worksheet* customization. How the state approaches this will depend on when their customized *Record Review Worksheet* is submitted and approved.

If the state submits their customized *Record Review Worksheet* during or after the review period **and** policy changes have taken place during the review period **and** no other changes are anticipated: column 1 and 2 customizations should account for all policies that were in place during the review period, with effective dates for any changes.

If the state submits their customized *Record Review Worksheet* before or during the review period **and** policy changes are expected to take place, the state has two options:

- If the specifics of the policy changes are known, the state is encouraged to customize columns 1 and 2 to account for all policies that will be in place during the review period, with effective dates for the changes.
- Alternatively, the state may submit a customized *Record Review Worksheet* with the policies that are in place at the beginning of the review period, and later submit an

updated customized *Record Review Worksheet* to the ACF Regional Office. The updated worksheet should be cumulative; i.e., should include all policies that will be in place during the review period, with effective dates. The state cannot conduct reviews using a worksheet with outdated policies and cannot use the new worksheet until it has been approved by the ACF Regional Office. Thus, this option is not recommended unless the state does not know the specifics of impending policy changes at the time the worksheet is submitted.

*Electronic review tools:* Many states conduct their case record reviews electronically, using a program such as Microsoft Excel or Microsoft Access. This allows states to automate parts of conducting the reviews and calculating the error measures. States have flexibility in how they choose to set up electronic review tools; however, the printed version **must** conform to the *Record Review Worksheet* template. When submitting the customized *Record Review Worksheet* to the ACF Regional Office, states should submit the printed version that conforms to the template. The electronic version will also need to be reviewed and approved, so both may be submitted together if the state is using an electronic review tool.

*Horizontal story:* States should aim to tell a “horizontal story” in their *Record Review Worksheet* customizations. From left to right, the story of the case record is told via the columns: column 1 contains the policies and requirements, column 2 contains the analysis based on these policies and requirements, column 3 contains the findings based on the analysis, and column 4 contains the results based on the findings.

In terms of customizing columns 1 and 2, this means that the policies and requirements added by states in column 1 should be included in the column 2 analysis items. A good way to ensure this is to have the column 1 policies and requirements line up with the column 2 features. The examples given throughout this chapter illustrate the horizontal story.

The horizontal story is also a useful guideline for conducting case record reviews. For further information about conducting reviews, refer to Chapter VI.

### **Customizing Column 1: Elements of Eligibility and Payment Determination (Elements 100-410)**

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.

Following are the boilerplates for Elements 100-410, and *suggestions* for customizations of each Element. States may choose to include different, or additional, details when customizing their own worksheets.

## 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) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable.

*Customization suggestions:* A list of required application or redetermination forms and policy citations for the required forms.

Do not include required documents that are addressed in other Elements.

### 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 suggestions:* A list of priority groups, definitions of priority groups, any documentation required for placement, and citations for policies regarding waiting lists.

### 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 suggestions:* The definition of parent, any required documentation, and policy citations.

#### Element 310. Residency

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

*Customization suggestions:* 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:* Determine whether the child's parent or parents were working, attending a job training or educational program (including a job search, if applicable), or if the parent or parents had a child receiving or needing to receive protective services under the state's definition.

*Customization suggestions:* List policy citations, such as those addressing qualifying activities (including job search activities), requirements for protective services cases (if applicable), policies regarding two parent families, and other criteria based on state policy.

### 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 suggestions:* A list of the above categories and any required documentation for each. List any policy citations applicable to the Element.

### Element 340. Qualifying Care

*Boilerplate:* Determine whether the hours, type of care, and provider payment rate authorized for the sample month were correct based on state policy.

*Customization suggestions:* Policy citations or instructions for determining hours of care authorized and provider payment rate if applicable. Customization may also include additional prompts for the reviewer, such as determining 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 suggestions:* Policy citations may be added such as a list of allowable provider categories, including any exceptions applied to in-home care. Customization may also include additional prompts for the reviewer, such as checking the provider record status screen to see whether a valid license or certificate was in effect for the sample review month.

## Section IV. Financial Requirements and Payment

### Element 400. Financial Requirements

*Boilerplate:*

Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied.

*Customization suggestions:* Identifying state-specific data, such as parent employment income, excluded income, any changes in income reported, and loss of income during eligibility period. The state might also include policy citations or procedural manual references for income eligibility and requirements and sliding fee scales.

## Element 410. Payment

*Boilerplate:* Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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:

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

*Customization suggestions:* Instructions or citations for how the payment is determined, and other policies related to payment.

### **Customizing Column 2: Analysis of Case Record (Elements 100-410)**

Column 2 contains the details for analysis of the case record. The analysis provides an evaluation of the case record information as it relates to the boilerplate and customizations in column 1. By aiming to tell a horizontal story, all the policies and requirements in column 1 customizations are addressed in the column 2 analysis features.

States retain the column 2 heading “Analysis of Case Record.” States then customize by adding items to assist reviewers in analyzing the specific Element for compliance with the specifics of the state’s CCDF subsidy policy.

*General suggestions for customization:* It is strongly recommended that states include a **comment box** in column 2 of each Element. Comment boxes are helpful for reviewers, as they can be used to provide additional information not captured elsewhere in the analysis. More guidance on using comment boxes for case record reviews is provided in Chapter VI.

Many states include items in column 2 in which reviewers are instructed to check a “yes” or “no” box. States should consider having an “N/A” box for items that are not applicable for all analyses. As an example, an item instructing the reviewer to check either “yes” or “no” in response to the question “*was a Temporary Assistance for Needy Families (TANF) referral included in the case file?*” would benefit from an “N/A” box. For this item, a “no” response would indicate that the required TANF referral from was missing, while an “N/A” response would indicate that the form was not required as the client was not referred from TANF.

Exhibit 4 is an example of customizing Element 100 (actual customizations will vary by state). Note the inclusion of all boilerplate requirements in the column 1 customization, and the horizontal matching to the column 2 items. Also note the “N/A” box in column 2 for items not applicable to all analyses, and the comment box at the bottom of the column.

**Exhibit 4: Example of Customizing Element 100**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<p><b>100 APPLICATION/REDERMINATION 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) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable. Do not include required documents that are addressed in other Elements.</p> <p><i>Required forms vary from case to case. Reviewer should identify case specifics to determine which forms are required.</i></p> <p><i>Required Application/Redetermination forms include an AC-105 or an open CPS case.</i></p> <p><i>Policy: XAC 3-000</i></p> <p><i>An active service authorization that meets authorization standards.</i></p> <p><i>Policy: XAC 4-002</i></p>	<p>Is there a signed application in the case record? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>Are all forms complete? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>For a Without Regard to Income case, was there an open CPS case? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>Is there a current service authorization? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Comments:</p>

As the reviews are focused on front-end eligibility processes, the column 2 customization should not contain items for analyzing processes that took place *following* eligibility determination or redetermination. These processes include, but are not limited to, tracking attendance and issuing payments.

Column 2 customizations should not include any items instructing the reviewer to record personally identifiable information (PII) of clients, children, or providers. PII refers to information which can be used to distinguish or trace an individual's identity, such as their name or social security number, alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual. Examples include: date and place of birth, mother's maiden name, address, place of employment, or provider ID number if the number is linked with the person's name in a public venue such as the internet.

*Considerations for specific Elements:* The general instructions given in the previous subsection should assist states in customizing column 2 for all Elements. This subsection gives additional guidance for certain Elements that have more specific considerations.

If Element 200 is not applicable to the state, they should include a note in column 2 that the state served all eligible children during the sample month. No further customization is necessary.

Exhibit 5 is an example of customizing Element 200 for a state that served all eligible children during the sample month. Note that the state has still customized column 1.

**Exhibit 5: Example of Customizing Element 200**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<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> <p><i>Lead Agency serves all children and did not have a waiting list during the period of review.</i></p>	<p>The state served all eligible children during the sample month.</p>

Element 410 is an exception to the front-end processes rule for cases in which there is a potential improper payment. In this Element, reviewers determine whether an improper payment was made. In their customizations, states should include an item in Element 410 instructing the reviewer to record the payment amount *as part of Column 2 only* if the two subsidy amounts were different.

Exhibit 6 is an example of customizing Element 410. Note the inclusion of the following items in column 2: eligibility worker’s subsidy amount, reviewer’s subsidy amount, difference if applicable, and payment amount if applicable.

**Exhibit 6: Example of Customizing Element 410**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<p><b>410 PAYMENT</b></p> <p>Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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 may be an overpayment (improper payment).</li> <li>• less than the reviewer’s subsidy amount, the difference may be an underpayment (improper payment).</li> </ul> <p><i>490 XAC 4-005.4 and 490 XAC 4-005.5</i></p>	<p>Eligibility worker’s subsidy amount \$_____</p> <p>Reviewer’s subsidy amount \$_____</p> <p>Difference (if applicable) \$_____</p> <p>Sample month payment amount (if applicable) \$_____</p> <p>Comments:</p>

## VI. Conducting Case Record Reviews

Reviewers use the *Record Review Worksheet* to assess the case record in order to determine whether eligibility was correctly determined and whether the subsidy payment was made in the correct amount. This documentation provides verification that substantiates the eligibility determination and the subsidy amount for the sample review month.

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

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 for Completing Case Record Reviews

*Examining and analyzing information:* 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. Reviewers examine the most recent eligibility determination in effect as of the sample review month – whether it was the initial determination or a redetermination – and any subsequent eligibility actions taken on the case. If policy changes have taken place during the review period, the reviewer must consider what policies were in place at the time of the eligibility worker’s action(s).

The documentation examined for the review 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. **Reviewers are never to contact the client to clarify or obtain information for the review.** If the local eligibility office is able to provide the missing documentation, the reviewer should note that in the column 2 comments box.

If a missing and insufficient documentation error is found that may result in an improper payment, the state may make a limited *additional inquiry* to determine whether an actual improper payment error occurred. The *Missing and Insufficient Documentation Table (MID Table)*, found in Attachment 2 as part of the RRW, is used to document state efforts in using the additional inquiry. More information on the additional inquiry is described in a later subsection in this chapter.

*Determining errors:* Reviewers must have a clear understanding of the error definition and how the error definition applies to each Element. They must also understand what does not constitute an error in this review. Previous chapters in this guide have discussed the scope of the error rate methodology, which focuses on front-end processes which are processes that occur during eligibility determination or subsidy authorization. If the reviewer discovers misapplications of policy and procedure in back-end processes, such as invoice or payment process errors that happen after eligibility is determined, the Lead Agency may wish to investigate, but they are not considered errors for this review.

Similarly, a reviewer must determine whether information contained in the case file would have been known to the eligibility worker at the time of the case action. For example, consider a client that experienced a change in household composition in March. The client fails to report this change at the time of redetermination in April. In July, the Lead Agency is made aware of the change, and the eligibility worker acts accordingly.

If the case is selected for the June sample review month, this should not be considered an error. While documentation in the case file may indicate that the change in composition occurred prior to redetermination, the eligibility worker did not know about it until after the sample review month.

A state may choose to create a guide to accompany their *Record Review Worksheet*, with Element-by-Element error definitions and additional instructions for completing each Element. This is not a requirement, but many states have found a guide to be helpful for error definition training and for reviewers to reference while conducting reviews. The guide can be integrated into the electronic *Record Review Worksheet* tool, if one is used.

*Filling out the worksheet:* Before conducting the review, the reviewer completes the first line of the *Record Review Worksheet* template. This includes the unique Child ID, State, County, Sample Month/Year, and Review Date. The reviewer should not add additional information to this line.

When completing the worksheet, it is important that reviewers **never** include any personally identifiable information (PII) of clients, children, or providers. This includes names, addresses, and places of employment. If a state has its own cover sheet to summarize each worksheet and/or provide additional information, the cover sheet may contain PII.

### **Completing *Record Review Worksheet* Column 1: Elements of Eligibility and Payment Determination (Elements 100-410)**

The first step for completing each Element is to refer to column 1. For each Element, the reviewer reads the boilerplate and customizations to identify the requirements for that Element, and how the information in the case file will show compliance with those requirements. Reviewers should not add any comments or analysis to column 1

### **Completing *Record Review Worksheet* Column 2: Analysis of Case Record (Elements 100-410)**

All items in column 2 should be completed, unless they are not applicable to the case. If an item is not applicable, the reviewer should check an N/A box if there is one for the item. If the item does not have an N/A box, the reviewer should note in the comment box that it was not completed because it was not applicable.

In the previous chapter on customizing the *Record Review Worksheet*, it was recommended that Lead Agencies include a comment box in column 2 of each Element. The comment boxes are to be used for capturing any additional information that is not captured by the analysis items. For example, a reviewer might use a comment box to:

- record the documentation that was present in the case file or that was used to verify requirements (if the column 2 items do not ask for this already),
- describe the thought process for determining whether the Element has an error,
- note whether the Lead Agency contacted a local eligibility office to produce missing documentation,
- show the math for calculating income and subsidy amount, and/or
- note any exceptions or overrides by the case worker that are not captured by the column 2 items.

After completing the column 2 items (including the comment box), the reviewer should reread the boilerplate and customizations in column 1 to check that all requirements were considered in the column 2 analyses.

*Special instructions for completing column 2 in Element 410:* In column 2 of Element 410, the reviewer calculates the subsidy amount and compares this to the eligibility worker's subsidy amount (that is, the amount the Lead Agency agrees to pay for child care services for the child in the sample month). If there is no difference between the subsidy amounts as calculated by the eligibility worker and the reviewer, the reviewer need not consider the sample month payment amount in Element 410.

If the eligibility worker's subsidy amount is different from the subsidy amount calculated by the reviewer, compare the reviewer's subsidy amount to the sample month payment amount.

If there is a discrepancy between the reviewer's subsidy amount and the sample month payment, there may be an improper payment. If it is a full payment and the amount exceeds the reviewer's subsidy amount, then it may be an overpayment. If it is a full payment and the amount is less than the reviewer's subsidy amount, then it may be an underpayment.

Exhibit 7 is an example of Element 410 columns 1 and 2 in a case where there is no improper payment. Note that the reviewer did not record the sample month payment amount, because there was no difference between the two subsidy amounts.

**Exhibit 7: Example of Element 410 Columns 1-2, No Improper Payment**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<p><b>410 PAYMENT</b></p> <p>Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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 may be an overpayment (improper payment).</li> <li>less than the reviewer’s subsidy amount, the difference may be an underpayment (improper payment).</li> </ul> <p><i>490 XAC 4-005.4 and 490 XAC 4-005.5</i></p>	<p>Eligibility worker’s subsidy amount \$ <u>200.15</u></p> <p>Reviewer’s subsidy amount \$ <u>200.15</u></p> <p>Difference (if applicable) \$ _____</p> <p>Sample month payment amount (if applicable) \$ _____</p> <p>Comments: <b><i>The eligibility worker’s subsidy amount and the reviewer’s subsidy amount are the same. There is no improper payment error.</i></b></p>

Exhibit 8 shows Element 410 columns 1 and 2 in a case where there is an improper payment error.

**Exhibit 8: Example of Element 410 Columns 1-2, Improper Payment**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<p><b>410 PAYMENT</b></p> <p>Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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 may be an overpayment (improper payment).</li> <li>less than the reviewer’s subsidy amount, the difference may be an underpayment (improper payment).</li> </ul> <p><i>490 XAC 4-005.4 and 490 XAC 4-005.5</i></p>	<p>Eligibility worker’s subsidy amount \$ <u>225.25</u></p> <p>Reviewer’s subsidy amount \$ <u>200.15</u></p> <p>Difference (if applicable) \$ <u>25.10</u></p> <p>Sample month payment amount (if applicable) \$ <u>225.25</u></p> <p>Comments: <b><i>There is an overpayment of \$25.10.</i></b></p>

In some states, the payment amount may be affected by sick days, school closings, and systems issuing payments. In these cases, a difference between the two subsidy amounts may exist, but the reviewer may determine that an improper payment was not made.

As an example, consider a case where the reviewer found that the wrong provider payment rate was applied in Element 340. This led to a \$25 difference between the eligibility worker’s subsidy amount and the reviewer’s subsidy amount. However, in examining the sample month payment amount, the reviewer determined that only a partial month payment was made. The child had multiple absences during the sample month that were noted in the attendance and payment records.

See Exhibit 9 for an illustration of this. The reviewer determined that due to the partial month payment, no improper payment occurred. States are encouraged to consult with the ACF Regional Office if they have questions about partial month payments and whether they caused potential improper payments.

**Exhibit 9: Example of Element 410 Columns 1-2, Partial Month Payment**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<p><b>410 PAYMENT</b></p> <p>Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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 may be an overpayment (improper payment).</li> <li>less than the reviewer’s subsidy amount, the difference may be an underpayment (improper payment).</li> </ul> <p>490 XAC 4-005.4 and 490 XAC 4-005.5</p>	<p>Eligibility worker’s subsidy amount \$ <u>200.15</u></p> <p>Reviewer’s subsidy amount \$ <u>175.15</u></p> <p>Difference (if applicable) \$ <u>25.00</u></p> <p>Sample month payment amount (if applicable) \$ <u>50.00</u></p> <p>Comments: <b><i>The wrong payment rate was applied, leading to an over authorization of \$25.00. However, child only attended one week instead of the four weeks that had been authorized. As a result of this partial month payment, it was determined that, while there was a nonpayment error, no improper payment was made.</i></b></p>

**Completing Record Review Worksheet Column 3: Findings (Elements 100-410)**

In column 3, the reviewer summarizes the findings of the Element, based on the analysis in column 2. A summary that is clear and concise – but complete – is helpful for second level reviewers and others who may read the worksheet.

No new information should be presented in column 3. In keeping with the horizontal story guideline, everything that is in column 3 should be based on the column 2 analyses. Further, the reviewer should be able to code column 4 based on the column 3 summary.

The column 3 summary is distinct from the comments box in column 2. As described in the previous section, the comments box in column 2 is used to complement the analyses by providing additional information or descriptions. By contrast, column 3 summarizes the analyses as a whole.

It is suggested to start the column 3 summary by stating whether the Element had an error. The column should never be left blank, even if there was no error. If an error exists, describe the nature of the error, including whether it was caused by missing or insufficient documentation.

The following are examples of Elements in which both columns 2 and 3 were completed. The first example, in Exhibit 10, shows Element 100 with no error. The column 2 comments box provides additional information not captured by the analyses (the names of the forms that were reviewed). Column 3 simply states that there was no error.

**Exhibit 10: Example of Element 100 Columns 1-3, No Error**

<b>ELEMENTS OF ELIGIBILITY &amp; PAYMENT DETERMINATION (1)</b>	<b>ANALYSIS OF CASE RECORD (2)</b>	<b>FINDINGS (3)</b>
<p><b>100 APPLICATION/REDERMINATION 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) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable. Do not include required documents that are addressed in other Elements.</p> <p><i>Required forms vary from case to case. Reviewer should identify case specifics to determine which forms are required.</i></p> <p><i>Required Application/Redetermination forms include an AC-105 or an open CPS case.</i></p> <p><i>Policy: XAC 3-000</i></p> <p><i>An active service authorization that meets authorization standards.</i></p> <p><i>Policy: XAC 4-002</i></p>	<p>Is there a signed application in the case record? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>Are all forms correct? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>For a Without Regard to Income case, was there an open CPS case? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/></p> <p>Is there a current service authorization? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Comments: <b>Signed AC-105, AC-106 both in case file.</b></p>	<p><b><i>No error.</i></b></p>

Exhibit 11 shows Element 200 in a state in which all eligible children were served during the sample month (i.e., the Element does not apply). Note that column 3 was still completed by the reviewer.

**Exhibit 11: Example of Element 200 Columns 1-3 When Element Does Not Apply**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
<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> <p><i>Lead Agency serves all children and did not have a waiting list during the period of review</i></p>	<p>The state served all eligible children during the sample month.</p>	<p><b><i>No error – Element does not apply</i></b></p>

Exhibits 12 and 13 contain examples of Elements 320 and 400, respectively. In both examples, the reviewer found an error in the Element. Note the distinctions between the comments provided in the column 2 and the summaries in column 3. In both, the column 2 comments boxes are used to provide specific information about the analysis, including calculations and names of the documents that were reviewed. Column 3 summarizes the findings in both examples, by stating that there were errors, and then describing the nature of the errors.

**Exhibit 12: Example of Element 320 Columns 1-3 With an Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
<p><b>320 PARENTAL WORK/TRAINING STATUS</b></p> <p>Determine whether the child’s parent or parents were working, attending a job training or educational program (including a job search if applicable), or if the parent or parents had a child receiving or needing to receive protective services under the state’s definition.</p> <p><i>Verification of need for services may include pay verification, school schedule, incapacity, CPS case.</i></p> <p>490 XAC 3-007.1</p>	<p>Does the parent meet a need for service? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>X</b></p> <p>If a two-parent family, do both meet the need for service? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> <b>X</b></p> <p>Is the required documentation needed to verify need for service in the file? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>X</b></p> <p>Comments <b><i>Client states she is a full-time student on application; however, could not find a class schedule for the current semester (Spring 2018). The latest schedule in the file was from Spring 2017.</i></b></p>	<p><b><i>Element has an MID potential IP error – no school schedule in file to support need for services.</i></b></p>

**Exhibit 13: Example of Element 400 Columns 1-3 With an Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
<p><b>400 INCOME REQUIREMENTS</b></p> <p>Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied.</p> <p><i>Verify and document types and amounts of income at each application and redetermination and at the time of a reported change or anticipated change in income. Also, document how the income is considered.</i></p> <p><i>Review to determine if self-employment was handled correctly and all types of income included as required.</i></p> <p>490 XAC 4-005.4 and 490 XAC 4-005.5</p>	<p>Was income verified? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>Was income calculated correctly based on current information? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Was the family assessed the correct family fee, if applicable? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/></p> <p>Comments <b>Agency calculated earned income to be \$1892 based on client working 40 hours per week at \$11/hour. However, most recent paystubs show client is working 30 hours per week at \$11/hour. Earned income should be \$1419 (\$11x30x4.3). The copay assessed by the agency of \$60 is incorrect; the correct copay is \$40.</b></p>	<p><b><i>Element has a payment error (non-MID) – miscalculation of earned income led to the wrong copay (too high) being applied.</i></b></p>

*Special instructions for completing column 3 in Element 410:* If an improper payment was found while completing column 2 of Element 410, the reviewer should describe in column 3 the cause of the payment error, including references to any prior Element(s). **All improper payment errors found in Element 410 will have been caused by an error, or errors, found in 100-400.**

Exhibit 14 shows Element 410, columns 1-3 in a case where there was an improper payment error. Note the reference to Element 400 in column 3.

**Exhibit 14: Example of Element 410 Columns 1-3, Improper Payment Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
<p><b>410 PAYMENT</b></p> <p>Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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 may be an overpayment (improper payment).</li> <li>less than the reviewer’s subsidy amount, the difference may be an underpayment (improper payment).</li> </ul> <p><i>490 XAC 4-005.4 and 490 XAC 4-005.5</i></p>	<p>Eligibility worker’s subsidy amount \$ <u>225.25</u></p> <p>Reviewer’s subsidy amount \$ <u>200.15</u></p> <p>Difference (if applicable) \$ <u>25.10</u></p> <p>Sample month payment amount (if applicable) \$ <u>225.25</u></p> <p>Comments: <b><i>There is an overpayment of \$25.10.</i></b></p>	<p><b><i>Improper payment error of \$25.10. The improper payment was caused by the incorrect copy applied (see Element 400).</i></b></p>

**Completing Record Review Worksheet Column 4: Results (Elements 100-410)**

In column 4 of Elements 100-410, the reviewer completes coding to summarize the review findings for the Element. The reviewer should, theoretically, be able to code column 4 using the summary written in column 3.

Coding instructions for column 4 are as follows:

1. *No Error/Error*  
If the Element has no error, code “0.” If the Element has **any** error (whether or not the error results in an improper payment), code “1”.
2. *Missing/Insufficient Documentation.*  
If the Element has no error, code “NA” and continue to the next Element. If the Element has an error that was *not* caused by missing or insufficient documentation, code “N” and continue to the next Element. If the Element has an error that *was* caused by missing or insufficient documentation, code “Y” and answer item 2A.

2A. **(only in Elements 100-400) Potential Improper Payment Error.**

If the missing/insufficient documentation error will *not* result in an improper payment (i.e., it is an administrative error), code “N” and continue to the next Element.

If the missing/insufficient documentation error may potentially result in an improper payment, code “Y” and complete the MID Table for that Element. Further instructions on additional inquiry and using the MID Table are presented in the next subsection in this chapter.

Exhibit 15 is an example of Element 100 with no error. Note the coding of item 2 in column 4 – when there is no error, it should **always** be coded as NA. Also note that the reviewer did not enter anything for item 2A.

**Exhibit 15: Example of Element 100 Columns 1-4, No Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
<p><b>100 APPLICATION/REDERMINATION 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) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable. Do not include required documents that are addressed in other Elements.</p> <p><i>Required forms vary from case to case. Reviewer should identify case specifics to determine which forms are required.</i></p> <p><i>Required Application/Redetermination forms include an AC-105 or an open CPS case.</i></p> <p><i>Policy: XAC 3-000</i></p> <p><i>An active service authorization that meets authorization standards.</i></p> <p><i>Policy: XAC 4-002</i></p>	<p>Is there a signed application in the case record? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>Are all forms complete? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>For a Without Regard to Income case, was there an open CPS case? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/></p> <p>Is there a current service authorization? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Comments: <b>Signed AC-105, AC-106 both in case file.</b></p>	<p><b>No error.</b></p>	<p><b>100 RESULTS</b></p> <p>1. No Error / Error <b>0</b></p> <p>2. Missing/Insufficient Documentation (If “Y” is coded, answer 2A). <b>NA</b></p> <p>2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</p>

Exhibit 16 shows coding for column 4 in an Element with an error. This example, of Element 320, included an error that was caused by missing documentation. Because the reviewer determined that this error may potentially result in an improper payment, they coded 2A as “Y.” The reviewer should proceed to complete the MID Table for that Element (described later in this chapter).

**Exhibit 16: Element 320, Columns 1-4, Missing Documentation Error**

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>Determine whether the child’s parent or parents were working, attending a job training or educational program (including a job search if applicable), or if the parent or parents had a child receiving or needing to receive protective services under the state’s definition.</p> <p><i>Verification of need for services may include pay verification, school schedule, incapacity, CPS case.</i></p> <p>490 XAC 3-007.1</p>	<p>Does the parent meet a need for service? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>X</b></p> <p>If a two-parent family, do both meet the need for service? Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/> <b>X</b></p> <p>Is the required documentation needed to verify need for service in the file? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <b>X</b></p> <p>Comments <b><i>Client states she is a full-time student on application; however, could not find a class schedule for the current semester (Spring 2018). The latest schedule in the file was from Spring 2017.</i></b></p>	<p><b><i>Element has an MID potential IP error – no school schedule in file to support need for services.</i></b></p>	<p><b>320 RESULTS</b></p> <p>1. No Error / Error <b>1</b></p> <p>2. Missing/Insufficient Documentation (If “Y” is coded, answer 2A). <b>Y</b></p> <p>2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table) <b>Y</b></p>

*Errors affecting multiple Elements:* In general, reviewers are to examine Elements 100-400 independently of errors in other Elements. For example, consider a case that is determined to be ineligible because it was discovered in Element 310 (Residency) that the client was not a resident of the state. Subsequent Elements should continue to be reviewed based on the requirements in the column 1 boilerplates and customizations.

Sometimes a single error will affect more than one Element. For example, a missing work verification will, in many states, result in an error in Element 320 (Parental Work/Training Status). If that missing work verification also included work hours, there may also be a resulting error in Element 340 (Qualifying Care).

*Special instructions for completing column 4 in Element 410:* If there is an error found in Element 410 (Payment), there *must* be an error coded in at least one Element from 100-400. **All improper payment errors found in Element 410 will have been caused by an error, or errors, found in 100-400.** Exhibit 17 gives an example of Element 410 containing an improper payment error, with column 4 coded appropriately.

**Exhibit 17: Element 410 Columns 1-4, Improper Payment Error**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
<p><b>410 PAYMENT</b></p> <p>Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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 may be an overpayment (improper payment).</li> <li>• less than the reviewer’s subsidy amount, the difference may be an underpayment (improper payment).</li> </ul> <p><i>490 XAC 4-005.4 and 490 XAC 4-005.5</i></p>	<p>Eligibility worker’s subsidy amount \$ <u>225.25</u></p> <p>Reviewer’s subsidy amount \$ <u>200.15</u></p> <p>Difference (if applicable) \$ <u>25.10</u></p> <p>Sample month payment amount (if applicable) \$ <u>225.25</u></p> <p>Comments: <b><i>There is an overpayment of \$25.10.</i></b></p>	<p><b><i>Improper payment error of \$25.10. The improper payment was caused by the incorrect copay applied (see Element 400).</i></b></p>	<p><b>410 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error <b>1</b></li> <li>2. Missing/Insufficient Documentation <b>N</b></li> </ol>

**Additional inquiry (AI) for Missing or Insufficient Documentation Errors**

The Additional Inquiry (AI) may allow states to mitigate potential improper payment errors caused by missing or insufficient documentation. The state can use resources that are not typically included in their eligibility review process to determine if a client was ultimately eligible for services. If reviewers can access screens during the review process that eligibility workers can also access as part of written or commonly expected eligibility procedures, these would not be part of AI. On the other hand, accessing other screens or other sources of information outside the typical eligibility process *would* be considered AI. For instance, if the eligibility worker does not have access to TANF screens to check for income verification but the reviewers do have access and end up looking for income information on the TANF screen, this would be considered an Additional Inquiry (AI).

When a state identifies missing or insufficient documentation (MID) errors that are potential improper payments, the state must complete the MID Table to document their efforts and record the result of any Additional Inquiry.

States are strongly encouraged to use the AI for potential improper payment errors due to missing or insufficient documentation. By mitigating these errors, states will be able to report a more accurate representation of their error rate.

As stated earlier in this chapter, states are allowed to contact local eligibility offices and provide an opportunity for them to locate missing documents. This is *not* considered an AI, as the missing documents were in the possession of the local office. Many states have shared screens or files with other assistance programs. If accessing these screens is part of written or commonly expected eligibility procedures, and are normally available to reviewers, they would not be considered part of the AI.

Rather, AI is a process in which the Lead Agency may go beyond the typical systems, documents, and other resources used for determining eligibility. Lead Agencies may **not** seek independent or third-party verification, and are **never** to contact the client, their employers, or their child care providers as part of the AI.

The sources that states may use as part of the AI will vary based on the state's typical eligibility processes. Examples might include other state agencies, such as Temporary Assistance for Needy Families (TANF), Social Security, vital records, Medicaid, or the Supplemental Nutrition Assistance Program (SNAP).

Consider a reviewer who finds that paystubs are missing from a case file. Since paystubs are required for this state in determining family income in Element 400, this would make the case ineligible. The reviewer contacts the local eligibility office, and the local office located the missing paystubs and forwarded them to the Lead Agency which then completed the review. This is **not** an AI and the reviewer would not need to complete the MID Table for this Element because it turned out that there was no missing or insufficient documentation.

Now consider another reviewer in the same state that also finds that paystubs are missing from a case file. The reviewer contacts the local eligibility office, and the local office was unable to locate the missing paystubs. The reviewer determines that the family also receives SNAP benefits. He or she contacts the SNAP worker, who is able to provide evidence of the family's income. The reviewer determines that the family is eligible for the child care services that were authorized. This is an example of AI. The reviewer would mark Element 400 as having an administrative error due to the missing documentation and would complete the MID Table for the Element. As part of completing the MID Table, the reviewer would indicate that an AI was used and would describe the process and the result.

**A Lead Agency may determine that a potential improper payment error can only be partially mitigated by the AI. If this occurs, the Lead Agency should contact their ACF Regional Office for assistance in completing the MID Table and Element 500 on the *Record Review Worksheet*.**

*Using the MID Table:* **The MID Table must be completed for all missing or insufficient documentation errors that may potentially result in an improper payment, regardless of whether an additional inquiry is used.** One table is used for each case in which there is at least one potential missing or insufficient documentation improper payment error. The table includes nine rows, each corresponding to an Element from 100-400 on the *Record Review Worksheet*. There are nine columns for recording information gathered from the AI.

The MID Table may be used while the reviewer is completing the *Record Review Worksheet*; i.e., the reviewer completes the row in the MID Table for the corresponding Element immediately after reviewing that Element. Or, the reviewer may choose to wait until all Elements have been reviewed before completing the MID Table.

The nine columns of the MID Table, and instructions for completing each column, are as follows:

Column 1: Element

This column contains the Element number corresponding to the *Record Review Worksheet*. The reviewer does not add anything to the rows in this column.

The rows corresponding to Elements that do not have a missing or insufficient documentation error that may potentially result in an improper payment should be left blank.

If an element has multiple types of missing documentation that may potentially result in an improper payment so that multiple AIs are needed for that element, the reviewer can add additional rows.

Column 2: Describe documentation that was missing or insufficient

Describe what documentation was missing or insufficient that could potentially result in an improper payment.

Column 3: Dollar amount of potential improper payment

If the missing or insufficient documentation would result in ineligibility (i.e., a total overpayment), enter the sample month payment amount here. If the missing or insufficient documentation would result in a partial overpayment or underpayment, enter the amount here.

Column 4: Is there an additional inquiry that can be made to mitigate the potential improper payment error?

If the state will be utilizing an AI, code “1” and continue to column 6. If the state will not or cannot utilize an AI to mitigate the error in the Element, code “0” and continue to column 5.

Column 5: If No, describe why not

If column 4 was coded as “0,” describe the reason or reasons for not using an AI to mitigate the error in the Element. No further columns should be completed for this Element. The reviewer should continue with the case review.

Column 6: If Yes, describe additional inquiry

If column 4 was coded as “1,” describe the actions taken for the AI. This may include the names of the agency or agencies that were contacted, or the documents that were reviewed.

Column 7: Was the improper payment mitigated by using the additional inquiry?

Code “1” if the potential improper payment was mitigated using the AI. Code “0” if **no** dollar amount was mitigated using the AI.

If the potential improper payment was only *partially* mitigated by the AI, the Lead Agency should contact their ACF Regional Office for assistance in completing the MID Table and Element 500 on the *Record Review Worksheet*.

Column 8: Enter dollar amount that was mitigated

If the entire potential improper payment was mitigated, the amount entered here should be the same as the amount recorded in column 3. If only a partial dollar amount can be mitigated, enter that figure.

Column 9: Describe how the state determined whether or not the potential improper payment could be mitigated

The state should respond to this whether the potential improper payment was mitigated or not mitigated using the AI. Describe how the state used the information discovered in the AI to conclude whether or not an improper payment was made.

Consider the example presented earlier in this subsection, with the missing paystubs in Element 400. In this example, the state contacted the SNAP worker who provided them with the missing income information.

The reviewer might complete the row on the MID Table corresponding to Element 400 as follows:

Column 2: *Could not locate paystubs in the casefile. The application states that the client has a monthly gross income of \$1,200, but there is no documentation to support this. The missing income verification would make the case ineligible.*

Column 3: \$250.

Column 4: 1 (Yes).

Column 5: (N/A).

Column 6: *The client stated in the application that they receive SNAP benefits. We contacted the SNAP office who was able to verify that the \$1,200 monthly gross income is correct. They sent copies of recent paystubs which also confirm the \$1,200 figure is correct.*

Column 7: 1 (Yes).

Column 8: \$250.

Column 9: *Based on the documentation provided by the SNAP office, we determined that the income provided in the application was accurate, and the authorized subsidy and payment of \$250 was correct based on the client's income and family size.*

*Errors affecting multiple Elements:* As described in a previous subsection, there are circumstances in which the same error cause may affect multiple Elements. For example, missing work verification may result in an error in Element 320 and Element 340.

If the missing documentation would cause the *same dollars* to be in error in multiple Elements, states should only enter the amount in column 3 for one Element, to provide an accurate total. Similarly, if errors in both Elements are mitigated by the AI, only enter the dollar amount in column 8 for one Element.

In these cases, states must ensure that the AI has truly mitigated both errors. In the above example, the state may need to use separate AIs to mitigate the errors in Elements 320 and 340. These AIs should both be described in the appropriate rows and columns on the MID Table.

States are encouraged to contact their ACF Regional Office for guidance on using the MID Table, especially for cases with multiple potential missing and insufficient documentation improper payment errors.

### **Completing *Record Review Worksheet* Element 500: Case Summary**

In Element 500, the reviewer summarizes the findings for the entire case. Unlike Elements 100-410, Element 500 consists of only two columns: Case Summary (column 1) and Case Results (column 2).

The reviewer summarizes the entire case in column 1 of Element 500. This description should follow the basic instructions for completing column 3 in other Elements. Describe any errors that were found, with references to Elements. If a potential missing or insufficient documentation improper payment error was mitigated using an additional inquiry (described in the prior subsection), note it in this column. If there was an improper payment found in Element 410, cite the cause of the improper payment error.

In column 2, the reviewer will code the results for the entire case, as follows:

1. *No Error/Error*

If there were no errors in the case, code "0." If any Element had an error (whether or not the error resulted in an improper payment), code "1."

2. *Missing/Insufficient Documentation*

If there were no errors in the case, code "NA."

Code "N" if:

- the case has an improper payment error in Element 410, but that error was not caused by missing or insufficient documentation (Element 410, column 4, item 2 is coded "N"); **or**

- the case does not have an improper payment error in 410, but has one or more errors in other Elements, *none* of which were caused by missing or insufficient documentation.

Code “Y” if:

- the case has an improper payment error in Element 410 that was caused by missing or insufficient documentation; **or**
- the case does not have an improper payment error in 410, but has one or more errors in other Elements, at least one of which was caused by missing or insufficient documentation.

2A. *Number of MID potential improper payment errors identified*

Enter the total number of Elements that had a “Y” for item 2A. If there were no MID potential improper payment errors, enter “0” and continue to Item 3.

2B. *Total amount of MID potential improper payment errors*

2C. Enter the total dollar amount of potential improper payment errors. In the MID Table, this is the column 3 total. Note: For *Errors affecting multiple Elements* see the example on page 36. *Number of times an additional inquiry was used*  
Enter the column 4 total from the MID Table.

2D. *Number of times an additional inquiry mitigated the potential improper payment error*

Enter the column 7 total from the MID Table. If an additional inquiry was used, but it did not mitigate an improper payment, enter “0” and continue to item 3.

2E. *Total amount of improper payments mitigated*

Enter the total dollar amount that was mitigated as a result of the AI. In the MID Table, this is the column 8 total. Note: For *Errors affecting multiple Elements* see the example on page 36.

3. *Overpayment/Underpayment*

If there was no improper payment (including cases where the potential improper payment was mitigated by the additional inquiry), enter “NA.” If there was an improper payment, enter “O” if it was an overpayment and “U” if it was an underpayment.

4. *Total Amount of Improper Payment*

If there was no improper payment (including cases where the potential improper payment was mitigated by the additional inquiry), enter “\$0.” If there was an improper payment, enter the dollar amount.

5. *Total Payment Amount for Sample Month*

Enter the total dollar amount of the payment that was actually made for the child for the sample month.

Exhibit 18 is an example of Element 500 in a case that had no errors.

**Exhibit 18: Example of Element 500 With No Errors**

FINDINGS (1)	RESULTS (2)
<p><b>500 CASE SUMMARY</b></p> <p><i>No improper payment error.</i></p> <p><i>No errors in any Element.</i></p>	<p><b>500 CASE RESULTS</b></p> <p>1. No Error / Error <b>0</b></p> <p>2. Missing/Insufficient Documentation <b>NA</b></p> <p>2A. Number of MID potential improper payment errors identified <b>0</b></p> <p>2B. Total amount of MID potential improper payment errors</p> <p>2C. Number of times an additional inquiry was used</p> <p>2D. Number of times the additional inquiry mitigated the potential improper payment error</p> <p>2E. Total amount of improper payments mitigated</p> <p>3. Overpayment/Underpayment <b>NA</b></p> <p>4. Total amount of improper payment <b>\$0</b></p> <p>5. Total payment amount for the sample month <b>\$225.25</b></p>

Exhibit 19 is an example of Element 500 in a case that had an improper payment error that was not caused by missing or insufficient documentation. The improper payment error occurred as a result of a copay error in Element 400. There was also a missing documentation error in Element 100, but this error was not a potential improper payment according to the state’s policy. The additional inquiry was not used in any Element in this case.

Note that column 2 item 2 in Exhibit 19 is coded as “N.” Even though this case had a missing documentation error, the reviewer coded for the payment error which was not caused by missing or insufficient documentation. The payment error is **always** the error coded in Element 500. If there is more than one payment error, the larger error is coded in Element 500.

**Exhibit 19: Example of Element 500 With an Improper Payment Error**

FINDINGS (1)	RESULTS (2)
<p><b>500 CASE SUMMARY</b></p> <p><b><i>Improper payment error, overpayment of \$25.10. The improper payment was caused by the incorrect copay being applied (see Elements 400 and 410). There was also a missing form in Element 100. The missing form was not an improper payment error. No other errors in the case.</i></b></p>	<p><b>500 CASE RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error <b>1</b></li> <li>2. Missing/Insufficient Documentation <b>N</b> <ol style="list-style-type: none"> <li>2A. Number of MID potential improper payment errors identified <b>0</b></li> <li>2B. Total amount of MID potential improper payment errors</li> <li>2C. Number of times an additional inquiry was used</li> <li>2D. Number of times the additional inquiry mitigated the potential improper payment error</li> <li>2E. Total amount of improper payments mitigated</li> </ol> </li> <li>3. Overpayment/Underpayment <b>0</b></li> <li>4. Total amount of improper payment <b>\$25.10</b></li> <li>5. Total payment amount for the sample month <b>\$225.25</b></li> </ol>

Exhibit 20 is an example of Element 500 for a case that had a potential improper payment error that was mitigated using the additional inquiry. The case was missing residency verification, leading to a potential improper payment error from Element 310. Through additional inquiry, the reviewer was able to determine that the client did live in the state. There were no errors in any other Element.

In Element 500, the case was coded as having a missing documentation error; however, due to the mitigation there was no improper payment. Note the coding in column 2 items 2A through 2E.

**Exhibit 20: Example of Element 500 With a Potential Improper Payment Mitigated**

FINDINGS (1)	RESULTS (2)
<p><b>500 CASE SUMMARY</b></p> <p><i>Administrative error only. See Element 310 – the case file was missing required residency verification. Using additional inquiry, the client was found to live in the state (see MID Table). No improper payment, no other errors.</i></p>	<p><b>500 CASE RESULTS</b></p> <p>1. No Error / Error <b>1</b></p> <p>2. Missing/Insufficient Documentation <b>Y</b></p> <p>2A. Number of MID potential improper payment errors identified <b>1</b></p> <p>2B. Total amount of MID potential improper payment errors <b>\$365.00</b></p> <p>2C. Number of times an additional inquiry was used <b>1</b></p> <p>2D. Number of times the additional inquiry mitigated the potential improper payment error <b>1</b></p> <p>2E. Total amount of improper payments mitigated <b>\$365.00</b></p> <p>3. Overpayment/Underpayment <b>NA</b></p> <p>4. Total amount of improper payment <b>\$0</b></p> <p>5. Total payment amount for the sample month <b>\$365.00</b></p>

In Exhibit 21, a potential improper payment in Element 310 was mitigated using the additional inquiry. However, the case also had an improper payment error from Element 400 that was not caused by missing or insufficient documentation. Note the coding in column 2. Items 2A through 2E were completed to note that the additional inquiry was used to mitigate a potential total overpayment. The other items in column 2 were completed based on the improper payment error that was found in Element 400.

**Exhibit 21: Example of Element 500 With Multiple Errors**

FINDINGS (1)	RESULTS (2)
<p><b>500 CASE SUMMARY</b></p> <p><i>See Elements 400 and 410 – income calculation error led to incorrect copay being applied. There was an underpayment of \$15.00.</i></p> <p><i>Case file was missing required residency verification (see Element 310). Using additional inquiry, the client was found to live in the state (see MID Table).</i></p>	<p><b>500 CASE RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error <b>1</b></li> <li>2. Missing/Insufficient Documentation <b>N</b></li> <li>2A. Number of MID potential improper payment errors identified <b>1</b></li> <li>2B. Total amount of MID potential improper payment errors <b>\$230.50</b></li> <li>2C. Number of times an additional inquiry was used <b>1</b></li> <li>2D. Number of times the additional inquiry mitigated the potential improper payment error <b>1</b></li> <li>2E. Total amount of improper payments mitigated <b>\$230.50</b></li> <li>3. Overpayment/Underpayment <b>U</b></li> <li>4. Total amount of improper payment <b>\$15.00</b></li> <li>5. Total payment amount for the sample month <b>\$230.50</b></li> </ol>

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

The *State Improper Payments Report* (ACF-404) contains the error and improper payment findings and analyses from the case record reviews. States must prepare and submit the report by June 30 of the reporting year. The ACF-404 template can be found in Attachment 3. The *State Improper Payments Report* consists of three parts:

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

States are required to submit the *State Improper Payments Report* electronically using the ACF 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.

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

The state 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 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 improper payments 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 *Record Review Worksheet* 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 500, column 2 of each *Record Review Worksheet* into a database or spreadsheet for error measures computation. Using software to consolidate 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. Some items are auto-calculated.

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

If a state combines (pools) funds and conducted its review based on a sample drawn from a universe of cases served by these pooled funds, the state will calculate those dollar figures in one of two ways to reflect the proportion of these funds that are CCDF funds:

1. by applying the pooling factor found on the most recent ACF-800 reporting form to calculate the dollar amount; or
2. by applying a pooling factor different from that found on the most recent ACF-800 reporting form.

The individual questions in the ACF-404 report will prompt the state when it will be appropriate to apply a pooling factor. States that pool funds are asked in the ACF-404 State Improper Payments Report to provide information regarding the dollar amount of CCDF-only funds for the total dollar amount of potential improper payments resulting from the MID errors (ACF-404 item #7B), total dollar amount of MID potential improper payments that was mitigated using an AI (ACF-404 item# 8B), the total amount of MID improper payments (ACF-404 item #9B), the total amount of payments for the 276 cases (ACF-404 item #10), total amount of improper payments for the 276 cases broken down into overpayments and underpayments (ACF-404 items #11A and #11B), and the total annual amount of CCDF subsidy payments (ACF-404 item #14A).

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).
2. *Total number of cases with an error* – Enter the total number of cases with a “1” in Element 500, column 2, #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.
4. *Total number of cases with an improper payment* – Enter the total number of cases with a “1” in Element 500, column 2, #1 of the *Record Review Worksheet* that also have a number other than zero entered in Element 500, column 2, #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 error due to missing or insufficient documentation (MID)* – Enter the total number of cases with a “Y” in Element 500, column 2, #2 of the *Record Review Worksheet* that also have a number other than zero in Element 500, column 2, #4.

- 7A. *Total number of MID errors with identified potential improper payments* – Enter the sum of the number of MID errors recorded in Element 500, column 2, #2A.
- 7B. *Total dollar amount of potential improper payments resulting from the MID errors* – Enter the sum of the MID potential improper payments recorded in Element 500, column 2, #2B. Apply the state’s pooling factor if pooled funds were used.
- 8A. *Total number of MID potential improper payment errors that were mitigated using an additional inquiry (AI)* – Enter the sum of the times an AI mitigated an improper payment recorded at Element 500, column 2, #2D.
- 8B. *Total dollar amount of MID potential improper payments that was mitigated using AI* – Enter the sum of the dollar amount of improper payments that was mitigated recorded at Element 500, column 2, #2E. Apply the state’s pooling factor if pooled funds were used.
- 9A. *Total number of MID errors that, after an AI was considered and possibly used, still resulted in an improper payment* – Enter the difference between 7A and 8A.
- 9B. *Total dollar amount of MID improper payments that resulted even after an AI was considered and possibly used* – Enter the difference between 7B and 8B.
7. *Total amount of payments for the sampled cases* – Enter the sum of the payment amounts recorded in Element 500, column 2, #5 of the *Record Review Worksheet*. Apply the state’s pooling factor if pooled funds were used.
8. *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 500, column 2, #4 of the *Record Review Worksheet*. This amount will also equal the sum of Items 11A and 11B.
- 11A. *Total amount of underpayments for the review period* – Enter the sum of the improper payment amounts recorded in Element 410, column 2, #4 of the *Record Review Worksheet* only for those cases with a “U” in Element 500, column 2, #3. Apply the state’s pooling factor if pooled funds were used.
- 11B. *Total amount of overpayments for the review period* – Enter the sum of the improper payment amounts recorded in Element 500, column 2, #4 of the *Record Review Worksheet* only for those cases with an “O” in Element 500, column 2, #3. Apply the state’s pooling factor if pooled funds were used.
9. *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 11) by the total amount of payments for the sampled cases (Item 10) and multiply by 100. This is the state’s error rate.
10. *Average amount of improper payments* – Divide the total amount of improper payments for the review period (Item 11) by the total number of cases with an improper payment (Item 4) and multiply by 100.
- 14A. *Total annual amount of CCDF subsidy payments* – Enter the total annual amount of subsidy payments that were made using CCDF funds.

- 14B. *Estimated annual amount of improper payments* – Multiply the percentage of the total amount of payments for the sampled cases that are improper payments (Item 12) by the total annual amount of CCDF subsidy payments (Item 14A).
11. *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 one of the of the following:
- a. The review was not based on a sample drawn from pooled funds.
  - b. The review was based on a sample drawn from pooled funds, and the state applied pooling factor from the relevant ACF-800 reporting form.
    - b-i. Indicate the number of sampled cases that used pooled funds.
    - b-ii. Indicate the percentage of sampled cases that used pooled funds.
  - c. The review was based on a sample drawn from pooled funds, but the state did not apply the pooling factor found on the relevant ACF-800 reporting form.
    - c-i. Provide the pooling factor.
    - c-ii. Explain the derivation of this pooling factor.
    - c-iii. Indicate the number of sampled cases that used pooled funds.
    - c-iv. Indicate the percentage of sampled cases that used pooled funds.
12. *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. The table will expand the number of rows to accommodate the number of replacement cases.

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

13. *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.
14. *For each potential improper payment error due to missing or insufficient documentation, enter the following:*
- a. *the Element number of the RRW where the error was identified; (MID Table Column 1);*
  - b. *a description of what documentation was missing or insufficient; (MID Table Column 2);*
  - c. *the dollar amount of the potential improper payment; (MID Table Column 3);*
  - d. *a description of the AI that was done or an explanation of why there was no appropriate AI; (MID Table Column 5 or 6);*
  - e. *(if an AI was used) the dollar amount (if any) that was able to be mitigated;(MID Table Column 8); and*
  - f. *(if an AI was used) how the state determined whether or not the potential improper payment could be mitigated. (MID Table Column 9).*
- Enter the information in the table provided. The table will expand the number of rows to

accommodate the number of potential improper payment errors. The information entered in the table will correspond to the columns in the MID Tables, as listed above.

15. *Identify all causes of improper payments (see Item 4 above). List each cause, the number of cases with an error due to this cause, an example of an error, and whether this cause involved missing or insufficient documentation.*

List all the causes of improper payments, and for each identified cause, indicate how many cases were found to have an error due to this cause. Provide an example of an error due to this cause and indicate whether missing or insufficient documentation was involved.

16. *List the causes of improper payment errors identified in Item 19. For each cause, describe the action steps planned in between review cycles in order to reach the targeted reductions identified in Item 23, the timeline for implementing the action steps, and method(s) that will be used to measure progress and the impact of the action steps. Consider the targets that will be set in item 23 for the next review cycle. Focusing on each of the improper payment causes, provide an overview of the action steps, timelines, and review methods to reduce the errors so that targets are met. The action steps are to be detailed descriptions of specific activities planned in order to reach a targeted reduction in errors. A timeline is a schedule of activities or events. The timeline should indicate when specific action steps should be completed. The progress measurement is a measurement, or other appropriate indicator that enables the state to track the completion of planned action steps and whether they are having the desired effect.*

- 21A. *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 11B 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.

- 21B. *State the amount of improper payments the state recovered as a result of the previous review. If the amount is less than the total amount expected to have been recovered according to the previous report, describe the reasons.*

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 21A.

17. *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.

18. *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.

19. *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 20 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 20 to identify implementation actions and timelines for future reductions.

20. *List the causes of improper payment errors identified in the previous cycle (item 17 in the 2015 ACF-404 or item 20 in the 2018 ACF-404) and for each cause, describe the action steps that were taken (including dates) to correct the cause, the impact of those action steps, and how the impact was measured. Discuss any barriers to the effectiveness of the action steps to reduce improper payments.*

Refer to the *State Improper Payments Report* from the previous review cycle. Describe the actions fully implemented or progress made toward full implementation including the dates of implementation of individual action steps and how progress toward implementation was monitored. Discuss the impact the actions had on the previously identified improper payment errors in order to reduce error rates. Discuss any barriers or setbacks to implementation of the action steps identified in the previous report or why the action steps did not have the expected results. Also, include in this discussion any additional actions taken that were not listed in the previous report.

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

Since FY 2012, any Lead Agency with an error rate above ten percent has been required to complete and submit a Corrective Action Plan to the Assistant Secretary as part of IPIA requirements. If required, states must submit the *Error Rate Review Corrective Action Plan* (ACF-405) within 60 days of the deadline for submission of the *State Improper Payments Report*. The ACF-405 is submitted using the OLDC and must be approved by the Administration for Children and Families Assistant Secretary. States will be expected to submit regular updates on their progress in implementing the Corrective Action Plan. The ACF-405 template can be found in Attachment 3.

The ACF-405 consists of four required items:

### 1. Current Improper Payment Rate

Enter the state's error rate, as reported on the most recent ACF-404 *State Improper Payments Report*.

### 2. Senior Official Accountable for the Corrective Action Plan

Enter the name and job title of the senior official accountable for the implementation of the Corrective Action Plan. This person must have the authority to ensure that the action steps and timelines identified in the plan are met.

### 3. Identify actions the Lead Agency will undertake to reduce improper payments. Identify milestones, timelines, and the individual(s) responsible for completing each action

States complete this item in table format, where each row represents one action. For each row, enter the **action**, **milestone(s)**, **timeline**, and the **individual or individuals responsible**, for implementing the actions according to the timeline.

The action steps are to be detailed descriptions of specific activities planned in order to reach a targeted reduction in errors. The timeline is a schedule of activities or events. The timeline should indicate when specific action steps should be completed and milestones achieved. The milestones are an achievement that can function as an indicator of whether the specific activities or action steps are being completed timely. For example: a state wants to conduct training targeting worker errors in income calculation. One milestone might be that by X date, a state will have conducted the training with identified workers, and another milestone might be that by Y date, the state will have performed case reviews targeting the income calculations for the identified workers to monitor effectiveness of the training. Setting milestones helps the Lead Agency track whether they're on schedule to achieve the sub-goals needed to reduce their error rate.

The actions, milestones, and timelines reported for this item may be similar to those reported for item 20 of the ACF-404 *State Improper Payments Report*. However, states are strongly encouraged to think broadly and to also consider additional areas that need to be addressed to ensure the error rate is reduced.

The milestones and timelines reported here should be those that can be completed within 12 months of approval of the Corrective Action Plan.

4. Timeline for reducing the error rate below 10 percent

Identify the timeline for progress in error rate reduction. Note that states may need to take more than one year to reduce the error rate below 10 percent.

5. Identify targets for future improper payments

Enter the state's error rate target(s). At a minimum, there should be a target included for one year following approval of the Corrective Action Plan. If the error rate is not expected to be under 10 percent within one year, identify targets for future year(s).

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## APPENDIX A

### Glossary

**Action Steps** – Detailed descriptions of specific activities planned in order to reach a specific goal such as a targeted reduction in errors. Often, action steps should be tied to a timeline. For example: A state may clearly identify activities to implement a new procedure by a certain date.

**Additional Inquiry (AI)** - The Lead Agency looking for verifications beyond the typical systems, documents, and other resources used for determining eligibility in order to more accurately determine whether a payment was an improper payment due to missing or insufficient documentation. Lead Agencies may not seek independent or third-party verification, and are never to contact the client, their employers, or their child care providers as part of the additional inquiry. The sources that states may use as part of the additional inquiry will vary based on the state's typical eligibility processes. Examples might include other state agencies, such as TANF, Social Security, vital records, Medicaid, or SNAP.

**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 (such as 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** – Group 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 a process to collect 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 including action 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 100-410, an error results when the reviewer determines that case review findings do not meet federal or state requirements as defined. Element 500 captures

both improper 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. If an error does not result in monetary discrepancy, it is a nonpayment error.

**Milestone** – An event that can function as an indicator of whether the specific activities or action steps are being completed timely. Setting milestones helps the Lead Agency track whether they're on schedule to achieve the sub-goals needed to reduce their error rate.

**Missing or Insufficient Documentation (MID) Error** – an error which is due to missing or insufficient documentation. States must determine whether a monetary discrepancy resulted in order to properly categorize a MID error as either an improper payment or a nonpayment error.

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

**Paid 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.

**Pooled Funds** – Funds that are a combination of CCDF and Non-CCDF funds.

**Progress Measurement** – The progress measurement is a measurement, or other appropriate indicator that enables the state to track the completion of planned action steps and whether they are having the desired effect.

**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, 2019, submission date, the review period would be October 1, 2017, through September 30, 2018.

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

**Timeline** – A schedule of activities or events. The timeline should indicate when specific action steps should be completed and milestones achieved.

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

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## **ATTACHMENT 1**

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## SAMPLING DECISIONS, ASSURANCES, AND FIELDWORK PREPARATION PLAN

### Part 1: Sampling Decisions

#### 1a. Selection of cases and replacement cases

Lead Agency will select 276 cases and \_\_\_\_\_ monthly replacement cases

Approval will be obtained from the RO before using any replacement cases

Clearly describe the Lead Agency procedure for collecting samples including samples of replacement cases

#### 1b. Random number generator

Name the source for the Lead Agency's random number generator (the Random Number Sampling Book or software)

#### 1c. Frequency of collecting monthly sampling frames and projected start dates

Select the Lead Agency's frequency of collecting monthly sampling frames

Monthly  Quarterly  Semi-Annually  Annually

Other

Projected start date for the sampling process

Projected start date for reviewing cases

### Part 2: Assurances and Certifications

The state assures that it will abide by the instructions contained in the *Child Care Improper Payments Data Collection Instructions*.

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 five years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The state understands that this information, including the sampled case records and calculations is subject to federal review.

Yes to all assurances

### **Part 3: Fieldwork Preparation Plan**

#### **3a. Identification of project leadership**

Identify by name(s), job title(s), and role(s), the leadership of the improper payments process and review team

The leader(s) understands the program and has the authority to ensure timelines are met

Note: the level of authority should be comparable to that of the leader who is responsible for the submission of the state plan.

Name and job title of the person who will certify and submit the final report:

#### **3b. Inter-reviewer consistency**

Select and describe methods the Lead Agency will use to ensure inter-reviewer consistency.

Note: at a minimum, a re-review of cases must be selected and the description must include the types and number or percentage of cases to be re-reviewed.

Re-review of cases to ensure inter-reviewer consistency. Describe:

Group discussion of case review findings. Describe:

Other, describe:

#### **3c. Review team composition**

Describe the review team by providing information about the following:

Size:

Composition:

### **3d. Error definition**

For the purposes of the state improper payment review, define the following:

Errors:

Improper Payment errors:

Nonpayment (administrative) errors:

### **3e. Plan for review of state policies/procedures and processes**

Describe the Lead Agency's plan to ensure that customization of the RRW will use state policy in effect during the sample month:

Describe the Lead Agency's plan to ensure that reviewers consistently interpret error as defined by the state:

Describe how the Lead Agency identifies whether to apply a pooling factor and how they determine what the pooling factor will be on the *State Improper Payments Report*:

### **3f. Information systems project responsibilities**

Select tasks that the Lead Agency accomplishes through coordination with information technology staff:

- Identification of the universe of cases paid with CCDF funding
- Identification of the sample review calendar month payment amount
- Archival of the universe and sample frames files
- Use of random number generator software
- Generation of the 12 monthly sampling frames
- Selection of the monthly samples and replacement cases
- Determination of the annual amount of payments for the review period's universe of children
- Others; describe:

If these tasks are accomplished through some other means, specify which tasks and describe how they are accomplished and by whom:

Describe the process used to determine the annual amount of payments:

### **3g. Case review logistics**

Describe details of review logistics to include the following: whether electronic or physical record are reviewed, how the records (especially the physical records) are handled, where the record reading occurs (on-site, centrally, regionally, a mixture), the organization and maintenance of the review files:

"THE PAPERWORK REDUCTION ACT OF 1995"

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

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

## **ATTACHMENT 2**

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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) declaration of 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. Missing/Insufficient Documentation (If "Y" is coded, answer 2A)            2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)</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. Missing/Insufficient Documentation (If "Y" is coded, answer 2A)            2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)</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. Missing/Insufficient Documentation (If “Y” is coded, answer 2A) 2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</li> </ol>
<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. Missing/Insufficient Documentation (If “Y” is coded, answer 2A) 2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</li> </ol>
<p><b>320 PARENTAL WORK/TRAINING STATUS</b></p> <p>Determine whether the child’s parent or parents were working, attending a job training or educational program (including a job search if applicable), or if the parent or parents had 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. Missing/Insufficient Documentation (If “Y” is coded, answer 2A) 2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</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. Missing/Insufficient Documentation (If “Y” is coded, answer 2A) 2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</li> </ol>

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
<p><b>340 QUALIFYING CARE</b></p> <p>Determine whether the number of hours, type of care, and provider payment rate 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. Missing/Insufficient Documentation (If “Y” is coded, answer 2A)               <ol style="list-style-type: none"> <li>2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</li> </ol> </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. Missing/Insufficient Documentation (If “Y” is coded, answer 2A)               <ol style="list-style-type: none"> <li>2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</li> </ol> </li> </ol>

**SECTION IV. FINANCIAL REQUIREMENTS AND PAYMENT**

<b>ELEMENTS OF ELIGIBILITY &amp; PAYMENT DETERMINATION (1)</b>	<b>ANALYSIS OF CASE RECORD (2)</b>	<b>FINDINGS (3)</b>	<b>RESULTS (4)</b>
<p><b>400 FINANCIAL REQUIREMENTS</b></p> <p>Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state’s median income), and whether the copayment (if any) was correctly applied.</p>	<p>N/A</p>	<p>N/A</p>	<p><b>400 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Missing/Insufficient Documentation (If “Y” is coded, answer 2A)               <ol style="list-style-type: none"> <li>2A. Potential Improper Payment Error (If “Y” is coded, use the MID Table)</li> </ol> </li> </ol>
<p><b>410 PAYMENT</b></p> <p>Identify the eligibility worker’s subsidy amount for the sample month and compare it to the reviewer’s subsidy amount for the sample month. 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 may be an overpayment (improper payment).</li> <li>○ less than the reviewer’s subsidy amount, the difference may be an underpayment (improper payment).</li> </ul>	<p>N/A</p>	<p>N/A</p>	<p><b>410 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Missing/Insufficient Documentation</li> </ol>

## Record Review Worksheet Missing and Insufficient Documentation Table (MID Table)

Child ID:

1	2	3	4	5	6	7	8	9
<b>Element</b>	Describe documentation that was missing or insufficient	Dollar amount of potential improper payment	Is there an additional inquiry that can be made to mitigate the potential improper payment error?  <b>0=No</b> <b>1=Yes</b>	If <b>No</b> , describe why not  <i>(Note: After responding, go to Element 500 if there are no other Elements requiring the MID Table)</i>	If <b>Yes</b> , describe the additional inquiry	Was the improper payment mitigated using the additional inquiry?  <b>0=No</b> <b>1=Yes</b>	Enter dollar amount that was mitigated	Describe how the state determined whether or not the potential improper payment could be mitigated.  <i>(Note: Please respond to this whether the potential improper payment was mitigated or not mitigated)</i>
<b>100</b>								
<b>200</b>								
<b>300</b>								
<b>310</b>								
<b>320</b>								
<b>330</b>								
<b>340</b>								
<b>350</b>								
<b>400</b>								
<b>Total</b>								

**SECTION V. CASE SUMMARY**

FINDINGS (1)	RESULTS (2)
<b>500 CASE SUMMARY</b>	<p><b>500 RESULTS</b></p> <ol style="list-style-type: none"> <li>1. No Error / Error</li> <li>2. Missing/Insufficient Documentation               <ul style="list-style-type: none"> <li>2A: Number of MID potential improper payment errors identified</li> <li>2B: Total amount of MID potential improper payment errors</li> <li>2C: Number of times an additional inquiry was used</li> <li>2D: Number of times the additional inquiry mitigated the potential improper payment error</li> <li>2E: Total amount of improper payments mitigated</li> </ul> </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, "NA" = no error; 2A (only coded if 2 is coded as "Y"): "Y" = MID potential improper payment error, "N" = not a MID potential improper payment error.

The coding for the Results Column for Elements 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, "NA" = no error.

The coding for the Results Column for Element 500 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, "NA" = no error; 2A: Number of times the MID Worksheet was used because a MID potential improper payment error was identified; 2B: Total dollar amount of MID potential improper payment errors (total of column 3 on the MID Table); 2C: Number of times an additional inquiry was used (total of column 4 on the MID Worksheet); 2D: Number of times the additional inquiry mitigated a MID potential improper payment error (total of column 7 on the MID Table); 2E: Total dollar amount of improper payments mitigated (total of column 8 of the MID Worksheet); 3: "U" = Underpayment, "O" = Overpayment, "NA" = no improper payment; 4: Total dollar amount of improper payment; 5: Total Payment Amount for Sample Month.

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## **ATTACHMENT 3**

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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 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 five 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 error due to missing or insufficient documentation (MID)	N/A
7A.	Total number of MID errors with identified potential improper payments	N/A
7B.	Total dollar amount of potential improper payments resulting from the MID errors. Apply the state's pooling factor if pooled funds were used.	N/A

Item #	N/A	N/A
8A.	Total number of MID potential improper payment errors that was mitigated using an additional inquiry (AI)	N/A
8B.	Total dollar amount of MID potential improper payments that was mitigated using an AI. Apply the state's pooling factor if pooled funds were used.	N/A
9A.	Total number of MID improper payment errors that, after an AI was considered and possibly used, still resulted in an improper payment	N/A
9B.	Total dollar amount of MID improper payments that resulted even after an AI was considered and possibly used. Apply the state's pooling factor if pooled funds were used.	N/A
10.	Total amount of payments for the sampled cases. Apply the state's pooling factor if pooled funds were used.	N/A
11.	Total amount of improper payments for review period (gross amount of underpayments and overpayments)	N/A
11A.	Total amount of underpayments for review period. Apply the state's pooling factor if pooled funds were used.	N/A
11B.	Total amount of overpayments for review period. Apply the state's pooling factor if pooled funds were used.	N/A
12.	Percentage of the total amount of payments for the sampled cases that are improper payments	N/A
13.	Average amount of improper payments	N/A
14A.	Total annual amount of CCDF subsidy payments	N/A
14B.	Estimated annual amount of improper payments	N/A
15.	<p>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 one of the following:</p> <p>a. the review was not based on a sample drawn from pooled funds.</p> <p>b. the review was based on a sample drawn from pooled funds, and the state applied pooling factor from the relevant ACF-800 reporting form.</p> <p style="padding-left: 40px;">b-i. indicate the number of sampled cases that used pooled funds.</p> <p style="padding-left: 40px;">b-ii. indicate the percentage of sampled cases that used pooled funds.</p> <p>c. the review was based on a sample drawn from pooled funds, but the state did not apply the pooling factor found on the relevant ACF-800 reporting form.</p> <p style="padding-left: 40px;">c-i. provide the pooling factor.</p> <p style="padding-left: 40px;">c-ii. explain the derivation of this pooling factor.</p> <p style="padding-left: 40px;">c-iii. indicate the number of sampled cases that used pooled funds.</p> <p style="padding-left: 40px;">c-iv. indicate the percentage of sampled cases that used pooled funds.</p> <p style="padding-left: 40px;">a.</p>	
16.	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	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol>	<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol>

Month	Reason(s) for Replacement Cases (please list)	# Times Reason Used
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.
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, 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
17.	Describe lessons learned or improvements made in implementation of the review process during the current review cycle.

Item #	N/A
18.	For each potential improper payment error due to missing or insufficient documentation, enter the following: a. the Element number of the RRW where the error was identified; b. a description of what documentation was missing or insufficient; c. the dollar amount of the potential improper payment; d. a description of the AI that was done or an explanation of why there was no appropriate AI; e. (if an AI was used) the dollar amount (if any) that was able to be mitigated; f. (if an AI was used) how the state determined whether or not the potential improper payment could be mitigated.

a)Element #	b) What was the MID?	c) Dollar amount of potential IP	d) AI used? Describe why or why not	e) How much mitigated?	f) Explain how state determined whether or not the potential IP could be mitigated
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Item #	N/A
19.	Identify all causes of improper payments (see Item 4 above). List each cause, the number of cases with an error due to this cause, an example of an error, and whether this cause involved missing or insufficient documentation.

Cause	# Cases	Example	MID? (Y/N)
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

Item #	N/A
20.	List the causes of improper payment errors identified in Item 19. For each cause, describe the action steps planned in between review cycles in order to reach the targeted reductions identified in Item 23, the timeline for implementing the action steps, and method(s) that will be used to measure progress and the impact of the action steps.

Error	Cause of Error	Action Steps	Timeline	Progress Measurement
1.	N/A	N/A	N/A	N/A
2.	N/A	N/A	N/A	N/A
3.	N/A	N/A	N/A	N/A
4.	N/A	N/A	N/A	N/A

<b>Item #</b>	<b>N/A</b>
21A.	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 11B above), provide a summary of the reasons limiting the collections.

<b>Item #</b>	<b>N/A</b>
21B.	State the amount of improper payments the state recovered as a result of the previous review. If the amount is less than the total amount expected to have been recovered according to the previous report, describe the reasons.

<b>Item #</b>	<b>N/A</b>
22.	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>
23.	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>
24.	If any targets were not met, provide an explanation of why the state did not meet these targets and describe how the actions outlined in Item 20 will address these areas.

<b>Item #</b>	<b>N/A</b>
25.	List the causes of improper payment errors identified in the previous cycle (item 17 in the 2015 ACF-404 or item 20 in the 2018 ACF-404) and for each cause, describe the action steps that were taken, (including dates), to correct the cause, whether the action steps reduced the identified errors, and how any progress was measured. Discuss any barriers to the effectiveness of the action steps to reduce improper payments.

<b>Improper Payment Error</b>	<b>Action steps and dates when taken</b>	<b>Did the action steps reduce the identified errors?</b>	<b>How did you measure your progress in reducing the identified errors?</b>	<b>Barriers to reducing error</b>
N/A	N/A	N/A	N/A	N/A

<b>Improper Payment Error</b>	<b>Action steps and dates when taken</b>	<b>Did the action steps reduce the identified errors?</b>	<b>How did you measure your progress in reducing the identified errors?</b>	<b>Barriers to reducing error</b>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

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## **ATTACHMENT 4**

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## ERROR RATE REVIEW CORRECTIVE ACTION PLAN (ACF-405)

**State:**

**Date:**

Any Lead Agency with a rate of improper payments that is not less than a threshold established by the Secretary must submit a comprehensive Corrective Action Plan to the Assistant Secretary for approval. They must also submit 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 the submission deadline of the ACF-404 *State Improper Payments 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.

<b>Item #</b>	N/A
1.	Current Improper Payment Rate

<b>Item #</b>	N/A
2.	Senior Official Accountable for the Corrective Action Plan

<b>Item #</b>	N/A
3.	Identify actions the Lead Agency will undertake to reduce improper payments. Identify milestones, timelines, and the individual(s) responsible for completing each action

Action	Milestones	Timeline	Individual(s) Responsible
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

<b>Item #</b>	N/A
4.	Timeline for reducing the error rate below 10 percent

<b>Item #</b>	N/A
5.	Identify targets for future improper payments

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