



**Measuring Improper Authorizations for Payment in the  
Child Care Program  
Child Care Bureau, Office of Family Assistance  
Administration for Children and Families**

**Improper Authorization for Payment  
Data Collection Instructions**

August, 2007



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## I. INTRODUCTION

This document provides instructions for implementing the required error rate methodology for the Child Care and Development Fund (CCDF) and successfully submitting the *State Improper Authorization for Payment Report* to the Department of Health and Human Services (HHS). These submissions will assist HHS in complying with the Improper Payments Information Act of 2002 (IPIA). The IPIA requires Federal agencies to annually review programs and activities they administer, identify those that may be susceptible to significant improper payments, and submit a report on actions taken to reduce improper payments. Per the IPIA, agencies must adhere to guidance prescribed by the Office of Management and Budget (OMB). The provisions in this document comply with OMB Circular A-123, Appendix C that provides guidance for implementing the Improper Payments Information Act of 2002 (IPIA). These instructions also comply with the Code of Federal Regulations (CFR), Title 45 – Public Welfare - Parts 98 and 99, the official regulations for the Child Care and Development Fund. 45 CFR 98 Subpart K - Error Rate Reporting - requires States, the District of Columbia and Puerto Rico (States) to measure, calculate, and report improper payments as well as identify strategies for reducing future improper payments.

This instruction package provides:

- An overview of the improper authorization for payment review methodology, focusing on client methodology
- Instructions for completing each State component of the review methodology
- A glossary of terms used in the instruction package (Appendix A)
- A required *Record Review Worksheet* (Attachment 1)
- A required *Data Entry Form*, with instructions (Attachment 2)
- A required *State Improper Authorization for Payment Report*, with instructions (Attachment 3)

## II. OVERVIEW

The CCDF methodology for measuring improper authorizations for payment focuses on client eligibility and employs a case record review process to determine whether child care subsidies were properly authorized.

The CCDF methodology focuses on improper authorizations rather than actual payments because the Administration for Children and Families (ACF) believes that improper authorizations are the source for many improper payments. Eligibility and authorization are the first steps in the child care subsidy process and errors made at this stage in the process are likely to affect the administration of the entire program. An improper authorization could likely result in an improper payment

The case record review process is based on the CCDF methodology that was successfully implemented in two phases of error rate pilots tested by the Child Care Bureau (CCB) in partnership with States. These pilots showed that a client eligibility-focused methodology

could be established to accommodate the flexibility in the State processes to determine eligibility and authorize subsidies. It was determined that these processes were consistent enough that a uniform national methodology that was practical for individual States to implement could be developed. This was important, as the policies and processes used for parents to apply for child care services—as well as the policies and processes used by States, Territories and Tribes to determine eligibility (including initial eligibility, periodic redeterminations, or change action)—are unique to each State.

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

The CCDF error rate methodology includes the following action steps and timeline based on the FY 2008 reporting year that examines errors for the period of October 1, 2006 through September 30, 2007:

Exhibit 1

STEP #	CCDF ERROR RATE METHODOLOGY	2008 REPORTING YEAR TIMELINE
1.	Submit by email to the Child Care Manager in ACF Regional Office the State 1) decisions regarding selection of 271 or 276 cases*, frequency of collecting monthly sampling frames, citation for source of random numbers, 2) plan for fieldwork preparation, and 3) assurance that the State will abide by the monthly sample instructions in "Measuring Improper Authorizations for Payment in the Child Care Program."	October, 2007
2.	Select a systematic random statewide sample of cases for each month of the designated 12 month review period	November, 2007
3.	Customize <i>Record Review Worksheet</i>	October – December, 2007
4.	Submit <i>Record Review Worksheet</i> to Child Care Manager in ACF Regional Office for approval	December, 2007
5.	Conduct case record review process, subsequent to approval of customized <i>Record Review Worksheet</i>	January - March, 2008
6.	Complete <i>Data Entry Forms</i>	March, 2008
7.	Complete entry of data from <i>Data Entry Forms</i>	March, 2008
8.	Compute five error measures	April, 2008
9.	Complete <i>State Improper Authorizations for Payment Report</i>	June, 2008
10.	Submit <i>State Improper Authorizations for Payment Report</i>	On or before June 30, 2008

\*(See Section IV – “Generating a Sample of Cases for Review”)

- In subsequent years, States adhere to the above timeline, relative to their reporting year. States submit Step 1 information prior to drawing the first sample and no later than October of the calendar year prior to the reporting year. States receive approval of the customized *Record Review Worksheet* prior to conducting case

record reviews. States choosing to select sampling frames and conduct case record reviews throughout the 12 month review period are encouraged to submit information identified in Steps 1 and 4 in a timely manner to avoid unnecessary delays in implementing the methodology.

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

States calculate five error measures, including an estimated annual amount of improper authorizations for payment once every three years on a rotational cycle. As can be seen in Exhibit 2, using a stratified random sample method of selecting States<sup>1</sup>, one third of the total of 52 States were selected to participate each year in the error rate measurement methodology.

In year one, approximately one third of the total of 52 States (18 States) calculate error rate measures, including the estimated annual amount of improper CCDF subsidy authorizations. The total of the 18 States' estimated annual amount of improper authorizations for payment provides the basis to calculate a national error rate and amount in year one.

In year two, an additional 17 States calculate error rate measures, including the estimated amount of improper CCDF subsidy authorizations. The total of the 17 States' estimated annual amount of improper authorizations for payment combined with the totals from year one provide the basis to calculate the year two national error rate and amount.

In year three, the remaining 17 States calculate error rate measures, including the estimated amount of improper CCDF subsidy authorizations. The total estimated annual amount of improper authorizations for payment from all three years are combined and provide the basis to calculate the year three national error rate and amount.

In year four, the States selected for year one repeat the methodology. The year four results replace the year one results in the national error rate and amount calculation.

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<sup>1</sup> The sample of 52 States was stratified by region (10 total), with the regions randomly ordered. States were sorted within regions by caseload, from the most cases to the least cases. Every third State on the list was then selected, using a random start number the first and second years. The third year included those States not selected in year one or year two. Each year this will yield a mix of county-administered and State-administered States and States serving both small and large numbers of children annually.

**Exhibit 2. States Selected By Year of Three Year Reporting Cycle**

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

Following completion of a case record review process, data entry, computation of five error measures, and analysis and response to the improper authorizations findings, States prepare and submit a *State Improper Authorizations for Payment Report* (See Attachment 3), described in Section VIII of these instructions.

To coordinate this effort, States may choose to create an improper payments planning team (Team). Suggestions for the composition and responsibilities of the Team include the following:

1. Select a high level management staff member to act as a project coordinator. The project coordinator will oversee the entire process, including determining which office is responsible for obtaining the reviewers, recruiting planning Team members, answering internal questions, arranging Team meetings and consulting with Team members as needed.
2. The project coordinator convenes a Team consisting of the team leader of the review team, State Lead Agency administrator, and high and middle level management staff representatives from program and policy, training, and information technology.
3. The project coordinator assigns responsibilities for completion of the required *State Improper Authorizations for Payment Report*, including the error rate findings and narrative discussion.

States identify the composition and responsibilities of their Teams to best reflect agency organization and total number of available staff.

Administration for Children and Families (ACF) will review the *State Improper Authorizations for Payment 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 Performance and Accountability Report (PAR).

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

States select a statewide random sample of at least 271 active cases. A sample of 271 cases is projected to achieve a State level improper authorizations for payment rate within five percent precision at the 90% confidence level.<sup>2</sup> This Section details steps for the selection process. The steps include three areas in which States have flexibility and which are discussed in more detail below: the decision to sample 271 or 276 cases, how frequently monthly sampling frames will be collected, and the source for the required random numbers. As indicated in Step 1, Exhibit 1, States are required to submit these decisions by email to the Child Care Manager in the ACF Regional Office before the end of October of the calendar year prior to the reporting year.

##### **Review Period**

The CCB has designated a 12 month review period, based on the Federal Fiscal Year ending September 30, for the data collection methodology. The purpose of the 12 month review period is to gain a representative estimate of the annualized amount of improper authorizations for payments.

The State estimates of the five error measures will be calculated using all cases examined during the review period. States which choose to sample 271 cases will randomly select 23 cases for each of the first seven months and 22 cases for each of the last five months of the 12 month review period (e.g., October - April, 23 cases per month will be selected and May - September 22 cases per month will be selected). Alternatively States may choose to select 23 cases for each month of the review period, yielding a total of 276 cases. Adding five cases to the annual required total allows States to select the same number of cases for each of the 12 review months.

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

## Sampling Unit

The primary sampling unit for this analysis is an active case (child) for whom a child care subsidy was authorized for payment during a sample review month. An authorization for payment is the subsidy amount authorized during eligibility determination or redetermination for a sample review month, based on the case record documentation.

Each sampling unit will be identified by the following information:

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

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

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

## Selecting the Monthly Sample

States create 12 sampling frames of active cases (i.e., one sampling frame per month for each month in the 12 month review period). The review period is the most recent Federal Fiscal Year ending prior to the submission date for the *State Improper Authorizations for Payment Report*. For example, for a June 30, 2008 submission date, the review period would be October 1, 2006 through September 30, 2007. For a June 30, 2009 submission date, the review period would be October 1, 2007 through September 30, 2008.

Once each sampling frame has been created, States randomly select the monthly sample of 22 or 23 cases (271 (or 276) cases during the review period). Once this process is complete, States randomly select 3 replacement cases for each sampling frame. States may choose to select more than 3 replacement cases for each sampling frame. States use a replacement case only if a case selected does not meet the study criteria for valid reasons. Examples of valid reasons include: natural disaster making the case record unavailable, the case has been referred to a State's fraud investigation unit, or the case is under appeal. Exhibit 3 provides instructions for each of the steps and includes examples using timeframes applicable for the **second** implementation year. If a State chooses to select more than 3 replacement cases for each sampling frame, the State will replace "(3)" in steps 5, 6, and 7 by whatever larger number of replacement cases the State has chosen to select.

### Exhibit 3. Selecting the Monthly Sample

Steps	Instructions	Examples
<p><b>1. Determine frequency of monthly sample selection</b></p>	<ul style="list-style-type: none"> <li>• States create a sampling frame for each of the 12 months in the review period.</li> <li>• States determine how frequently they will create sampling frames.</li> <li>• States may choose to create these lists at the end of each month, quarterly, semi-annually, or annually.</li> <li>• The choice will be based on how often States choose to pull records and conduct reviews.</li> </ul>	<p><b>Example one (Select 6 monthly sampling frames, two times per year):</b>            For a June 30, 2009 submission date, select 6 monthly sampling frames for the six months. October 2007 – March 2008 in May 2008. Then select the remaining 6 monthly sampling frames for April – September 2008 in November 2008</p> <p><b>Example two (Select 12 monthly sampling frames, once per year):</b>            For a June 30, 2009 submission date, select 12 monthly sampling frames for October 2007 – September 2008 in November 2008.</p>
<p><b>2. Create 12 Monthly Sampling Frames</b></p>	<p>For each month of the 12 month review period, generate a list of all cases authorized to receive a child care payment during that review month:</p> <ul style="list-style-type: none"> <li>• Sort the list by county &amp; caseload size, listing counties with the largest caseload first to counties with the smallest caseload.</li> <li>• List all Child ID numbers sequentially, within each county from smallest to largest.</li> </ul>	<p>For each month of the 12 month review period, generate a list of all cases authorized to receive a child care payment during that review month:</p> <ul style="list-style-type: none"> <li>• <b>Sort the list by county caseload size:</b> List counties with the largest caseload first: e.g., County K (2615 cases), County R (995 cases), County W (971 cases), County M (848 cases)</li> <li>• <b>List Child ID numbers from lowest to highest:</b> e.g., 233124, 233128, 255320.</li> </ul>
<p><b>3. Calculate Sampling Interval to Select Sample Cases.</b></p>	<ul style="list-style-type: none"> <li>• Calculate a sampling interval based on the size of the sampling frame and the number of cases (23 or 22) to be selected for the sample.</li> <li>• Select either 1) 23 cases for seven months and 22 cases for 5 months to yield 271 cases, or 2) 23 cases for each of twelve months to yield 276 cases.</li> <li>• Divide the total number of cases listed in the sampling frame (all cases authorized to receive payment during the sample month) by the number of cases to be selected for the sample (23 or 22).</li> <li>• When the interval computed is not a whole number, round the end of the first interval to the nearest whole number. If the result is x.50 or more, round up to select the nearest whole number (i.e. x+1). If the result is x.49 or less, round down to select the nearest whole number (i.e. x).</li> </ul>	<ul style="list-style-type: none"> <li>• Assume 31,286 cases in a sample month.</li> <li>• Divide the total number of cases authorized to receive payment during the sample month (31,286) cases, by the number of cases to be selected for the sample (23).</li> <li>• Calculate the sampling interval by dividing 31,286 cases in the sample month by 23, the number of cases to be selected in the sample. (31,286/23 = 1360.3)</li> <li>• If the sampling interval is a whole number, such as 1360, select every 1360<sup>th</sup> case from a random starting point defined below.</li> <li>• If the sampling interval is not a whole number, e.g., for 1360.3, round down to randomly select a starting case between the 1<sup>st</sup> and 1360<sup>th</sup> case or for 1360.6, round up to select a starting case between case 1 and case 1361.</li> </ul>

<p><b>4. Select Sample Cases</b></p>	<ul style="list-style-type: none"> <li>Using a random number table or software, select a random number within the first sampling interval.</li> <li>Use the random number as the starting point to select the first case in the sample.</li> <li>From the first case, use the sampling interval to select the next case that falls within the second sampling interval.</li> <li>Continue to add the sampling interval to select the next cases until the sample is complete at 23 or 22 cases.</li> <li>When the interval computed is not a whole number, continue to add the exact interval amounts together without rounding to determine each interval from which to round the result to select the next case.</li> </ul>	<ul style="list-style-type: none"> <li>If the sampling interval is 1360.3, use a random number table or software to select a random number that falls within the first sampling interval of 1 –1360 (rounded down).</li> <li>If the random number selected is 463, select case 463 as the first case in the sample.</li> <li>If the sampling interval is 1360.3, then select the next case that falls within the second sampling interval, or the case listed 1823 (463+1360.3=1823.3, which rounds to 1823)</li> <li>The next cases selected would be 3184 (1823.3+1360.3=3183.6, which rounds to 3184). Continue until the sample is complete and 23 or 22 cases have been selected.</li> </ul>
<p><b>5. Calculate Sampling Interval to Select Replacement Cases</b></p>	<ul style="list-style-type: none"> <li>After the sample of 23 or 22 cases has been selected, remove the 23 or 22 cases from the sampling frame.</li> <li>Calculate a sampling interval based on the size of the new sampling frame and the number of cases (3)<sup>3</sup> to be selected as replacement cases.</li> <li>Divide the total number of cases listed in the sampling frame (after removing the 23 or 22 sample cases) by the number of cases to be selected as replacements. (3).</li> </ul>	<ul style="list-style-type: none"> <li>Remove the 23 cases from the total number of cases authorized to receive payment during the sample month. (31,286 – 23 = 31,263)</li> <li>To calculate the sampling interval, divide the remaining total number of cases in the sample month (31,263), by the number of cases to be selected as the replacement cases (3). (31,263/3 = 10,421)</li> <li>If the sampling interval is 10,421, select every 10,421<sup>st</sup> case from a random starting point defined below.</li> </ul>
<p><b>6. Select Replacement Cases</b></p>	<ul style="list-style-type: none"> <li>Using a random number table or software, select a random number within the first replacement sampling interval.</li> <li>Use the random number as the starting point to select the first case in the sample.</li> <li>From the first case, select the next case that falls within the sampling interval.</li> <li>Continue to use the sampling interval to select the next cases until 3 replacement cases have been selected.</li> </ul>	<ul style="list-style-type: none"> <li>If the sampling interval is 10,421, use a random number table or software to select a random number that falls within the first replacement sampling interval of 1 – 10,421.</li> <li>If the random number selected is 10, select the tenth case as the first case in the sample.</li> <li>If the sampling interval is 10,421, then select the next two cases that fall within the sampling interval, or the cases listed 10,431<sup>st</sup> and 20,852<sup>nd</sup>.</li> </ul>

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

<p><b>7. Create additional monthly sampling frames for each month of the sampling period.</b></p>	<ul style="list-style-type: none"> <li>Based on the frequency of monthly sample selection, draw additional sampling frames for each month of the 1, 3, 6, or 12 month sampling period. For each month of the sampling period, repeat steps 2-6, found in column one above.</li> </ul>	<p><b>Example one (Select 6 monthly sampling frames, 2 times per year):</b></p> <ul style="list-style-type: none"> <li>If the 6 month sampling period is October 2007 – March 2008, in May 2008, generate one sampling frame per month, starting with the month of October 2007 repeating steps 2 – 6 for each month through March 2008.</li> <li>In November 2008, generate one sampling frame per month, starting with the month of March 2008, repeating steps 2 – 6 for each month through September 2008.</li> </ul> <p><b>Example two (Select 12 monthly sampling frames, once per year):</b></p> <ul style="list-style-type: none"> <li>If the 12 month sampling period is October 2006 – September 2007, generate one sampling frame per month, starting with the month of October 2006 repeating steps 2 – 6 for each month.</li> </ul>
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States then send the original sample list, including the unique child ID and county of service, to the person/office designated to receive them. The designated person/office is responsible for making sure case records are pulled according to the States’ agreed upon review schedule and assigning the case records for review.

## **V. CUSTOMIZING THE *RECORD REVIEW WORKSHEET***

States may customize a *Record Review Worksheet* (Attachment 1) based on the standards contained in their statutes, applicable regulations and policies in effect at the time of eligibility determination. The worksheet provides a standardized format to assess and record the information and documentation existing in the case record needed to determine if the child was eligible and authorized to receive the correct subsidy amount. The purpose of customizing the worksheet is to assist case record reviewers in documenting information during case record reviews. States may customize by adding, in Column 1, specific State requirements and, in Column 2, features that assist reviewers in summarizing their analysis. When completed, the customized *Record Review Worksheet*:

1. Identifies the status of each element of eligibility and benefit calculation, based on the State plan and other State rules and procedures, as documented by the Lead Agency;
2. Determines the amount of the subsidy payments authorized for the sample month; and
3. Identifies any resulting errors.

In order to accurately determine errors and improper authorizations for payment, the reviews are to be based on the State standards contained in statutes, applicable regulations, and policies in effect at the time of eligibility determination. As a result,

States customize the *Record Review Worksheet* template to conform to the specifics of their CCDF subsidy program by doing the following:

1. Review laws, regulations and policies regarding each element (application forms, qualifying head of household, etc.);
2. Review the information on the *Record Review Worksheet* template (Attachment 1); and
3. Based upon this review, develop a list of the appropriate State requirements for each element in Column 1 of the *Record Review Worksheet* and develop a list of features to assist reviewers in summarizing their analysis in Column 2.

States make no changes to Columns 3 or 4. Because reviewers use Column 3 for narrative purposes, there is no reason to customize that Column. The format for Column 4 must be retained in order to capture all of the information required in the *Data Entry Form* (Attachment 2).

States provide training and instruction to reviewers. This will assist States in certifying that the review process is consistent with their policies and ensuring consistency within the State in interpretation of what is an error. Using States' customized *Record Review Worksheet* as a guide, reviewers conduct case record reviews of a random sample of cases that were authorized to receive a child care payment during the review period.

States must have ACF approval of revisions to the *Record Review Worksheet* template prior to using it in the record review. States send customized *Record Review Worksheets* to the Child Care Manager in the ACF Regional Office no later than the end of December of the calendar year prior to the reporting year. Approvals will be based primarily on review of the State plan but will include other formal State documents, such as State law, State regulations and State policies. States also assure and certify in the *State Improper Authorizations for Payment Report* that all the requirements of the child care error rate methodology are met.

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

- **Section I:** State Child Care Program Forms – This is a review of application, recertification, and other forms documenting changes affecting eligibility to determine their presence, date on the form, completeness and that they are current to eligibility policies in the sample review month. Typical forms include the application form, rights and responsibilities notification form, referral form, parental choice form, and parent/provider agreement form, if applicable.
- **Section II:** Priority Group Placement – This is a review to determine if the child meets the criteria of State-designated priority groups. These groups are identified

in the State plan. Examples include categories such as special needs, foster care, working families with very low incomes, TANF, etc.

- Section III: General Program Requirements - This is a review to determine if the parent of the client meets the State's definition of parent, meets the State or county residency requirement, is working or attending a job training or educational program and meets other general program requirements of the State or county. This review is also to determine a child's eligibility for a subsidy, if the number of hours of care authorized is consistent with the parent(s)' work/training status, and if services are provided by a legally operating provider.
- Section IV: Income and Payments – This is a review to determine if the household income meets State requirements, the accuracy of computations and the amount of the authorized payment. This section also includes computation of the gross improper authorization for payment amount. The amount of the improper authorization for payment is the difference between the amount of the authorized payment for the child in the sample review month and the amount that should have been authorized in the sample review month based on the case record review. The calculation of improper authorization includes both Overauthorizations and Underauthorizations.

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

- Column 1 - This column lists the basic elements of eligibility, income requirements, authorized subsidy amount and computations. In customizing the *Record Review Worksheet* template, States provide descriptions of the forms, documents and information to be considered by the reviewer, including any specific questions, prompts or form names that can assist the reviewer in identifying or assessing the accuracy of the specific element of eligibility.
- Column 2 – This column is for the reviewer to provide a detailed analysis of the case record.
- Column 3 – If an error is cited in the review of a specific element, the reviewer describes the cause(s) of the error(s) in Column 3
- Column 4 – This column provides codes for the reviewer to summarize the results of the case review findings.

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

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

## **Review Identification Information**

This information includes: "Child ID," "State," "County," "Sample Month/Year" and "Review Date."

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

States retain the printed description for each element of Column 1. States may customize by adding below any printed element section details that reflect their laws, policies, and procedures. Examples for the elements follow.

### Section I. State Child Care Program Forms

- Element 100 Application/Re-determination Forms — Determine presence, date, and completeness of required eligibility forms. Examples include (1) signed and dated CCDF application form, (2) child care agreement, (3) voucher or certificate, and (4) provider invoice. Specify conditions of dollar error, including (1) form expired, (2) no application form, and (3) no documentation of income and work hours.

States might choose to customize this section by listing each required form and providing for reviewer check-off for presence, date and completeness. An enhancement would be to provide the policy citation, including page number, for each required form.

### Section II. Priority Group Placement

- Element 200 Priority Group Placement — Determine if client meets criteria of any State-designated priority groups, e.g., (1) teen parent in high school, (2) TANF recipients in eligible work activities, (3) working parents with very low incomes, and/or (4) foster parents.

Some States may find this area to be "Not Applicable" because they serve all eligible families. Others may wish to customize this section by listing any State-designated priority groups.

### Section III. General Program Requirements

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

States might customize this section of the worksheet by listing the parent definition or providing regulation citations to prompt reviewers, for example:

- Does the client meet the definition of parent as defined by 45 CFR 98.20;  
or
- Other person standing in loco parentis (identification provided) defined in Rule XXX as temporary guardian of child.

- Element 310 Residency — Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.

Examples to customize the worksheet would be to provide choices for the reviewer to check-off, such as:

- Client is a resident of the State and for what duration;
- Client is a resident of the county and for what duration; and
- There is an agreement regarding eligibility among counties.

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

Examples to customize the worksheet include listing categories for the reviewer to check off, such as qualifying activity (working a minimum of 20 hours a week), schedule (attending a job training or educational activity 20 hours a week), disability, protective services case and other.

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

The above categories could be separately listed..

- Element 340 Qualifying Care — Determine number of hours needing authorization during review period, based on parental work/training status or child's protective services status. Determine hours and type of care authorized.

States might provide additional prompts for the reviewer. One example is to check to see if the hours of care are entered (on the automated system) and consistent and, if not, whether exceptions are noted on contacts or paper record.

- Element 350 Qualifying Provider Arrangement — Determine if services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider that is legally operating and eligible to receive child care subsidies.

The worksheet could be customized by separately listing the qualifying provider categories for the reviewer to check-off or by providing the appropriate policy citation. Any limitations that a State imposes on in-home care may be reflected in this section.

- Element 360 Provider Requirements — Determine if regulatory requirements are met. Regulatory requirements means requirements necessary for a provider to legally provide child care services in a State or locality, including registration requirements established under State, local or tribal law.

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

#### Section IV. Income and Payment

- Element 400 Income — Describe income documentation verification for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).

States may customize by separately identifying State-specific data, such as head of household employment income; spouse employment income; any changes in income reported; income during job training for parent/caregiver; child support, if included as part of income; Food Stamps, if included as part of income; and loss of income during eligibility period.

- Element 410 Income Eligibility — Determine if household income meets State requirements (e.g., family gross income must be within X% of State's median income).

The worksheet could be customized by citing the State policy or by providing elements of income policy in list form.

- Element 420 Payment Amount Authorized— Determine the amount of subsidy payment authorized for a sample review month. Determine if the amount authorized was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.
- Element 430 Authorizations/Computations — Compute the difference between the amount authorized to be paid in a sample review month and the amount that should have been authorized. This difference is the improper authorization for payment amount. Indicate if the error amount is an Overauthorization or Underauthorization. In cases without errors, this element is not applicable. Record as "NA."

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

This Column contains the details for analysis of the case record. The analysis provides a summary of the case record information as it relates to the requirements stipulated in Column 1. States must retain the column heading "Analysis of Case Record," but may choose to customize Column 2 of the *Record Review Worksheet* to allow for coding to substitute for a reviewer's written summary. In this example, Column 2 is customized by

using "yes" or "no" columns. In addition, Column 1 also has been customized to include State-specific information.

**Example of Column 2 Modification of the Record Review Template**

<b>310 RESIDENCY</b> <b>ELEMENTS OF ELIGIBILITY &amp; PAYMENT AUTHORIZATION (1)</b> Determine if client is a resident of the State and if client is a resident of the county.	ANALYSIS OF CASE RECORD (2)		
	Yes	No	Comments
(1)Is the Client is a resident of the State? (a client statement indicating residency and intent to stay is sufficient for non TANF clients) (Section 414.095(2)(a)2, FS requirement for TCA clients - clients are not eligible for TCC unless previously served under TCA)			
(2)Child care authorized by county in which the parent resides? (School readiness funding and services are provided based on the county where the parent resides)			

While it is not required, States may choose to ask reviewers to include photocopies of specific documentation of an authorization error to support the Column 2 analysis. For example, the reviewer could make a copy of the client’s driver’s license (used as proof of residency) that listed an out of State address.

**Column 3: Findings**

Column 3 contains the findings of the case record review and provides any pertinent facts, questions, or conflicts in information as they relate to the requirements stipulated in Column 1. Because reviewers use this Column for narrative purposes, States do not customize Column 3.

**Column 4: Results**

States may not customize Column 4. Reviewers identify in Column 4 the codes that summarize the review findings from Column 3 of the customized *Record Review Worksheet*. The codes are the following:

1. Error – The codes are “0” = no error, “1” = error;
2. Reason for error – The codes are “Y” = Yes, the error is due to missing or insufficient documentation, “N” = No, the error is not due to use of missing or insufficient documentation, and "NA" if there is no error;
3. Type of improper authorizations during sample review month – “U” = Underauthorization, “O” = Overauthorization, and "NA" = no improper authorization; and
4. Total amount of improper authorization for payment–This is where the dollar amount of the improper authorization for payment is recorded. This is the difference between the authorized payment amount and the amount reviewers found during the review that should have been authorized.

Because this coding is transferred to *Data Entry Forms* and then consolidated to compute the error measures, States must not customize Column 4.

## **VI. CONDUCTING CASE RECORD REVIEWS**

The case record review is considered a quality control function and is not to be carried out by persons making or approving the eligibility determinations. Eligibility and review staff may be employed by the same agency, but reviewers may not have made or approved eligibility determinations during the review period or be under supervision of persons responsible for eligibility determinations. Staff selected to complete the review must be knowledgeable of their State's child care policies. The integrity of the review findings requires that all reviewers have a shared view of what constitutes an error for all elements of the review.

Using their chosen coordination strategy, States provide training and instruction to reviewers sufficient that States can certify that the review process is consistent with their policies and there is consistent interpretation of what is an error. To accomplish this inter-reviewer reliability States may choose to:

- Discuss, as a group, the initial case reviews and their findings; and/or
- Conduct several "second level" re-reviews to assure inter-reviewer consistency.

States decide the location where cases are reviewed. Using the customized *Record Review Worksheet* as a guide, States conduct desk record reviews of the random sample of 22 or 23 cases that were authorized to receive a child care payment during one of the sample review months. For States that have electronic case records, the desk review may be a review of the electronic record and must include any additional documentation State policy indicates must be viewable as part of the case record, such as pay stubs or work schedule. If a case cannot be reviewed for some valid reason, the cases in the replacement sample (3, or more, at State discretion) are used in the order in which they were selected.

### **General Instructions**

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

To properly review cases, reviewers must identify and examine the documentation within the case records that was used to determine eligibility for a sample review month and calculate payments authorized for that month. This documentation may be permanent portions of the case record (copies of pay stubs, school schedules, birth certificates, etc.) or information specific to the eligibility period which covers the sample month (policy in effect for that month). The review also includes access or inquiry of any relevant screens or files within a State's automated system, as appropriate and necessary. The review does not include independent verification of eligibility and data elements found in the case record.

### **Review Identification Information**

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

### **Columns 1: Elements of Eligibility and Payment Authorization and Column 2: Analysis of Case Record**

Column 1: Elements of Eligibility and Payment Authorization includes for reviewers what forms, documents and information will assist them in identifying or assessing the accuracy of the specific element of eligibility.

Column 2: Analysis of Case Record is where reviewers summarize any pertinent facts, questions, or conflicts in information found in the case record documentation.

The following identifies each of the elements in Column 1 and the kinds of information that needs to be reviewed. Instructions follow about what companion facts, questions, or conflicts in information to insert in Column 2.

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

- **Element 100 Application/Re-determination Forms** — *Determine presence, date, and completeness of required eligibility forms. Examples include (1) signed and dated CCDF application form, (2) child care agreement, (3) voucher or certificate, and (4) provider invoice. Specify conditions of dollar error, including (1) form expired, (2) no application form, and (3) no documentation of income and work hours.*

Column 1 - Reviewers identify all required child care subsidy eligibility-related forms in their State. If they are not listed in the customized worksheet, look for them in the case record.

Column 2 - Reviewers check to make sure these forms are current and completely filled out, including required signatures. Reviewers then record facts, questions, or conflicts in information.

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

- **Element 200 Priority Group Placement** — *Determine if client meets criteria of any State-designated priority groups, e.g., (1) teen parent in high school, (2) TANF recipients in eligible work activities, (3) working parents with very low incomes, and/or (4) foster parents.*

Column 1 - Reviewers verify if States have designated priority group(s).

Column 2 - Reviewers look for and record evidence that the case involves a priority group. Reviewers code this element "NA" if there are no State-designated priority groups.

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

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

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

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

- **Element 310 Residency** — *Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.*

Column 1: Reviewers examine the case record for the residency documentation required by the State, either customized in the worksheet or found in State policy.

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

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

Column 1 - Reviewers identify State policy requirements for parental activity status, if not already on customized worksheet, and look for corresponding information in the case record.

Column 2 - Reviewers compare State requirements with case record documentation to find out if the child's eligibility determination was appropriate based on the child's protective services status or the job/training/educational activity of the parent(s).

- **Element 330 Qualifying Child** — *Determine if child is eligible for services, including (1) younger than 13 years, (2) younger than 19 years and physically or mentally incapable of caring for himself or herself, or under court supervision, or*

*(3) meets other eligibility requirements defined in the State Plan. Determine if a child is a citizen, as defined by Federal policy.*

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

Column 2 - Reviewers compare information in the case record with State policy to find out if the child's eligibility determination was appropriate to the child's age, physical or mental needs, and/or other child criteria in State policy.

- **Element 340 Qualifying Care** — *Determine number of hours needing authorization during review period, based on parental work/training status or child's protective services status. Determine hours and type of care authorized.*

Column 1 - Reviewers refer to documentation of child protective services status or parent job/training/educational activity.

Column 2: Reviewers compare the hours authorized for services, as recorded in the case record, with the documentation of child protective services status or parent job/training/educational activity.

- **Element 350 Qualifying Provider Arrangement** — *Determine if services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider that is legally operating and eligible to receive child care subsidies.*

Column 1 - Reviewers check State policy for allowable provider categories and look for documentation of provider category in the case record.

Column 2 - Reviewers check provider information in the case record to verify that the provider is from an allowable provider category.

- **Element 360 Provider Requirements** — *Determine if regulatory requirements are met. Regulatory requirements are requirements necessary for a provider to legally provide child care services in a State or locality, including registration requirements established under State, local or tribal law.*

Column 1 - Reviewers check State policy for allowable legal provider status and look for documentation of provider category in the case record.

Column 2 - Reviewers check provider information in the case record to see if there is a license, registration document, or other documentation showing legal provider status.

#### **Section IV. Income and Payment**

- **Element 400 Income** — *Describe income documentation verification for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).*

Column 1 - Look for income verification for household members. Income categories may be customized on the worksheet and may include such income as head of household employment income; spouse employment income; any changes in income reported; income during job training for parent/caregiver; child support, if included as part of income; Food Stamps, if included as part of income; and loss of income during eligibility period.

Column 2 - Reviewers review and describe how household income, both earned and unearned, was verified and computed. This includes reviewing the income documentation information in the case record used for verification, reviewing compliance with State income verification policy, such as the treatment of disregarded income, and checking the computations for accuracy.

- **Element 410 Income Eligibility** — *Determine if household income meets State requirements (e.g., family gross income must be within X percent of State's median income).*

Column 1 - Reviewers identify the State income requirements from State policy, if not included in the customized worksheet.

Column 2 - Compare the State income requirements with income data found in Element 400.

- **Element 420 Payment Amount Authorized**— *Determine the amount of subsidy payment authorized for a sample review month. Determine if the amount authorized was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.*

Column 1 - Reviewers locate in the case record the amount of subsidy authorized for the sample review month.

Column 2 - Reviewers determine if the amount authorized was based on income (Element 400) and State income requirements (Element 410).

- **Element 430 Authorizations of Payment/Computations** — *Compute the difference between the amount authorized to be paid in a sample review month and the amount that should have been authorized. This difference is the error amount. Indicate if the error amount is an Overauthorization or Underauthorization. This is the method for calculating the error amount in all cases, including those with multiple errors. In cases without errors, this element is not applicable.*

Column 1 - There is no separate action required for Column 1.

Column 2 - Reviewers compute the difference, if any, between the amount authorized for payment in the sample review month and the amount that should have been authorized and record any difference, if any. If there are no errors, record as "NA." The review is limited to authorization for payment, regardless of what additional payment information might be part of the case file.

### **Column 3: Findings**

Reviewers summarize the findings of the analysis from Column 2 for each element. If an error is cited, include a detailed description of the cause(s) of the error(s). The description includes whether the error(s) resulted in an authorized Overauthorization or Underauthorization and the amount of the Overauthorization or Underauthorization.

When a reviewer discovers more than one authorization error, the reviewer documents the specific effects of each and selects the error with the largest dollar value to code as the type of improper authorization.

This section also includes summaries of any error(s) that did not result in a dollar amount found in the element.

### **Column 4: Results**

Based upon the Column 3 summary, the reviewer completes the coding in Column 4 for each Element in each Section of the *Record Review Worksheet*. Column 4 lists the following codes to summarize the review findings:

1. Error –Enter the correct code according to the following key: “0” = no error, “1” = error;
2. Reason for error – Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error;
3. Type of improper authorization(s) during sample review month – Enter “U” for Underauthorization, “O” for Overauthorization and "NA" if there is no improper authorization. (For cases with both error types the type of the error responsible for the larger dollar amount is coded.); and
4. Total Amount of Improper Authorization – Enter the dollar amount of the error. This is the difference between the authorized payment amount and the amount reviewers found, during the review, that should have been authorized.

### **Case Record Review Examples**

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

#### **Review Identification Information**

The reviewer completes identifying information for each review in the first line of the *Record Review Worksheet*. This information includes: the unique Child ID #, State and

County names, the Sample Month/Year and the Date of the Review (the date the case record is reviewed).

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

Reviewers consider and locate each of the elements specified in Column 1, including any forms, documents and information that can assist the reviewer in identifying or assessing the accuracy of the specific element of eligibility.

**Column 2: Analysis of Case Record**

Reviewers complete Column 2 at the point in time the record is reviewed. Reviewers summarize any pertinent facts, questions, or conflicts in information found in the case record documentation and the actions taken by the case worker as they relate to the requirements stipulated in Column 1.

While it is not required, States may choose to ask reviewers to include photocopies of specific documentation of an authorization error to support the Column 2 analysis. Additional documentation helps to support and clarify the reviewer’s Column 2 and Column 3 summaries.

The following example illustrates a Column 2 summary of the results of a case record analysis using the *Record Review Worksheet* Template.

**Example of a Column 2 Summary of a Case Record Analysis  
Using the Record Review Worksheet**

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)
<p style="text-align: center;"><b>310 RESIDENCY</b></p> <p>Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.</p>	<p>Copies of the customer’s driver’s license and rental agreement were in the case record.</p>

**Column 3: Findings**

Column 3 summarizes the findings of the review for the specific Column 1 element. If an error is cited, reviewers include a detailed description of the cause(s) of the error(s). The description includes whether the error(s) resulted in an Overauthorization or Underauthorization and the amount of the Overauthorization or Underauthorization. This section also includes summaries of any error(s) reviewers found in any element that did not result in a dollar error. When a reviewer discovers more than one authorization error, the reviewer documents the specific effects of each and selects the error with the largest dollar value to code as the type of improper authorization in Column 4, with “U” for Underauthorization, “O” for Overauthorization, and "NA" for no improper authorization. In the event of both an Overauthorization and Underauthorization, the net difference is also recorded in Column 3 and is entered in Column 4, #4.

The following example illustrates a Column 2 summary and the Column 3 findings of an authorization error.

**Example of Column 2 Summary and Column 3 Finding**

Using the Record Review Worksheet

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
<b>310 RESIDENCY</b>	Copies of the customer’s drivers license and rental agreement were in the case record.	The customer’s driver’s license and rental agreement list an address that is an adjoining state. The worker failed to apply the policy correctly causing an Overauthorization/Ineligibility of \$256.
Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.		

The following examples provide additional guidance for several common case scenarios illustrating Column 3 error summaries.

**Example #1 — One Underauthorization Error**

Findings—The child’s parent provided her two most recent bi-weekly pay stubs at application. The caseworker converted the income as if it was weekly income. This error caused the income to be overstated by \$300 monthly and resulted in a monthly authorization of \$50 less than should have been authorized.

**Example #2 — Two Overauthorization Errors**

Findings—The child’s parent provided her two most recent bi-weekly pay stubs at recertification. The caseworker used the net income figure rather than the gross figure. This caused a \$20 Overauthorization in the monthly subsidy. On the application the parent had listed \$300 monthly in child support. This was the amount used by the worker. The case record did not contain any verification of this income. Using the required child support screens, the reviewer verified that the customer actually received child support of \$400 monthly. The child support income caused a monthly authorization of \$60 more than should have been authorization. The two errors amount to an Overauthorization of \$80 coded in Column 4.

**Example #3 — Two Underauthorization Errors**

Findings—The child’s parent provided all required information about her self-employment income and business costs. The caseworker miscalculated the parent’s gross income, resulting in an overstatement of monthly earnings by \$100. This resulted in an Underauthorization of \$15. The worker also failed to include a business cost that was documented in the case record. The inclusion of the business cost lowered the client’s income further resulting in an additional \$10 Underauthorization. The two errors amount to a \$25 Underauthorization. This amount is the figure used for the total amount of the authorization in Element 430 Column 4.

**Example #4 — One Error - No dollar value**

Findings—The payment form in the record was signed by the worker but not by the supervisor. As this error has no dollar value, enter "1" for error, "Y" for error due to missing or insufficient documentation, "N/A" for no improper authorization.

**Example #5 - Two Errors - One Overauthorization and One Underauthorization**

Findings—The client provided all required information about her self - employment income and her business costs. The caseworker miscalculated the customer's gross income and this resulted in it being overstated by \$100 monthly. This would have resulted in an Underauthorization of \$15. However, the worker also included a business cost that is not allowed under state policy. The net difference of the two errors, a \$5 Underauthorization, is the amount recorded in the total amount of the improper authorization in Column 4 in the *Record Review Worksheet*

**Column 4: Results**

Based upon the Column 3 summary, the reviewer completes the coding in Column 4 for each Element in each Section of the *Record Review Worksheet*. Column 4 lists the following codes to summarize the review findings:

1. Error –Enter the correct code according to the following key: “0” = no error, “1” = error;
2. Reason for error – Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error;
3. Type of improper authorization(s) during sample review month – Enter “U” for Underauthorization, “O” for Overauthorization and "NA" if there is no improper authorization. (For cases with both error types the type of the error responsible for the larger dollar amount is coded.); and
4. Total Amount of Improper Authorizations for Payment– Enter the dollar amount of the error. This is the difference between the authorization amount and the amount reviewers found, during the review, that should have been authorized.

**Example of Column 2 Summary, Column 3 Findings and the Column 4 Results  
Using the Record Review Worksheet**

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
<b>310 RESIDENCY</b>	Copies of the customer's driver's license and rental agreement were in the case record.	The customer's driver's license and rental agreement list an address that is in an adjoining state. The worker failed to apply the policy correctly causing an Overauthorization of \$256 for the monthly subsidy.	<b>310 RESULTS</b>	
Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.			1. 1	No Error Error
			2. N	Insufficient/ Missing Documentation
			3. O	Underauthorization Overauthorization
			4. \$256	Total Amount of Improper Authorization for Payment

**Example of Column 2 Summary, Column 3 Findings and the Column 4 Results  
Using the Record Review Worksheet (Multiple error case)**

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
<b>400 INCOME</b>	The client provided her two most recent bi-weekly pay stubs at recertification. Monthly income amount used in subsidy calculation was \$400. The customer listed \$300 as monthly child support income.	The client provided her two most recent bi-weekly pay stubs at recertification. The caseworker used the net income figure rather than the gross figure. This caused a \$20 Overauthorization for the monthly subsidy. On the application the client had listed \$300 monthly in child support. This was the amount used by the worker. The case record did not contain any verification of this income. Using the required child support screens the reviewer verified that the customer actually received child support of \$400 monthly. The child support income caused a \$60 Overauthorization for the monthly subsidy. The two error amounts combined result in an \$80 Overauthorization for the month.	<b>400 INCOME</b>	
Describe income documentation verification for household members. Specify time period (e.g., based on four weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).			1. 1	No Error Error
			2. Y	Insufficient / Missing Document- ation
			3. O	Underauth- orization Overauth- orization
			4. \$80	Total Amount of Improper Authoriza- tions for Payment

**VII. COMPLETING THE DATA ENTRY FORM**

State reviewers record the findings from each *Record Review Worksheet* onto a *Data Entry Form*. (Attachment 2)

The *Data Entry Form* summarizes the composite results of the record review documented on the *Record Review Worksheet*. Below is a list of the information included on the *Data Entry Form*, instructions as necessary and where the information can be located on the *Record Review Worksheet*. Note that the term "authorization" means the subsidy payment authorized during eligibility determination or redetermination for the sample review month. (See Glossary.)

1. State – Insert the State name from the first line of the *Record Review Worksheet*;
2. County – Insert the County name from the first line of the *Record Review Worksheet*;
3. Child ID – Insert the Child ID from the first line of the *Record Review Worksheet*;
4. Sample Month/Year – Insert the sample month/year from the first line/top of the *Record Review Worksheet*;
5. Record Review Date – Insert the Record Review Date from the first line of the *Record Review Worksheet*;
6. One or more errors during sample review month – Insert the number of errors code according to the following key: “0” = no errors, “1” = one or more errors. This information is located on the *Record Review Worksheet* in Column 4;
7. Total amount of improper authorization (Underauthorization or Overauthorization) during sample review month – Insert the total dollar amount of the improper authorization located on the *Record Review Worksheet* in Element 430, Column 4;
8. Type of improper authorization for payment – Insert the type of improper authorization code according to the following key: “U” = Underauthorization, “O” = Overauthorization. Enter "NA" if there is no authorization error. This information is located on the *Record Review Worksheet* in Column 4. (For cases with multiple authorization errors, enter the type of improper authorization for the larger dollar amount of error.);
9. Reason for error due to insufficient or missing documentation – Insert “Y” if the reason for error was due to insufficient or missing documentation, "N" if the error was not due to insufficient or missing information, and "NA" if there is no error. This information is located on *Record Review Worksheet* in Column 4; and

10. Total Authorization Amount during sample review month – Insert the total dollar amount included on *Record Review Worksheet* in Element 420, Column .

**Exhibit 5**

**Data Entry Form**

Item #	Item	Coding
1.	State	
2.	County	
3.	Child ID	
4.	Sample Month/Year	
5.	Record Review Date	
6.	One or more case errors during sample review month 0= no errors, 1= one or more errors	
7	Total amount of Underauthorization or Overauthorization during sample review month	
8.	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization or NA = No Authorization Error)	
9.	Reason for error due to insufficient or missing documentation (Y = Yes, N = No or NA = No Error)	
10.	Total Authorization Amount during sample review month	

**Data Entry Form Examples**

The following example is provided to illustrate a review of one Section of the customized *Record Review Worksheet*, followed by the manner in which Columns 2 – 4 would be completed.

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
<b>310 RESIDENCY</b>	Copies of the customer's driver's license and rental agreement were in the case record.	The customer's driver's license and rental agreement list an address that is an adjoining state. The worker failed to apply the policy correctly causing an Overauthorization of \$256.	<b>310 RESULTS</b>	
Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.			1. 1	No Error Error
			2. N	Insufficient/ Missing Documentation
			3. O	Underauthorization Overauthorization
			4. \$256	Total Amount of Improper Authorization for Payment.

The *Data Entry Form* for the above example would be completed as follows:

Data Entry Form		
Item #	Item	Coding
1.	State	
2.	County	
3.	Child ID	123456
4.	Sample Month/Year	10/05
5.	Record Review Date	MM/DD/YY
6.	One or more case errors during sample review month 0= no errors, 1= one or more errors	1
7.	Total amount of Underauthorization or Overauthorization during sample review month	\$256
8.	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization or NA = No Authorization Error)	O
9.	Reason for error due to insufficient or missing documentation (Y = Yes, N = No or NA = No Error)	N
10.	Total Authorization Amount during sample review month	\$256

The following provides examples of completed *Data Entry Forms* based on various examples of Column 3 error findings.

**Example #1 — One Underauthorization Error**

Findings— The client provided her two most recent bi-weekly pay stubs at application. The caseworker converted the income as if it was weekly income. This error caused the income to be overstated by \$300 monthly and resulted in a \$50 Underauthorization of the monthly subsidy.

Data Entry Form		
Item #	Item	Coding
1.	State	
2.	County	
3.	Child ID	123456
4.	Sample Month/Year	10/05
5.	Record Review Date	MM/DD/YY
6.	One or more case errors during sample review month 0= no errors, 1= one or more errors	1
7.	Total amount of Underauthorization or Overauthorization during sample review month	\$50
8.	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization or NA = No Authorization Error)	U
9.	Reason for error due to insufficient or missing documentation (Y = Yes, N = No or NA = No Error)	N
10.	Total Authorized Authorization Amount during sample review month	\$378

**Example #2 — Two Overauthorization Errors**

Findings— The client provided her two most recent bi-weekly pay stubs at recertification. The caseworker used the net income figure rather than the gross figure. This caused a \$20 Overauthorization in the monthly subsidy. On the application the client had listed \$300 monthly in child support. This was the amount used by the worker. The case record did not contain any verification of this income. Using the required child support screens the reviewer verified that the customer actually received child support of \$400 monthly. The child support income caused a \$60 Overauthorization in the monthly amount. The two errors discovered in the case record review are coded on the *Data Entry Form* as follows: Item 6: "1" = one or more errors; Item 7: "\$80" for the total amount of Overauthorization; Item 8: "O" = Overauthorization is the type of improper authorization; and Item 9: "Y," because the reason for the error was due to missing documentation.

Data Entry Form

Item #	Item	Coding
1.	State	
2.	County	
3.	Child ID	654321
4.	Sample Month/Year	10/05
5.	Record Review Date	MM/DD/YY
6.	One or more case errors during sample review month 0= no errors, 1= one or more errors	1
7.	Total amount of Underauthorization or Overauthorization during sample review month	\$80
8.	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization or NA = No Authorization Error)	O
9.	Reason for error due to insufficient or missing documentation (Y = Yes, N = No or NA = No Error)	Y
10.	Total Amount of Authorization during sample review month	\$495

**Example #3 — Two Underauthorization Errors**

Findings— The client provided all required information about her self-employment income and business costs. The caseworker miscalculated the customer’s gross income resulting in an overstatement of earnings by \$100 monthly. This resulted in an Underauthorization of \$15. The worker also failed to include a business cost that was documented in the case record. The inclusion of the business cost would have lowered the client’s income further resulting in an additional \$10 Underauthorization. The two errors amount to a total \$25 Underauthorization. This amount is the figure used in for the total amount of the improper authorization in Element 430 Column 4. The two errors discovered in the case record review are coded on the *Data Entry Form* as follows: Item 6: "1" = one or more errors; Item 7: "\$25" for the total amount of the Underauthorization; Item 8: "U" = Underauthorization is the type of improper

authorization; and Item 9: "Yes," because the reason for the error was due to the worker's failure to adequately document the eligibility determination.

Data Entry Form

Item #	Item	Coding
1.	State	
2.	County	
3.	Child ID	135791
4.	Sample Month/Year	10/05
5.	Record Review Date	MM/DD/YY
6.	One or more case errors during sample review month 0= no errors, 1= one or more errors	1
7.	Total amount of Underauthorization or Overauthorization during sample review month	\$25
8.	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization or NA = No Authorization Error)	U
9.	Reason for error due to insufficient or missing documentation (Y = Yes, N = No or NA = No Error)	Y
10.	Total Authorization Amount during sample review month	\$192

**Example #4 — One Error - No dollar value**

Findings—The payment form in the record was signed by the worker but not by the supervisor. This is an error but with no dollar value. The *Data Entry Form* is coded as follows: Item 6: "1" = one or more errors; Item 7: "\$0" = no dollar value.; Item 8: "NA" no authorization error; Item 9: "Y" = error due to insufficient or missing documentation; and Item 10: "\$260" = the total authorization amount during the sample review month.

Data Entry Form

Item #	Item	Coding
1.	State	
2.	County	
3.	Child ID	246802
4.	Sample Month/Year	10/05
5.	Record Review Date	MM/DD/YY
6.	One or more case errors during sample review month 0= no errors, 1= one or more errors	1
7.	Total amount of Underauthorization or Overauthorization during sample review month	\$0
8.	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization, or NA = No Authorization Error)	N/A
9.	Reason for error due to insufficient or missing documentation	Y
10.	Total Authorization Amount during sample review month	\$260

**Example #5 - Two Errors - One Overauthorization and One Underauthorization**

Findings—The client provided all required information about her self - employment income and her business costs. The caseworker miscalculated the customer’s gross income and this resulted in it being overstated by \$100 monthly. This would have resulted in an Underauthorization of \$15. However, the worker also included a business cost that is not allowed under state policy. The net difference of the two errors, a \$5 Underauthorization, is the amount recorded in the total amount of the improper authorization in Column 4 in the *Record Review Worksheet*. As the income calculation error was the larger of the two errors, it is the one coded in Column 4. The errors discovered in the case record review are coded on the Data Entry Form as follows: Item 6: "1" = one or more errors; Item 7: "\$5" for the net amount of the improper authorization; Item 8: "U" - Underauthorization is the type of improper authorization; and Item 9: "N" because the reason for the error was not due to insufficient or missing documentation.

Data Entry Form

Item #	Item	Coding
1.	State	
2.	County	
3.	Child ID	135791
4.	Sample Month/Year	10/05
5.	Record Review Date	
6.	One or more case errors during sample review month 0= no errors, 1= one or more errors	1
7.	Total amount of Underauthorization or Overauthorization during sample review month	\$5
8.	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization or NA = No Authorization Error)	U
9.	Reason for error due to insufficient or missing documentation (Y = Yes, N = No or NA = No Error)	N
10.	Total Authorization Amount during sample review month	\$192

**VIII. COMPLETING AND SUBMITTING THE STATE IMPROPER AUTHORIZATIONS FOR PAYMENT REPORT**

The *State Improper Authorizations for Payment Report* consists of three Parts:

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

The process that follows is for States that chose to create an Improper Payments Planning Team. If other strategies are selected, States complete the tasks consistent with their alternative strategies.

1. Project coordinator solicits from the reviewers observations about the review process and the findings.
2. Project coordinator convenes Team to analyze the findings, reviewer observations; and discuss causes.
3. Individual Team members consult with various staffs and bring findings/recommendations to the team (e.g., the quality control (QC) representative, the information technology (IT) representative).
4. Team considers information from the various offices (e.g., QC and IT) and agrees on findings/recommendations to include in the report.
5. Assigned Team member prepares draft of report.
6. Team reviews, comments, approves report for submission to Lead Agency administration for approval.
7. Assigned Team member obtains necessary approvals.
8. Assigned Team member submits *State Improper Authorizations for Payment Report* electronically to the Regional Child Care Manager in their ACF Regional Office. Assigned Team member also sends original signature page to the Regional Child Care Manager.

States report findings in the *State Improper Authorizations for Payment Report*, included as Attachment 3, on or before June 30 of the reporting year. States provide the following information:

**Part I - Program Assurances and Certifications**

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

1. The data collection process, including sample selection and case record reviews, adhered to all requirements of the "Measuring Improper Authorizations in the Child Care and Development Fund (CCDF) Program" instructions and regulations at 45 CFR 98 Subpart K;
2. The reviews were not conducted by persons who make or approve the eligibility determinations or be 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, Data Entry Forms, the State Improper Authorizations for Payment 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 Authorizations for Payment Report* or final revision submitted, whichever date is later; and
5. The State understands that this information, including the sampled case records and calculations, is subject to Federal review.

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

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

Following completion of the *Data Entry Forms*, States consolidate all the data in order to compute the error measures for input into the *State Improper Authorizations for Payment Report*. It is recommended that States enter all data fields from each *Data Entry Form* into a database or spreadsheet for error measure computation. Using software to consolidate all of the data improves accuracy and allows for easier analyses of the results from the case record review process.

Once the data have been entered into a spreadsheet or database, States use the table in Part II of the *State Improper Authorizations for Payment Report* to record information necessary to compute and record error measures.

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

### Improper Authorizations for Payment Reporting

Item #		
1.	Number of cases sampled	
2.	Total amount of authorizations for payment for sampled cases in the review period	\$
3.	Total number of sampled cases with improper authorizations for payment	
4.	Total amount of improper authorizations for payment for the review period (gross amount of underpayment and overpayment authorizations)	\$
4A.	Total amount of improper underpayment authorizations for payment for the review period.	\$
4B.	Total amount of improper overpayment authorizations for payment for the review period	\$
5.	Total number of improper authorizations for payment due to missing or insufficient documentation	
6.	Percentage of cases with an error	
7.	Percentage of cases with an improper authorization for payment	
8.	Percentage of improper authorizations for payment	
9.	Average amount of improper authorizations for payment	\$
10.	Estimated annual amount of improper authorizations for payment	\$
10A.	<p>Check the appropriate response.</p> <p>1. _____ Review not based on a sample drawn from pooled funds.</p> <p>2. _____ Review based on a sample drawn from pooled funds and State has applied the pooling factor found on the most recent ACF-800 reporting form.</p> <p>3. _____ Pooling factor from the most recent ACF-800 reporting form, if applicable.</p>	
10B.	<p>If the State checks #1 or #2 in 10A, skip 10B and proceed to #11.</p> <p>1. _____ Pooling factor different from that found on the most recent ACF-800 reporting form.</p> <p>2. Explain the derivation of this pooling factor.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	

**11. Number of replacement cases used each month of the 12 month review period and valid reasons for those replacements.**

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

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

General Instructions:

Round all entries to the nearest dollar. Omit cents. If the result contains .50 cents or more, round up to the nearest dollar. If the result contains .49 cents or less, round down to the nearest dollar. The instructions for all Items in Part II follow. Note that the term "authorization" means subsidy payment authorized during eligibility determination or redetermination. (See Glossary)

1. *Number of cases sampled* – The sample size for all states is set at 271 (or 276) cases.
2. *Total amount of authorizations for payment in cases selected for sampling in the review period* – Compute the sum of all authorizations for payment for the 271 (or 276) sampled cases. The amount of payment authorized is captured on Line 10 of each of the 271 (or 276) *Data Entry Forms*.
3. *Total number of sampled cases with improper authorizations for payment* – Compute the sum of all cases with either an Overauthorization or Underauthorization. This would be the total number of cases with an amount other than "0" in Line 7 of the *Data Entry Form*.
4. *Total amount of improper authorizations for payment for the review period* – Compute the sum of all improper authorizations for payment listed in Line 7 of the *Data Entry Form*.
- 4A. *Total amount of improper underauthorizations for payment for the review period* - Compute the sum of all improper authorizations for payment listed in Line 7 of the *Data Entry Form* that also have a "U" listed in Line 8 of the *Data Entry Form*.
- 4B. *Total amount of improper overauthorizations for payment for the review period* - Compute the sum of all improper authorizations for payment listed in Line 7 of the *Data Entry Form* that also have an "O" listed in Line 8 of the *Data Entry Form*.
5. *Total number of improper authorizations for payment due to missing or insufficient documentation* – Compute the sum of all cases with a “Yes” coding in Line 9 of the *Data Entry Form*.
6. *Percentage of cases with an error* – Divide the total number of all cases with an error (any case with an error coding in Line 6 of the *Data Entry Form*) by 271 (or 276) and multiply by 100.

7. *Percentage of cases with an improper authorization for payment* – Divide the total number of all cases with an authorization error (see #3 above) by 271 (or 276) and multiply by 100.
8. *Percentage of improper authorizations for payment (for the review period)* – Compute the sum of all amounts listed in Line 7 of the *Data Entry Forms* (see #4 above) divided by the sum of all authorizations for payment for the 271 (or 276) sampled cases (see #2 above) multiplied by 100. Add Underauthorizations to (not subtract from) the total of Overauthorizations.
9. *Average amount of improper authorization for payment* – Compute the sum of all amounts listed in Line 8 of the *Data Entry Forms* (see #4 above) divided by the total number of cases with an amount other than zero in Line 7 of the *Data Entry Form* (see # 3 above).
10. *Estimated annual amount of improper authorizations for payment*– Multiply the percentage of authorizations made in error for the review period (see # 8 above) by the total dollar amount of child care authorizations during the 12 month review period.

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 shall calculate the total dollar amount of child care authorizations in one of two ways to reflect the proportion of these funds that are CCDF funds:

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

10A. Check the appropriate response.

1. Review not based on a sample drawn from pooled funds.
2. Review based on a sample drawn from pooled funds and state has applied the pooling factor found on the most recent ACF-800 reporting form.
3. Pooling factor from the most recent ACF-800 reporting form, if applicable.

10B. If the State checks #1 or #2 in 10A, skip 10B and proceed to #11. If the State did not check #1 or #2 in 10A, complete #1 and #2 in 10B.

1. Pooling factor different from that found on the ACF-800 reporting form.
2. Explain the derivation of this pooling factor.

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

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

Using the coordination process selected, States provide narrative responses, or enter data into tables provided, in Part III.

Note: States complete and submit Part III A only as part of their first cycle reporting. States complete and submit Part III B only for all subsequent reporting cycles.

#### **Part III A. (for first reporting cycle only)**

States complete Part IIIA and include it as part of their first "State Improper Authorizations for Payment Reports." This first report is the **only** report for which Part IIIA is completed.

12A. In addition to the State assurances and certifications that the improper authorizations for payments data collection process, including case record reviews, adhered to all requirements of the "Measuring Improper Authorizations for Payment in the Child Care and Development Fund (CCDF) Program" instructions, describe your fieldwork preparation, sampling method, and record review process.

States provide a brief overview of their improper authorizations for payment data collection activity including processes for coordinating tasks and preparing responses for the *State Improper Authorizations for Payment Report*, sampling methodology, method used to collect and consolidate data, preparation and training provided to case record review staff, and the record review process. (For example, did reviewers conduct reviews as part of established site visits or did county staff pull and send records to a central State location?)

13A. Estimate the percentage of improper authorizations for payment that is attributable to missing or insufficient documentation. (Example - 30 percent of the cases with an improper authorization for payment were due to missing or insufficient documentation.) Provide examples of the most frequently missed or insufficient documentation.

Provide examples of the most frequently identified causes of improper authorizations for payment other than missing or insufficient documentation.

To obtain this estimate, divide the total number of errors attributable to missing or insufficient documentation (Item #10 of Data Entry Form) by the total number of cases with errors (Item #7 of the Data Entry Form).

14A. What are the actions that will be taken to correct the causes of improper authorizations for payment that were identified during the case record review process in order to reduce errors in the future?

States may use their coordination process (Team or other procedure) to determine steps that could be taken to address the various causes of improper authorizations for payment that were identified. (For example, Teams could decide that supervisors of new child care

eligibility workers will review all eligibility determinations for six months rather than the current three months.)

15A. What is the amount of actual improper payments the State expects to recover as a result of the review? Base this amount on the total amount of improper overauthorizations for payment for the review period, found in 4B.

Include in State responses how many cases the State already has referred for investigation/further action to recover these funds, as well as any other actions being taken to date. Quality control staff and State fraud teams can provide past data upon which to base expected recovery data.

16A. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations and 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.

States provide a brief overview of the ways in which automation is used to prevent improper authorizations and improper payments and to support identification and recovery efforts. (For example, a State child care information system that is integrated with the child support information system will prevent eligibility determinations that do not consider child support income.)

17A. Detail the actions the State is currently taking or plans to take in the future to ensure that the Lead Agency and eligibility workers will be accountable for reducing improper authorizations and improper payments. Describe any Federal or State statutory or regulatory barriers which may limit the State's corrective action in reducing and recovering improper payments.

Include in the response to this question actions such as use of performance measures to address accuracy of eligibility determination. An example of a State regulatory barrier is the setting of a threshold under which alleged improper payments will not be pursued.

18A. What are the error rate targets for the next reporting cycle? Enter the targets for percentage of cases with an error, percentage of cases with an improper authorization for payment, percentage of improper authorizations for payment, average amount of improper authorization for payment, and estimated annual amount of improper authorizations for payment into the table provided. It is expected that State targets will anticipate continual improvement.

States enter data into the table provided. No narrative is necessary.

**Part III B. (for reporting cycles after the first reporting cycle only)**

States complete Part IIIB and include it as part of all "State Improper Authorizations for Payment Reports" **after** the first report is submitted.

12B. In addition to the State assurance and certification that the improper authorizations for payment data collection process, including sample selection and case record reviews, adhered to all requirements of the "Measuring Improper Authorizations for Payment in the Child Care and Development Fund (CCDF) Program" instructions, describe your fieldwork preparation, sampling method, and record review process.

States provide a brief overview of their improper authorizations for payment data collection activity including processes for coordinating tasks and preparing responses for the *State Improper Authorizations for Payment Report*, sampling methodology, method used to collect and consolidate data, preparation and training provided to case record review staff, and the record review process. (For example, did reviewers conduct reviews as part of established site visits or did county staff pull and send records to a central State location?)

13B. Estimate the percentage of improper authorizations for payment that is attributable to missing or insufficient documentation. Provide examples of the most frequently missed or insufficient documentation.

To obtain this estimate, divide the total number of errors attributable to missing or insufficient documentation (Item #10 of Data Entry Form) by the total number of cases with errors (Item #7 of the Data Entry Form).

Provide examples of the most frequent identified causes of the improper authorizations for payment other than missing or insufficient documentation.

14B. What are the actions that will be taken to correct the causes of improper authorizations for payment identified during the case record review process in order to reduce errors in the future?

States may use their coordination process (Team or other procedure) to determine steps that could be taken to address the various causes of improper authorizations for payment that were identified. (For example, Teams could decide that supervisors of new child care eligibility workers will review all eligibility determinations for six months rather than the current three months.)

15B. What is the amount of actual improper payments the State expects to recover as a result of the review? Base this amount on the total amount of improper overauthorization for payment for the review period, found in 4B.

Include in State responses how many cases the State has referred for investigation/further action to recover these funds, as well as any other actions being taken to date. Quality

control staff and State fraud teams can provide past data upon which to base expected recovery data.

16B. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations and 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.

States provide a brief overview of the ways in which automation is used to prevent improper authorizations and improper payments and to support identification and recovery efforts. (For example, a State child care information system that is integrated with the child support information system will prevent eligibility determinations that do not consider child support income.)

17B. Detail the actions the State is taking or plans to take to ensure that the Lead Agency and eligibility workers will be accountable for reducing improper payments? Describe any Federal or State statutory or regulatory barriers which may limit the State's corrective action in reducing and recovering improper payments.

States provide a brief overview of the ways in which automation is used to prevent improper authorizations and payments and to support identification and recovery efforts. (For example, a State child care information system that is integrated with the child support information system will prevent eligibility determinations that do not consider child support income.)

18B. Provide the error rate 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 authorization for payment, percentage of improper authorizations for payment, average amount of improper authorization for payment, and estimated annual amount of improper authorizations for payment. Enter the data into the table provided. It is anticipated that State targets will anticipate continual improvement.

States enter data into the table provided. No narrative is necessary.

For the second reporting cycle, the data is found in Items #6-10 of the first *State Improper Authorizations for Payment Report* submitted by States. The targets are at Item #17A of that report.

For the third, and subsequent reporting cycles, the data and targets are at Item #17B of the previous report.

19B. Describe if the State met targets set in the previous cycle and, if not, provide an explanation of why the State did not meet its targets.

States indicate if the data for the current cycle, reported in Item #17B, met the targets established. States explain why any targets were not met. (For example, a State may have

exceeded the target reduction in percentage of improper authorizations for payment for the review period, but the percentage of cases with errors increased. The errors that were made included new areas needing corrective action or errors due to migration to a new automated system).

20B. Discuss causes of errors and improper authorizations for payment identified in the prior cycle and actions that were taken to correct those causes in order to reduce error rates.

If targets for the current cycle were met, States identify the causes of errors in the prior cycle and the responses that were effective in helping to meet the target. (For example, if manual miscalculation of eligible hours of subsidized child care was a major cause of error in the prior cycle, an effective response might have been a switch to automated calculation of eligible hours.)

## APPENDIX A

### Glossary

Active Case (Case) - A case (child) for which a child care subsidy was authorized for payment during a sample review month. A case is the primary sampling unit for this analysis.

Authorization for Payment (Authorization) - An authorization for payment is the subsidy amount authorized during eligibility determination or redetermination for a sample review month.

Average Amount of Improper Authorization for Payment– The average amount of improper authorization for payment is the average amount of money the State authorized improperly to be paid per child during the review period. This rate is determined by dividing the gross amount (overpayments plus underpayments) of improper authorizations for payment in the sample by the number of cases in the sample that had an improper authorization for payment.

Case Record – The physical record or case file. The case record is usually maintained by and located in the local eligibility office, but also may include information maintained in computer files and fiscal records pertaining to the payment.

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

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

Documentation – Documentation is a written or printed statement or a copy of a document furnishing information. For purposes of this review, documentation may also be information contained on automated systems.

Eligibility Action – Eligibility action is the action that is taken on a case that determines the authorized payment amount. It is the basis for the sample review month's authorization.

Error – An error is any violation or misapplication of law, regulation, or policy governing the administration of CCDF grant funds, regardless of whether such violation results in an improper authorization for payment. For purposes of this methodology, an error is an

administrative error that results when a reviewer determines during a case record review that either a case was authorized to receive an incorrect payment amount or there was some other misapplication of policy or procedures, regardless of whether such misapplication results in an improper authorization for payment.

Estimated Annual Amount of Improper Authorizations for Payment – This measure projects the amount of improper authorizations for payment the State has made on an annual basis for the fiscal year being reviewed. This amount is determined by multiplying the Percentage of Improper Authorizations for Payment by the total dollar amount of child care authorizations for payment that the State made during the twelve month review period.

Improper Authorization for Payment (Improper Authorization) – An improper authorization for payment is an amount authorized for payment during the client eligibility process that should not have been authorized or was authorized in an incorrect amount under applicable law, regulation, or policy.

Overauthorization for Payment (Overauthorization) – An overauthorization for payment is an improper authorization for payment that exceeds the amount that should have been authorized.

Percentage of Cases with an Error (Case Error Rate) – This measure is the percentage of cases with an error, regardless of whether the error ultimately results in an improper payment. This rate is determined by dividing the number of sampled cases with an error by the total number of cases reviewed in the sample and then multiplying by 100.

Percentage of Cases with an Improper Authorization for Payment – This measure is the percentage of cases in the sample with an error that resulted in an improper authorization for payment. The percentage is determined by dividing the number of sampled cases with an error that resulted in an improper authorization for payment by the total number of sample cases for the review period and then multiplying by 100.

Percentage of Improper Authorizations for Payment – This measure is the percentage of improper authorizations for payment for the review period. This rate is determined by dividing the gross amount of improper authorizations for payment in the sample (Overauthorizations plus Underauthorizations) by the total dollar amount of child care authorizations for payment in the sample cases and then multiplying by 100.

Recertification – This is an eligibility action taken to authorize a payment amount for an additional period immediately following the expiring certification period.

Review Month - The review month refers to a specific month for which a sampling of cases is created. For example, January is a sample review month with a sampling frame created from all of the cases in January.

Review Period – The review period is the Federal Fiscal Year prior to July 1 of the designated calendar year in which a *State Improper Payments Report* must be submitted. For example, for a July 1, 2008 submission date, the review period would be October 1, 2006 through September 30, 2007.

Sampling Frame – The sampling frame is the list of sampling units (total population or universe) authorized to receive a child care payment during the sample month. The sample of cases for each sample review month is drawn from the sampling frame.

Sampling Unit – The sampling unit is a child for whom a child care payment was authorized during the sample review month.

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

Underauthorization for Payment (Underauthorization) – An Underauthorization for payment is an improper authorization for payment that is less than the amount that should have been authorized.

## ATTACHMENT 1. RECORD REVIEW WORKSHEET (TEMPLATE)

CHILD ID#	STATE:	COUNTY:	SAMPLE MONTH/YEAR:	REVIEW DATE:		
<b>ELEMENTS OF ELIGIBILITY &amp; PAYMENT AUTHORIZATION (1)</b>		<b>ANALYSIS OF CASE RECORD (2)</b>		<b>FINDINGS (3)</b>	<b>RESULTS (4)<sup>4</sup></b>	
<b>SECTION I. STATE CHILD CARE PROGRAM FORMS</b>						
<b>100 APPLICATION/RE-DETERMINATION FORMS</b>					<b>100 RESULTS</b>	
Determine presence, date, and completeness of required eligibility forms. Examples include (1) signed and dated CCDF application form, (2) child care agreement, (3) voucher or certificate, and (4) provider invoice. Specify conditions of dollar error, including (1) form expired, (2) no application form, and (3) no documentation of income and work hours.					1.	No Error Error
					2.	Insufficient/ Missing Documentation
					3.	Underauthorization Overauthorization
					4. \$	Total Amount of Improper Authorization for Payment
<b>SECTION II. PRIORITY GROUP PLACEMENT</b>						
<b>200 PRIORITY GROUP PLACEMENT</b>					<b>200 RESULTS</b>	
Determine if client meets criteria of any State-designated priority groups, e.g., (1) teen parent in high school, (2) TANF recipients in eligible work activities, (3) working parents with very low incomes, and/or (4) foster parents etc.					1.	No Error Error
					2.	Insufficient/ Missing Documentation
					3.	Underauthorization Overauthorization
					4. \$	Total Amount of Improper Authorization for Payment
<b>SECTION III. GENERAL PROGRAM REQUIREMENTS</b>						
<b>300 QUALIFYING HEAD OF HOUSEHOLD</b>					<b>300 RESULTS</b>	
Determine if client meets parent definition (parent means a parent by blood, marriage or adoption and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same.					1.	No Error Error
					2.	Insufficient/ Missing Documentation
					3.	Underauthorization Overauthorization

<sup>4</sup> The coding for the Results Column is as follows: Element 1: "0" = no error, "1" = error; Element 2: "Y" = error due to missing or insufficient documentation, "N" = error not due to missing or insufficient documentation, and "NA" = no error; and Element 3: "U" = Underauthorization, "O" = Overauthorization, and "NA" = no improper authorization for payment.

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
			4. \$	Total Amount of Improper Authorization for Payment
<b>310 RESIDENCY</b>			<b>310 RESULTS</b>	
Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>320 HOUSEHOLD MEMBERS</b>			<b>320 RESULTS</b>	
To receive services a child's parent or parents must be working or attending a job training or educational program or have a child receiving or needing to receive protective services.			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>330 QUALIFYING CHILD</b>			<b>330 RESULTS</b>	
Determine if child is eligible for services, including (1) younger than 13 years, (2) younger than 19 years and physically or mentally incapable of caring for himself or herself, or under court supervision or (3) meets other eligibility requirements defined in the State Plan. Determine if child meets citizenship requirements as set forth in Federal policy.			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>340 QUALIFYING CARE</b>			<b>340 RESULTS</b>	
Determine number of hours needing authorization during review period, based on parental work/training status or child's protective services status. Determine hours and type of care authorized.			1.	No Error Error
			2.	Insufficient/ Missing Documentation

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>350 QUALIFYING PROVIDER ARRANGEMENT</b> Determine if services are provided by a center-based child care provider, a group home child care provider, a family child care provider or an in-home child care provider that is legally operating and eligible to receive child care subsidies.			<b>350 RESULTS</b>	
			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>360 PROVIDER REQUIREMENTS</b> Determine if regulatory requirements are met. Regulatory requirements means requirements necessary for a provider to legally provide child care services in a State or locality, including registration requirements established under State, local, or tribal law.			<b>360 RESULTS</b>	
			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>SECTION IV. INCOME AND PAYMENTS</b>				
<b>400 INCOME</b> Describe income documentation verification for household members. Specify time period (e.g., based on four weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).			<b>400 RESULTS</b>	
			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>410 INCOME ELIGIBILITY</b>			<b>410 RESULTS</b>	
			1.	No Error Error

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
Determine if household income meets State requirements (e.g., family gross income must be within X percent of State's median income).			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>420 PAYMENT AMOUNT AUTHORIZED</b>			<b>420 RESULTS</b>	
Determine the amount of subsidy payment authorized for the sample review month. Determine if the amount authorized was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment
<b>430 PAYMENTS/COMPUTATIONS</b>			<b>430 RESULTS</b>	
Compute the difference between the amount authorized to be paid in the sample review month and the amount that should have been authorized. This difference is the error amount. Indicate if the error amount is an Overauthorization or Underauthorization. This is the method for calculating the error amount in all cases, including those with multiple errors. In cases without errors this element is not applicable.			1.	No Error Error
			2.	Insufficient/ Missing Documentation
			3.	Underauthorization Overauthorization
			4. \$	Total Amount of Improper Authorization for Payment

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

### **General Instructions**

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

To properly review cases, reviewers must identify and examine the documentation within the case records that was used to determine sample review month eligibility and calculate authorization for payment. This documentation may be permanent portions of the case record or information specific to the eligibility period which covers the sample month. The review also includes access or inquiry of any relevant screens or files within a State's automated system, as appropriate and necessary.

### **Review Identification Information**

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

### **Columns 1: Elements of Eligibility and Payment Authorization and Column 2: Analysis of Case Record**

Column I: Elements of Eligibility and Payment Authorization includes for reviewers what forms, documents and information will assist them in identifying or assessing the accuracy of the specific element of eligibility.

Column 2: Analysis of Case Record is where reviewers summarize any pertinent facts, questions, or conflicts in information found in the case record documentation.

The following identifies each of the elements in Column 1 and the kinds of information that needs to be reviewed. Instructions follow about what companion facts, questions, or conflicts in information to insert in Column 2.

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

- **Element 100 Application/Re-determination Forms** — *Determine presence, date, and completeness of required eligibility forms. Examples include (1) signed and dated CCDF*

*application form, (2) child care agreement, (3) voucher or certificate, and (4) provider invoice. Specify conditions of dollar error, including (1) form expired, (2) no application form, and (3) no documentation of income and work hours.*

Column 1 - Reviewers identify all required child care subsidy eligibility-related forms in their State, if they are not listed in the customized worksheet, and look for them in the case record.

Column 2 - Reviewers check to make sure these forms are current and completely filled out, including required signatures. Reviewers then record facts, questions, or conflicts in information.

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

- **Element 200 Priority Group Placement** — *Determine if client meets criteria of any State-designated priority groups, e.g., (1) teen parent in high school, (2) TANF recipients in eligible work activities, (3) working parents with very low incomes, and/or (4) foster parents.*

Column 1 - Reviewers verify if States have designated priority group(s).

Column 2 - Reviewers look for and record evidence that the case involves a priority group. Reviewers code this element "NA" if there are no State-designated priority groups.

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

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

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

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

- **Element 310 Residency** — *Determine if client is a resident of the State and for what duration, if client is a resident of the county and for what duration, and whether there is an agreement regarding eligibility among counties.*

Column 1: Reviewers examine the case record for the residency documentation required by the State, either customized in the worksheet or found in State policy.

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

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

Column 1 - Reviewers identify State policy requirements for parental activity status, if not already on customized worksheet, and look for corresponding information in the case record.

Column 2 - Reviewers compare State requirements with case record documentation to find out if the child's eligibility determination was appropriate based on the child's protective services status or the job/training/educational activity of the parent(s).

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

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

Column 2 - Reviewers compare information in the case record with State policy to find out if the child's eligibility determination was appropriate to the child's age, physical or mental needs, and/or other child criteria in State policy.

- **Element 340 Qualifying Care** — *Determine number of hours needing authorization during review period, based on parental work/training status or child's protective services status. Determine hours and type of care authorized.*

Column 1 - Reviewers refer to documentation of child protective services status or parent job/training/educational activity.

Column 2: Reviewers compare the hours authorized for services, as recorded in the case record, with the documentation of child protective services status or parent job/training/educational activity.

- **Element 350 Qualifying Provider Arrangement** — *Determine if services are provided by a center-based child care provider, a group home child care provider, a family child care provider, or an in-home child care provider that is legally operating and eligible to receive child care subsidies.*

Column 1 - Reviewers check State policy for allowable provider categories and look for documentation of provider category in the case record.

Column 2 - Reviewers check provider information in the case record to verify that the provider is from an allowable provider category.

- **Element 360 Provider Requirements** — *Determine if regulatory requirements are met. Regulatory requirements are requirements necessary for a provider to legally provide child care services in a State or locality, including registration requirements established under State, local or tribal law.*

Column 1 - Reviewers check State policy for allowable legal provider status and look for documentation of provider category in the case record.

Column 2 - Reviewers check provider information in the case record to see if there is a license, registration document, or other document showing legal provider status.

#### Section IV. Income and Payment

- **Element 400 Income** — *Describe income documentation verification for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment).*

Column 1 - Look for income verification for each household member. Income categories may be customized on the worksheet and may include such income as head of household employment income; spouse employment income; any changes in income reported; income during job training for parent/caregiver; child support, if included as part of income; Food Stamps, if included as part of income; and loss of income during eligibility period.

Column 2 - Reviewers review and describe how household income, both earned and unearned, was verified and computed. This includes reviewing the income documentation information in the case record used for verification, reviewing compliance with State income verification policy, such as the treatment of disregarded income, and checking the computations for accuracy.

- **Element 410 Income Eligibility** — *Determine if household income meets State requirements (e.g., family gross income must be within X percent of State's median income).*

Column 1 - Reviewers identify the State income requirements from State policy, if not included in the customized worksheet.

Column 2 - Compare the State income requirements with income data found in Element 400.

- **Element 420 Amount Authorized**— *Determine the amount of subsidy payment authorized for payment for a sample review month. Determine if the amount authorized was based on income and family size, the State's payment rate schedule, and any sliding fee schedule, if applicable.*

Column 1 - Reviewers locate in the case record the amount of subsidy authorized for the sample review month.

Column 2 - Reviewers determine if the amount authorized was based on income (Element 400) and State income requirements (Element 410).

- **Element 430 Payments/Computations** — *Compute the difference between the amount authorized to be paid in a sample review month and the amount that should have been authorized. This difference is the error amount. Indicate if the error amount is an Overauthorization or Underauthorization. This is the method for calculating the error amount in all cases, including those with multiple errors. In cases without errors, this element is not applicable.*

Column 1 - There is no separate action required for Column 1.

Column 2 - Reviewers compute the difference, if any, between the amount authorized for payment in the sample review month and the amount that should have been authorized and record any difference, if any. If there are no errors, record as "NA."

### **Column 3: Findings**

Reviewers summarize the findings of the analysis from Column 2 for each element. If an error is cited, reviewers include a detailed description of the cause(s) of the error(s). The description includes whether the error(s) resulted in an Overauthorization or Underauthorization and the amount.

When a reviewer discovers more than one authorization error, the reviewer documents the specific effects of each and selects the error with the largest dollar value to code as the type of improper authorization for payment. In the event of both an Overauthorization and Underauthorization, the net difference is also recorded in Column 3 and is entered in Column 4, #4.

This section also includes summaries of any error(s) that did not result in a dollar amount found in the element.

### **Column 4: Results**

Based upon the Column 3 summary, the reviewer completes the coding in Column 4 for each Element in each Section of the *Record Review Worksheet*. Column 4 lists the following codes to summarize the review findings:

1. Error –Enter the correct code according to the following key: “0” = no error, “1” = error;
2. Reason for error – Enter “Y” if the error is due to missing or insufficient documentation, “N” if the error is not due to missing or insufficient documentation, and "NA" if there is no error;
3. Type of improper authorization for payment during sample review month – Enter “U” for Underauthorization, “O” for Overauthorization and "NA" if there is no improper authorization for payment. (For cases with both error types the type of the error for the larger dollar amount is coded.); and
4. Total Amount of Improper Authorizations for Payment – Enter the dollar amount of the error. This is the difference between the authorized payment amount and the amount that should have been authorized, as determined in the case review process.

**ATTACHMENT 2**  
**DATA ENTRY FORM AND INSTRUCTIONS**

<b>Item #</b>	<b>Item</b>	<b>Coding</b>
<b>1</b>	State	
<b>2</b>	County	
<b>3</b>	Child ID	
<b>4</b>	Sample Month/Year	
<b>5</b>	Record Review Date	
<b>6</b>	One or more case errors during sample review month 0= no errors, 1= one or more errors	
<b>7</b>	Total amount of Underauthorization or Overauthorization during sample review month	
<b>8</b>	Type of improper authorization for payment (U = Underauthorization, O = Overauthorization or NA = No Agency Authorization Error)	
<b>9</b>	Reason for error due to insufficient or missing documentation (Y = Yes, N = No or NA = No Error)	
<b>10</b>	Total Authorization Amount during sample review month	

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**INSTRUCTIONS FOR COMPLETING THE DATA ENTRY FORM**

State reviewers record the findings from each *Record Review Worksheet* onto a *Data Entry Form*. A *Data Entry Form* must be completed for each case review.

The *Data Entry Form* summarizes the composite results of the record review documented on the *Record Review Worksheet*. Below is a list of the information included on the *Data Entry Form*, instructions as necessary and where the information can be located on the *Record Review Worksheet*. Note that the term "authorization" means subsidy amounts authorized during eligibility determination/redetermination. (See Glossary.)

1. State – Insert the State name from the first line of the *Record Review Worksheet*;
2. County – Insert the County name from the first line of the *Record Review Worksheet*;
3. Child ID – Insert the Child ID from the first line of the *Record Review Worksheet*;
4. Sample Month/Year – Insert the sample month/year from the first line/top of the *Record Review Worksheet*;
5. Date of record review – Insert the Record Review Date from the first line of the *Record Review Worksheet*;
6. One or more errors during sample review month – Insert the number of errors code according to the following key: “0” = no errors, “1” = one or more errors. This information is located on the *Record Review Worksheet* in Column 4;
7. Total amount of improper authorization for payment (Underauthorization and Overauthorization) during sample review month – Insert the total dollar amount of the improper authorization for payment located on the *Record Review Worksheet* in Element 430, Column 4;
8. Type of improper authorization for payment – Insert the type of improper authorization for payment code according to the following key: “U” = Underauthorization, “O” = Overauthorization. Enter "NA" if there is no agency authorization error. This information is located on the *Record Review Worksheet* in Column 4. (For cases with multiple authorization errors, enter the type of improper authorization for payment for the larger dollar amount of error.);
9. Reason for error due to insufficient or missing documentation – Insert “Y” = Yes if the reason for error was due to insufficient or missing documentation; "N" = No if the error was not due to insufficient or missing documentation; and "NA" if there is no error. This information is located on *Record Review Worksheet*, Column 4;
10. Total Authorization Amount during sample review month – Insert the total dollar amount included on *Record Review Worksheet* in Element 420, Column 2.

**ATTACHMENT 3**  
**STATE IMPROPER AUTHORIZATIONS FOR PAYMENT REPORT AND**  
**INSTRUCTIONS**

**PART I. PROGRAM ASSURANCES AND CERTIFICATIONS**

The Lead Agency, named below, assures and certifies that:

1. The data collection process, including sample selection and case record reviews, adhered to all requirements of the "Measuring Improper Authorizations for Payment in the Child Care and Development Fund (CCDF) Program" instructions and regulations at 45 CFR 98 Subpart K;
2. The reviews were not conducted by persons who make or approve the eligibility determinations or be 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, Data Entry Forms, the State Improper Authorizations for Payment 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 Authorizations for Payment Report* or final revision submitted, whichever date is later; and
5. The State understands that this information, including the sampled case records and calculations are subject to Federal review.

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

**PART II. ERROR MEASURES REPORTING**

**Improper Authorizations for Payment Reporting**

Item #		
1.	Number of cases sampled	
2.	Total amount of authorizations for sampled cases in the review period.	\$
3.	Total number of sampled cases with improper authorizations for payment	
4.	Total amount of improper authorizations for payment for the review period (gross amount of underpayment and overpayment authorizations)	\$
4A.	Total amount of improper underpayment authorizations for payment for the review period	\$
4B.	Total amount of improper overpayment authorizations for payment for the review period	\$
5.	Total number of improper authorizations for payment due to missing or insufficient documentation	
6.	Percentage of cases with an error	
7.	Percentage of cases with an improper authorization for payment	
8.	Percentage of improper authorizations for payment (for the review period)	
9.	Average amount of improper authorization for payment	\$
10.	Estimated annual amount of improper authorizations for payment	\$
10A.	Check the appropriate response. 1. _____ Review not based on a sample drawn from pooled funds. 2. _____ Review based on a sample drawn from pooled funds and State has applied the pooling factor found on the most recent ACF-800 reporting form. 3. _____ Pooling factor from the most recent ACF-800 reporting Form, if applicable.	
10B	If the State checks #1 or #2 in 10A, skip 10B and proceed to #11. 1. _____ Pooling factor different from that found on the most recent ACF-800 reporting form. 2. Explain the derivation of this pooling factor. _____ _____ _____ _____	

**11. States indicate the number of replacement cases used each month of the 12 month review period and reason for each replacement. If there are more than three replacement cases in a single month, and there are more than three reasons, the State places an asterisk after the name of the month and includes the additional information below the table.**

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

**PART III. STATE RESPONSE TO ERROR MEASURES FINDINGS**

States complete **Part III A** and include it as part of their first "State Improper Authorizations for Payment Reports." This first report is the **only** report for which Part III A is completed.

States complete **Part III B** and include it as part of all "State Improper Authorizations for Payment Reports" **after** the first report is submitted.

**PART IIIA. STATE RESPONSES TO ERROR MEASURES FINDINGS  
(for first reporting cycle only)**

States complete Part III A and include it as part of their first "State Improper Authorizations for Payment Reports." This first report is the **only** report for which Part III A is completed.

Provide a concise response to each of the Items in Part III A. Item 17A does not require a narrative response. Use supplemental pages, as necessary. Clearly label each supplemental page with the State name and Item number.

**Item #**

- 12 A.** In addition to the State assurance and certification that the improper authorizations for payment data collection process adhered to the "Improper Authorizations for Payment Data Collection Instructions," describe your fieldwork preparation, sampling method, and record review process.

**Item #**

**13A.** Estimate the portion of the percentage of improper authorizations for payment that is attributable to missing or insufficient documentation. Provide examples of the most frequently missed or insufficient documentation.

Provide examples of the most frequently identified causes of the improper authorizations for payment other than missing or insufficient documentation.

**Item #**

**14A.** What are the actions that will be taken to correct the causes of improper authorizations for payment identified during the case record review process in order to reduce errors in the future?

**Item #**

- 15A.** What is the amount of actual improper payments the State expects to recover as a result of the review? Base this amount on the total amount of improper overauthorizations for payment for the review period, found in 4B.

**Item #**

- 16A.** Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations and 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.

**Item #**

- 17A.** Detail the actions the State is currently taking or plans to take to ensure that the Lead Agency and eligibility workers will be accountable for reducing improper authorizations and improper payments. Describe any Federal or State statutory or regulatory barriers which may limit the State's corrective action in reducing and recovering improper payments.

**Item #**

- 18A.** What are the error rate targets for the amount of errors and improper authorizations for payment to be used in the next reporting cycle? It is expected that State targets will anticipate continual improvement.

<b>Error Measures</b>	<b>Target</b>
Percentage of cases with an error	
Percentage of cases with an improper authorization for payment	
Percentage of improper authorizations for payment	
Average amount of improper authorization for payment	
Estimated annual amount of improper authorizations for payment	

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**PART III B. STATE RESPONSE TO ERROR MEASURES FINDINGS  
(for reporting cycles after first reporting cycle)**

States complete Part III B and include it as part of all "State Improper Authorizations for Payment Reports" **after** the first report is submitted.

Provide a concise written response to each of the Items in Part III B. Item 17B does not require a narrative response. Use supplemental pages, as necessary. Clearly label each supplemental page with the State name and Item number.

**Item #**

- 12 B.** In addition to the State assurance and certification that the improper authorizations for payment data collection process adhered to the "Improper Authorizations for Payment Data Collection Instructions," describe your fieldwork preparation, sampling method, and record review process.

**Item #**

**13B.** Estimate the portion of the percentage of authorizations made in error that is attributable to missing or insufficient documentation. Provide examples of the most frequent identified missing or insufficient documentation.

Provide examples of the most frequently identified causes of the improper authorizations for payment other than missing or insufficient documentation.

**Item #**

**14B.** What are the actions that will be taken to correct the causes of improper authorizations for payment identified during the case record review process in order to reduce errors in the future?

**Item #**

- 15B.** What is the amount of actual improper payments the State expects to recover as a result of the review (if any)? Base this amount on the total amount of improper overauthorizations for payment for the review period, found in 4B.

**Item #**

- 16B.** Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations and 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.

**Item #**

**17B.** Detail the actions the State is currently taking or plans to take to ensure that the Lead Agency and eligibility workers will be accountable for reducing improper authorizations and improper payments. Describe any Federal or State statutory or regulatory barriers which may limit the State’s corrective action in reducing and recovering improper payments.

**Item #**

**18B.** Provide the error rate targets from the prior and current cycles and targets for the next cycle. It is expected that State targets will anticipate continual improvement.

<b>Error Measures</b>	<b>Previous Cycle Data</b>	<b>Previous Cycle Target</b>	<b>Current Cycle Data</b>	<b>Current Cycle Target</b>	<b>Target for Next Cycle</b>
Percentage of cases with an error					
Percentage of cases with an improper authorization for payment					
Percentage of improper authorizations for payment					
Average amount of improper authorizations for payment					
Estimated annual amount of improper authorizations for payment					

**Item #**

- 19.B** Describe if the State met targets set in the previous cycle and, if not, provide an explanation of why the State did not meet its targets.

**Item #**

- 20.B** Discuss causes of errors and improper authorizations for payment identified in the prior cycle and actions that were taken to correct those causes in order to reduce error rates.

"THE PAPERWORK REDUCTION ACT OF 1995"

Public reporting for this collection of information is estimated to average 639 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

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.

## **INSTRUCTIONS FOR COMPLETING STATE IMPROPER AUTHORIZATIONS FOR PAYMENT REPORT**

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

**Due Dates:** This report must be submitted every three federal fiscal years on or before June 30 of the reporting year.

**Distribution:** Submit by email a copy of the *State Improper Authorizations for Payment Report* to the Regional Child Care Manager in your ACF Regional Office. The original signature page (with original signatures) must also be submitted to the Regional Child Care Manager.

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

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

1. The data collection process, including case record reviews, adhered to all requirements of the "Measuring Improper Authorizations for Payment in the Child Care and Development Fund (CCDF) Program" instructions and regulations at 45 CFR 98 Subpart K;
2. The reviews were not conducted by persons who make or approve the eligibility determinations or be 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, Data Entry Forms, the State Improper Authorizations for Payment 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 Authorizations for Payment Report* or final revision submitted, whichever date is later; and
5. The State understands that this information, including the sampled case records and calculations, are subject to Federal review.

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

#### General Instructions

Round all entries to the nearest dollar. Omit cents. If .50 cents or more round up to the nearest dollar. If .49 cents or less round down to the nearest dollar. Note that the term "authorization" means subsidies authorized during eligibility determination/redetermination. (See Glossary.)

1. *Number of cases sampled* – The sample size for all states is set at 271 (or 276) cases.
2. *Total amount of authorizations for payment in cases selected for sampling in the review period* – Compute the sum of all authorizations for payment for the 271 (or 276) sampled

cases. The amount of payment authorized is captured on Line 10 of each of the 271 *Data Entry Forms*.

3. *Total number of sampled cases with improper authorizations for payment* – Compute the sum of all cases with either an Overauthorization or Underauthorization. This would be the total number of cases with an amount other than "0" in Line 7 of the *Data Entry Form*.
4. *Total amount of improper authorizations for payment for the review period* – Compute the sum of all improper authorizations for payment listed in Line 7 of the *Data Entry Form*.
  - 4A. *Total amount of improper underauthorizations for payment for the review period* - Compute the sum of all improper authorizations for payment listed in Line 7 of the *Data Entry Form* that also have a "U" listed in Line 8 of the *Data Entry Form*.
  - 4B. *Total amount of improper overauthorizations for payment for the review period* - Compute the sum of all improper authorizations for payment listed in Line 7 of the *Data Entry Form* that also have an ")" listed in Line 8 of the *Data Entry Form*.
5. *Total number of improper authorizations for payment due to missing or insufficient documentation* – Compute the sum of all cases with a "Yes" coding in Line 9 of the *Data Entry Form*.
6. *Percentage of cases with an error* – Divide the total number of all cases with an error (any case with an error coding in Line 6 of the *Data Entry Form*) by 271 (or 276) and multiply by 100.
7. *Percentage of cases with an improper authorization for payment* – Divide the total number of all cases with an authorization error (see #3 above) by 271 (or 276) and multiply by 100.
8. *Percentage of improper authorizations for payment (for the review period)* – Compute the sum of all amounts listed in Line 7 of the *Data Entry Forms* (see #4 above) divided by the sum of all authorizations for payment for the 271 (or 276) sampled cases (see #2 above) multiplied by 100. Add Underauthorizations to (not subtract from) the total of Overauthorizations.
9. *Average amount of improper authorization for payment* – Compute the sum of all amounts listed in Line 8 of the *Data Entry Forms* (see #4 above) divided by the total number of cases with an amount other than zero in Line 7 of the *Data Entry Form* (see # 3 above).
10. *Estimated annual amount of improper authorizations for payment*– Multiply the percentage of authorizations made in error for the review period (see # 8 above) by the total dollar amount of child care authorizations during the 12 month review period to reflect the proportion of these funds that are CCDF funds.

If a State combines (pools) funds and conducted its review based on a sample drawn from a universe of cases served by these pooled funds, the State shall calculate the total dollar amount of child care authorizations in one of two ways:

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

10A. Check the appropriate response.

1. Review not based on a sample drawn from pooled funds.
2. Review based on a sample drawn from pooled funds and state has applied the pooling factor found on the most recent ACF-800 reporting form.
3. Pooling factor from the most recent ACF-800 reporting form, if applicable.

10B. If the State checks #1 or #2 in 10A, skip 10B and proceed to #11. If the State did not check #1 or #2 in 10A, complete #1 and #2 in 10B.

1. Pooling factor different from that found on the ACF-800 reporting form.
2. Explain the derivation of this pooling factor.

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

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

Using the coordination process selected, States provide narrative responses, or enter data into tables provided, in Part III.

Note: States complete and submit Part III A only as part of their first cycle reporting. States complete and submit Part III B only for all subsequent reporting cycles.

#### **Part III A. (for first reporting cycle only)**

States complete Part III A and include it as part of their first "State Improper Authorizations for Payment Reports." This first report is the **only** report for which Part III A is completed.

12A. In addition to the State assurance and certification that the improper authorizations data collection process, including case record reviews, adhered to all requirements of the "Measuring Improper Authorizations in the Child Care and Development Fund (CCDF) Program" instructions, describe your fieldwork preparation, sampling method, and record review process.

13A. Estimate the portion of improper authorizations for payment that is attributable to missing or insufficient documentation. Provide examples of the most frequently missed or insufficient documentation.

Provide examples of the most frequently identified causes of the improper authorizations other than missing or insufficient documentation.

14A. What are the actions that will be taken to correct the causes of improper authorizations identified during the case record review process in order to reduce errors in the future?

15A. What is the amount of actual improper payments the State expects to recover as a result of the review (if any)? Base this amount on the total amount of improper overauthorizations for payment for the review period, found in 4B.

16A. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations and 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.

17A. Detail the actions the State is taking or plans to take to ensure that the Lead Agency and eligibility workers will be accountable for reducing improper authorizations and improper payments? Describe any Federal or State statutory or regulatory barriers which may limit the State's corrective action in reducing and recovering improper payments.

18A. What are the error rate targets to be used in the next reporting cycle? Enter the targets for percentage of cases with an error, percentage of cases with an improper authorization for payment, percentage of improper authorizations for payment, average amount of improper authorization for payment, and estimated annual amount of improper authorizations for payment into the table provided. It is expected that the State targets will anticipate continual improvement.

**Part III B. (for reporting cycles after the first reporting cycle only)**

States complete Part III B and include it as part of all "State Improper Authorizations for Payment Reports" **after** the first report is submitted.

12B. In addition to the State assurance and certification that the improper authorizations data collection process, including case record reviews, adhered to all requirements of the "Measuring Improper Authorizations in the Child Care and Development Fund (CCDF) Program" instructions, describe your fieldwork preparation, sampling method, and record review process.

13B. Estimate the portion of the percentage of improper authorizations for payment that is attributable to missing or insufficient documentation. Provide examples of the most frequent identified missing or insufficient documentation.

Provide examples of the most frequently identified causes of the improper authorizations other than missing or insufficient documentation.

14B. What are the actions that will be taken to correct those causes in order to reduce errors in the future?

15B. What is the amount of actual improper payments the State expects to recover as a result of the review (if any)? Base this amount on the total amount of improper overauthorizations for payment for the review period, found in 4B.

16B. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations. If the Lead Agency does not have these

tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.

17B. Detail the actions the State is taking or plans to take to ensure that the Lead Agency and eligibility workers will be accountable for reducing improper authorizations and improper payments? Describe any Federal or State statutory or regulatory barriers which may limit the State's corrective action in reducing and recovering improper payments.

18B. Provide the error rate 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 authorization for payment, percentage of improper authorizations for payment, average amount of improper authorization for payment, and estimated annual amount of improper authorizations for payment. Enter the data into the table provided. It is expected that State targets will anticipate continual improvement.

19B. Describe if the State met targets set in the previous cycle and, if not, provide an explanation of why the State did not meet its targets.

20B. Discuss causes of errors and improper authorizations identified in the prior cycle and subsequent actions that were taken to reduce error rates.