



**Child Care Improper Payment Initiative
Child Care Bureau, Office of Family Assistance
Administration for Children and Families**

**Improper Authorizations for Payment
Data Collection Instructions**

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. OVERVIEW.....	1
III. STATE REPORTING CYCLE.....	3
IV. GENERATING A SAMPLE OF CASES FOR REVIEW.....	4
Review Period.....	4
Sampling Unit.....	5
Selecting the Monthly Sample.....	5
V. CUSTOMIZING THE <i>RECORD REVIEW WORKSHEET</i>.....	8
Review Information.....	11
Column 1: Elements of Eligibility and Payment Authorization.....	11
Column 2: Analysis of Case Record.....	13
Column 3: Findings.....	14
Column 4: Results.....	14
VI. CONDUCTING CASE RECORD REVIEWS.....	15
General Instructions.....	16
Review Information.....	16
Column 1: Elements of Eligibility and Payment Authorization and Column 2: Analysis of Case Record.....	16
Column 3: Findings.....	20
Column 4: Results.....	20
Case Record Review Examples.....	21
VII. COMPLETING THE <i>DATA ENTRY FORM</i>.....	25
<i>Data Entry Form</i> Examples.....	27
VIII. COMPLETING AND SUBMITTING THE <i>STATE IMPROPER AUTHORIZATIONS FOR PAYMENT REPORT</i>.....	31
Part I - Program Assurances and Certifications.....	32
Part II - Error Measures Reporting.....	32
Part III - State Response to Error Measures Findings.....	37
Part III B. (for reporting cycles after the first reporting cycle only).....	37
APPENDIX A.....	41
Glossary.....	41
ATTACHMENT 1.....	45
RECORD REVIEW WORKSHEET AND INSTRUCTIONS (ACF-400).....	45

ATTACHMENT 2.....	55
DATA ENTRY FORM AND INSTRUCTIONS (ACF-401).....	55
ATTACHMENT 3.....	57
STATE IMPROPER AUTHORIZATIONS FOR PAYMENT REPORT AND INSTRUCTIONS (ACF-402).....	57

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 Authorizations 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 review annually 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 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. Error Rate Reporting, found at 45 CFR 98 Subpart K—Error Rate Reporting—requires States, the District of Columbia and Puerto Rico (hereafter included in 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 authorizations for payment review methodology;
- Instructions for completing each State component of the review methodology;
- A glossary of terms used in the instruction package (Appendix A);
- A required *Record Review Worksheet (ACF-400)*, with instructions (Attachment 1);
- A *Data Entry Form (ACF-401)*, with instructions (Attachment 2); and
- A required *State Improper Authorizations for Payment Report (ACF-402)*, 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 likely could 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 2010 reporting year that examines errors for the period of October 1, 2009 through September 30, 2010:

Exhibit 1

STEP #	CCDF ERROR RATE METHODOLOGY	2010 REPORTING YEAR TIMELINE
1.	Submit, by email, to the Child Care Manager in ACF Regional Office for approval 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."	On or before October 31, 2010
2.	Submit <i>Record Review Worksheet</i> to Child Care Manager in ACF Regional Office for approval.	On or before December 31, 2010
3.	Submit <i>State Improper Authorizations for Payment Report</i>	On or before June 30, 2011

*(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 and receive approval prior to drawing the first sample and no later than October of the calendar year prior to the reporting year. It is a State option to customize the *Record Review Worksheet*. States who choose to customize the document must 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 2 in a timely manner to avoid unnecessary delays in implementing the methodology.

III. STATE REPORTING CYCLE

States calculate the five error rate measures once every 3 years on a rotational cycle. As can be seen in Exhibit 2, using a stratified random sample method of selecting States,¹ one third of the total of 52 States were selected to participate each year in the error rate measurement methodology.

In Year 3 of the implementation of the methodology, the error rate measures from all 3 years were combined to calculate the national error rate and amount.

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

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

Cycle Year 1		Cycle Year 2		Cycle Year 3	
Region	State	Region	State	Region	State
I	New Hampshire	I	Massachusetts	I	Connecticut
	Vermont		Rhode Island		Maine
II	Puerto Rico	II	New York	II	New Jersey
III	Pennsylvania	III	Virginia	III	Maryland
	West Virginia		Delaware		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
	Colorado		Iowa		Nebraska
VIII	North Dakota	VIII	Utah	VIII	Montana
	California		South Dakota		Wyoming
IX	Nevada	IX	Arizona	IX	Hawaii
	Washington		Oregon		Idaho
X	Alaska				

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

¹ 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 for the first and second years. The third year included those States not selected in Year 1 or Year 2. Each year this will yield a mix of county-administered and State-administered States, and States serving both small and large numbers of children annually.

The 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, in accordance with the requirements found in Appendix C to OMB Circular A-123. This information will be reported in HHS' annual Agency Financial Report (AFR).

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 5 percent precision at the 90 percent confidence level.² 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 (see page 2), States are required to submit these decisions, by email, to the Child Care Manager in the ACF Regional Office for approval 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 7 months and 22 cases for each of the last 5 months of the 12 month review period (e.g., during October–April, 23 cases per month will be selected, and during 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.

² To illustrate the use of confidence limits, two assumptions must be made: (1) the eligibility error rate variable is the percentage 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), 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. It is linked to a county or State data system, so that the county or State could pull the case record if the child were selected for the sample.

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, 2011, submission date, the review period would be October 1, 2009, through September 30, 2010.

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 three replacement cases for each sampling frame. States may choose to select more than three replacement cases for each sampling frame. States use a replacement case only for defined valid reasons with prior approval by the Child Care Manager in the Regional Office. 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 and unavailable for review. Exhibit 3 provides instructions for each of the steps and includes examples using time frames applicable for the **second** implementation year. If a State chooses to select more than three 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>1. Determine frequency of monthly sample selection</p>	<ul style="list-style-type: none"> • States create a sampling frame for each of the 12 months in the review period. • States determine how frequently they will create sampling frames. • States may choose to create these lists at the end of each month, quarterly, semi-annually, or annually. • The choice will be based on how often States choose to pull records and conduct reviews. 	<p>Example one (Select 6 monthly sampling frames, 2 times per year): For a June 30, 2011, submission date, select 6 monthly sampling frames for the six months. October 2009–March 2010, in May 2010. Then select the remaining 6 monthly sampling frames for April–September 2010, in November 2010</p> <p>Example two (Select 12 monthly sampling frames, once per year): For a June 30, 2011, submission date, select 12 monthly sampling frames for October 2009–, September 2010 in November 2010.</p>
<p>2. Create 12 Monthly Sampling Frames</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"> • Sort the list by county and caseload size, listing counties with the largest caseload first and continue through to counties with the smallest caseload. • List all Child ID numbers sequentially, within each county from lowest to highest. 	<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"> • Sort the list by county caseload size: 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) • List Child ID numbers from lowest to highest: e.g., 233124, 233128, 255320.
<p>3. Calculate Sampling Interval to Select Sample Cases.</p>	<ul style="list-style-type: none"> • 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. • Select either 1) 23 cases for 7 months, and 22 cases for 5 months to yield 271 cases, or 2) 23 cases for each of 12 months, to yield 276 cases. • 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). • 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). 	<ul style="list-style-type: none"> • Assume 31,286 cases in a sample month. • 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). • 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) • If the sampling interval is a whole number, such as 1360, select every 1360th case from a random starting point defined below. • If the sampling interval is not a whole number, e.g., for 1360.3, round down to randomly select a starting case between the 1st and 1360th case or for 1360.6, round up to select a starting case between case 1 and case 1361.

4. Select Sample Cases	<ul style="list-style-type: none"> Using a random number table or software, select a random number within the first sampling interval. Use the random number as the starting point to select the first case in the sample. From the first case, use the sampling interval to select the next case that falls within the second sampling interval. Continue to add the sampling interval to select the next cases until the sample is complete at 23 or 22 cases. 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. 	<ul style="list-style-type: none"> 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). If the random number selected is 463, select case 463 as the first case in the sample. 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) 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.
5. Calculate Sampling Interval to Select Replacement Cases	<ul style="list-style-type: none"> After the sample of 23 or 22 cases has been selected, remove the 23 or 22 cases from the sampling frame. Calculate a sampling interval based on the size of the new sampling frame and the number of cases (3)³ to be selected as replacement cases. 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). 	<ul style="list-style-type: none"> Remove the 23 cases from the total number of cases authorized to receive payment during the sample month. (31,28623 = 31,263) 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) If the sampling interval is 10,421, select every 10,421st case from a random starting point defined below.
6. Select Replacement Cases	<ul style="list-style-type: none"> Using a random number table or software, select a random number within the first replacement sampling interval. Use the random number as the starting point to select the first case in the sample. From the first case, select the next case that falls within the sampling interval. Continue to use the sampling interval to select the next cases until three replacement cases have been selected. 	<ul style="list-style-type: none"> 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. If the random number selected is 10, select the tenth case as the first case in the sample. If the sampling interval is 10,421, then select the next two cases that fall within the sampling interval, or the cases listed 10,431st and 20,852nd.

³ If a State chooses to select more than three 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>7. Create additional monthly sampling frames for each month of the sampling period.</p>	<ul style="list-style-type: none"> 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. 	<p>Example one (Select 6 monthly sampling frames, 2 times per year):</p> <ul style="list-style-type: none"> If the 6-month sampling period is October 2009 –March 2010, in May 2010, generate one sampling frame per month, starting with the month of October 2009, repeating steps 2–6 for each month through March 2010. In November 2010, generate one sampling frame per month, starting with the month of March 2010, repeating steps 2–6 for each month through September 2010. <p>Example two (Select 12 monthly sampling frames, once per year):</p> <ul style="list-style-type: none"> If the 12 month sampling period is October 2009–September 2010, generate one sampling frame per month, starting with the month of October 2009, repeating steps 2–6 for each month.
---	--	---

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 necessary for the final report and the *Data Entry Form* (Attachment 2) should the State choose to use it.

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 and any customized automated review tools 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 are based on CCDF rules, as well as a review of State Plans and State policy and procedures.

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 eligibility forms include the application form, rights and responsibilities notification form, referral form, parental choice form, and parent/provider agreement form, if applicable.
- Section II: Priority Group Placement—This is a review to determine 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 whether the child meets the citizenship/qualified alien criteria, meets age or special needs criteria, 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 Authorization**—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. States may customize Column 2 and include check boxes and drop down windows as well as a Comment text box.
- **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. In Element 410, the summary should also include: (1) whether the error(s) resulted in an improper authorization; (2) the reason for the improper authorization and whether it was due to missing or insufficient documentation; (3) whether the improper authorization was an overauthorization or underauthorization; and (4) the amount of the improper authorization.
- **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 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, and (3) voucher or certificate.

States might choose to customize this section by listing each required form to prompt the reviewers. Some States provide policy citations, including page number, for any required forms.

Section II. Priority Group Placement

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

Some States designate this area as "Not Applicable" because they have 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.

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.

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

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

Examples to customize the worksheet include listing categories 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 the child meets citizenship/qualified alien status 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, and that the provider met all regulatory requirements.

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

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

Section IV. Income and Authorization

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

States may include information on cases that are considered exempt from income verification based on CCDF rules and State policy.

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

Determine the amount of the subsidy payment authorized for the sample review month.

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

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

The worksheet could be customized by citing the State income eligibility policy.

- Element 410 Authorization/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.

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. If a State is using an automated tool, drop down windows and check boxes may be added for ease of review. Comment boxes added to Column 2 help the reviewer provide additional information.

Example of a Column 2 Modification of the Record Review Worksheet

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

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*. For Elements 100–400, 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.

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

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

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 the supervision of persons responsible for eligibility determinations during the review. 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.

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 one of the listed valid reasons (see page 5) the cases in the replacement sample (three or more, chosen at the time of the original sampling) 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 authorization for payment amount for the sample review month. Regarding eligibility status, reviewers examine the most recent eligibility determination in effect as of the sample review month, either the initial determination or a redetermination, and any subsequently reported changes (e.g., income, or status) that might impact eligibility.

To properly review cases, reviewers must identify and examine the documentation within the case records that was used to determine eligibility for a sample review month and calculate a subsidy amount 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 Information

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

Column 1: Elements of Eligibility and Payment 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, and (3) voucher or certificate.*

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

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

Section II. Priority Group Placement

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

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 the child meets citizenship/qualified alien status requirements as set forth in Federal policy.*

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

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

- **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, and that the provider met all regulatory requirements.*

Column 1—Reviewers check State policy for allowable provider categories and look for documentation of provider category in the case record. 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 verify that the provider is from an allowable provider category. 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 Authorization

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

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

Determine the amount of the subsidy payment authorized for the sample review month.

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

Column 1—Income categories may be customized on the worksheet and may include: head of household employment income; spouse employment income; any changes in income reported; income during job training for parent/caregiver; child support, if included as part of income; SNAP, if included as part of income; and loss of income during eligibility period. Reviewers identify the State income requirements from State policy, if not included in the customized worksheet. Reviewers locate in the case record the amount of subsidy authorized for the sample review month.

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

- **Element 410 Authorization/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.*

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

Column 2—Reviewers record the amount authorized for payment in the sample review month and the amount that should have been authorized and compute the difference, if any. The review is limited to authorization for payment, regardless of what additional payment information might be part of the case file.

Column 3: Findings and Column 4: Results

Column 3: Findings is where reviewers summarize the analysis from Column 2 for each element. If an error is cited, the summary should include a detailed description of the cause(s) of the error(s). In Element 410, the summary should also include: (1) whether the error(s) resulted in an improper authorization; (2) the reason for the improper authorization and whether it was due to missing or insufficient documentation; (3) whether the improper authorization was an overauthorization or underauthorization; and (4) the amount of the 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 is where reviewers complete the coding in Column 4 for each Element in each Section of the *Record Review Worksheet*. In Elements 100–400, 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;

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

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

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 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 DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
<p>320 PARENTAL WORK/TRAINING STATUS</p> <p>To receive services, a child's parent or parents must be working or attending a job training or educational program, or have a child receiving or needing to receive protective services.</p>	<p>Child's Parents are: Working Y <input checked="" type="checkbox"/> N <input type="checkbox"/> In an Educational Program Y <input type="checkbox"/> N <input type="checkbox"/> In Job training Y <input type="checkbox"/> N <input type="checkbox"/> or Child must need/be receiving CPS Y <input type="checkbox"/> N <input type="checkbox"/></p> <p>Comments: Copies of the required pay stubs 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). In Element 410 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 Element 410 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 Element 410 Column 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)
<p>320 PARENTAL WORK/TRAINING STATUS</p> <p>To receive services, a child's parent or parents must be working or attending a job training or educational program, or have a child receiving or needing to receive protective services.</p>	<p>Child's Parents are: Working Y <u> X </u> N <u> </u> In an Educational Program Y <u> </u> N <u> </u> In Job training Y <u> </u> N <u> </u> or Child must need/be receiving CPS Y <u> </u> N <u> </u></p> <p>Comments: Copies of the required pay stubs were in the case record.</p>	<p>Based on the pay stubs, the parent's work hours do not meet the minimum required by policy. The worker failed to apply the policy correctly.</p>

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. The caseworker converted the income as if it were 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. 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 authorized. The two errors amount to an Overauthorization of \$80 coded in Element 410 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 parent's income, 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 410, Column 4.

Example #4: One Error—No dollar value

Findings—The required payment form in the record was signed by the worker but not by the supervisor. As this error has no dollar value Element 410 Column 4 is coded accordingly.

Example #5: Two Errors—One Overauthorization and One Underauthorization

Findings—The child's parent provided all required information about her self-employment income and her business costs. The caseworker miscalculated the parent'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 Element 410 Column 4.

Column 4: Results

Based upon the Column 3 summary, the reviewer completes the coding in Column 4 for each element in each section of the *Record Review Worksheet*. For Elements 100–400, Column 4 contains two codes to summarize each element's review findings:

1. Error—Enter the correct code according to the following key: “0” = no error, “1” = error; and
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.

**Example of Column 2 Summary, Column 3 Findings and the Column 4 Results
Using the Record Review Worksheet
(Element 100-400)**

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
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.	Child's Parents are: Working Y <u> X </u> N <u> </u> In an Educational Program Y <u> </u> N <u> </u> In Job training Y <u> </u> N <u> </u> or Child must need/be receiving CPS Y <u> </u> N <u> </u> Copies of the parent's pay stubs were in the case record.	The pay stubs document the customer's employment which satisfies the Federal policy.	320 RESULTS	
			1. 0	No Error Error
			2. N/A	Insufficient/ Missing Documentation

Element 410 contains four codes that summarize the findings for the complete case record review:

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

**Example of Column 2 Summary, Column 3 Findings and the Column 4 Results
Using the Record Review Worksheet
(Element 410)**

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
410 AUTHORIZATION / COMPUTATION	The sample month authorization amount (see Element 400) was \$100.	See Element 320. The worker failed to apply the policy correctly causing an Overauthorization of \$100.	410 RESULTS	
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.			1. 1	No Error Error
			2. N	Insufficient/ Missing Documentation
			3. O	Underauthorization Overauthorization
			4. \$100	Total Amount of Improper Authorizations for Payment

Element 410, Column 2 and Element 410, Column 4 of each *Record Review Worksheet* and the *Data Entry Form* described below contain the information needed to complete the calculation of the error measures in the *State Improper Authorizations for Payment Report*.

VII. COMPLETING THE DATA ENTRY FORM

The *Data Entry Form* (Attachment 2) is for States to use to record the findings from each *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 at Element 410;
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 410, 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 Element 410, Column 4;
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 Element 410, Column 4; and
10. Total Authorization Amount during sample review month—Insert the total dollar amount included on *Record Review Worksheet* in Element 410, Column 2.

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 illustrates how the summary review findings contained in Element 410, Columns 2–4 of the *Record Review Worksheet* are entered into the Data Entry Form.

Example of Element 410, Columns 2–4 of the Record Review Worksheet

ELEMENTS OF ELIGIBILITY & PAYMENT AUTHORIZATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)	
410 AUTHORIZATION / 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.	The authorization amount for the sample month (see Element 400) was \$100.	See Element 320—Based on the pay stubs, the parent’s work hours do not meet the minimum required by policy. The worker failed to apply policy correctly causing an Overauthorization of \$100.	410 RESULTS	
			1. 1	No Error Error
			2. N	Insufficient/ Missing Documentation
			3. O	Underauthorization Overauthorization
			4. \$100	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	\$100
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	\$100

The following provides examples of completed *Data Entry Forms* based on various examples of Element 410, Columns 2-4 summary review findings.

Example #1: One Underauthorization Error

Findings—The client provided her two most recent bi-weekly pay stubs. The caseworker converted the income as if it were weekly income. This error caused the income to be overstated by \$300 monthly and resulted in a \$50 Underauthorization of the monthly subsidy. This amount is the figure used for the total amount of the improper authorization in Element 410, Column 4. The error discovered in the case record review is coded on the *Data Entry Form* 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	\$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

Finding—The client provided her two most recent bi-weekly pay. 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 an additional \$60 Overauthorization in the monthly amount. The two errors caused an \$80 Overauthorization. This amount is the figure used for the total amount of the improper authorization in Element, 410 Column 4. The two errors discovered in the case record review are coded on the *Data Entry Form* as follows:

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 \$25 Underauthorization. This amount is the figure used in for the total amount of the improper authorization in Element 410, Column 4. The two errors discovered in the case record review are coded on the *Data Entry Form* as follows:

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 Improper Authorization

Findings—The authorization 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:

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 Element 410, Column 4 in the *Record Review Worksheet*. As the income calculation error was the larger of the two errors, it is coded in Column 4 as error type “U” for an Underauthorization of \$5 and “N” because the reason for error was not due to missing or insufficient documentation. The errors discovered in the case record review are coded on the Data Entry Form as follows:

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

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 for Payment in the Child Care Program" instructions and regulations at 45 CFR 98 Subpart K;
2. The reviews were not conducted by persons who make or approve the eligibility determinations or are under the supervision of persons responsible for eligibility determinations;
3. All reviewers have been trained to ensure that the review process is consistent with State policies and that there is consistency within the State in interpretation of what is an error;
4. The State agrees to retain *Record Review Worksheets, 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 5 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 case reviews States consolidate all the data in order to compute the error measures for input into the *State Improper Authorizations for Payment Report*. 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 information for Part II is contained in Element 400, Column 2 and Element 410, Columns 2-4 of the *Record Review Worksheets* and in the *Data Entry Form*.

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

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

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

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.
3. *Total number of sampled cases with improper authorizations for payment*—Compute the sum of all cases with either an Overauthorization or Underauthorization.
4. *Total amount of improper authorizations for payment for the review period*—Compute the sum of all improper authorizations for payment.
- 4A. *Total amount of improper underauthorizations for payment for the review period*—Compute the sum of all underauthorizations for payment.
- 4B. *Total amount of improper overauthorizations for payment for the review period*—Compute the sum of all overauthorizations for payment.
5. *Total number of sampled cases with improper authorizations for payment due to missing or insufficient documentation*—Compute the sum of all cases with an improper authorization error that was due to missing or insufficient documentation.
6. *Percentage of cases with an error*—Compute the sum of all cases with any error. Divide this total 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 improper authorizations for payment (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 authorizations for payment*—Compute the sum of all improper authorizations for payment (see #4 above) divided by the total number of cases with an improper authorization for payment (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:

- (10A) By applying the pooling factor found on the most recent ACF-800 reporting form to calculate the dollar amount; or
- (10B) 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

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

States complete Part IIIB for all reporting cycles **after** the first ACF-402 report is submitted.

12B. In addition to the State assurance and certification that the improper payments data collection process adhered to all requirements, describe lessons learned from, or improvements made in, implementation of the error rate review process during the current review cycle.

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

13B. Of the cases with an improper authorization for payment provide:

- (1) The **percentage of cases** with improper authorization errors due to missing or insufficient documentation (#5 divided by #3 above)
- (2) The **number of cases** with improper authorization errors due to missing or insufficient documentation and **examples** of the two most common occurrences.

(Example—Thirty cases with an improper authorization for payment had errors due to **missing or insufficient documentation**, of which 20 were due to income errors, such as missing pay stubs, and 10 were due to hours of care needed, such as missing work schedules.)

- (3) The **number of cases** with improper authorization errors due to causes **other** than missing or insufficient documentation and **examples** of the two most common occurrences.

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

14B. Describe the implementation actions and the timeline planned to correct each type of improper authorization for payment error identified in Item 13B in order to reach the targeted reductions identified in Item 18B. Describe the method(s) that will be used between review cycles to measure progress in reducing improper payments.

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 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.

- 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 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.

- 18B. Provide the error rate data and targets set in the previous cycle and data and targets set 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 authorizations for payment; and estimated annual amount of improper authorizations for payment. Enter the data and targets into the table provided. It is expected that State targets will show continual improvement.

Data for the previous reporting cycle are contained in Items #6-10 of the previous *State Improper Authorizations for Payment Report* submitted by States. The targets are contained in Item #18A of that 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 #18B, met the targets established in the previous cycle. 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 previous 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 previous 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 Authorizations for Payment—The average amount of improper authorizations 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 documents scanned and maintained in computer files.

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), Federal 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. This includes documents scanned into a database.

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 grants funds, regardless of whether such violation results in an improper authorization for payment. For purposes of this methodology, an

error 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—This measure is the percentage of cases with any error, including both improper authorizations for payment errors and non-improper authorizations for payment errors. This percentage is determined by dividing the total number cases with any error by 276 (or 271) 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 Child Care Bureau has designated a 12 month review period, based on the Federal Fiscal Year ending September 30, for the data collection methodology. For example, for a June 30, 2011 submission date, the review period would be October 1, 2009 through September 30, 2010.

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 AND INSTRUCTIONS (ACF-400)**

CHILD ID#		STATE:		COUNTY:		SAMPLE MONTH/YEAR:		REVIEW DATE:	
ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)			ANALYSIS OF CASE RECORD (2)			FINDINGS (3)		Results(4)	
SECTION I. STATE CHILD CARE PROGRAM FORMS									
100 APPLICATION/RE-DETERMINATION FORMS								100 RESULTS	
Determine presence, date, and completeness of required eligibility forms. Examples include (1) signed and dated CCDF application form, (2) child care agreement, and (3) voucher or certificate.								1	No Error / Error
								2	Insufficient/ Missing Documentation
SECTION II. PRIORITY GROUP PLACEMENT									
200 PRIORITY GROUP PLACEMENT								200 RESULTS	
Determine if client meets criteria of any State-designated priority groups, e.g., special needs or low income.								1	No Error / Error
								2	Insufficient/ Missing Documentation
SECTION III. GENERAL PROGRAM REQUIREMENTS									
300 QUALIFYING HEAD OF HOUSEHOLD								300 RESULTS	

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
310 RESIDENCY			310 RESULTS	
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
320 PARENTAL WORK/TRAINING STATUS			320 RESULTS	
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
330 QUALIFYING CHILD			330 RESULTS	
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, and (4) if child meets citizenship requirements as set forth in Federal policy.			1	No Error / Error
			2	Insufficient/ Missing Documentation
340 QUALIFYING CARE			340 RESULTS	
Determine number of hours needing authorization during review period, based on parental work/training			1	No Error / Error

status or child's protective services status. Determine hours and type of care authorized.			2	Insufficient/ Missing Documentation
350 QUALIFYING CARE AND PROVIDER ARRANGEMENT			340 RESULTS	
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, and that the provider met all regulatory requirements.			1	No Error / Error
			2	Insufficient/ Missing Documentation
SECTION IV. INCOME AND AUTHORIZATION				
400 INCOME / INCOME STANDARDS / PARENTAL FEE CALCULATION			400 RESULTS	
Describe income verification and calculations for household members. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on State policies and definitions (e.g., head of household employment). Determine if household income meets State requirements (e.g., family gross income must be within X percent of State's median income). 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.			1	No Error / Error
			2	Insufficient/ Missing Documentation
410 AUTHORIZATION / COMPUTATIONS			410 RESULTS	
Compute the difference between the amount authorized to be paid in a sample review month and the amount that should have been authorized. This			1	No Error / Error

difference is the error amount. Indicate if the error amount is an Overauthorization or Underauthorization.			2	Insufficient/ Missing Documentation
			3	Overauthorization Underauthorization
			4	Total Amount of Improper Authorization for Payment

The coding for the Results Column is as follows: 1: "0" = no error, "1" = error; 2: "Y" = error due to missing or insufficient documentation, "N" = error not due to missing or insufficient documentation, and "NA" = no error; 3: "U" = Underauthorization, "O" = Overauthorization, and "NA" = no improper authorization; 4: Enter dollar amount of error.

"THE PAPERWORK REDUCTION ACT OF 1995" Public reporting for this collection of information is estimated to average 15.43 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information.

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 authorization for payment amount for the sample review month. Regarding eligibility status, reviewers examine the most recent eligibility determination in effect as of the sample review month, either the initial determination or a redetermination and any subsequently reported changes (e.g., income, or status) that might impact eligibility.

To properly review cases, reviewers must identify and examine the documentation within the case records that was used to determine eligibility for a sample review month and calculate a subsidy amount 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 Information

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

Column 1: Elements of Eligibility and Payment 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, and (3) voucher or certificate.*

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

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

Section II. Priority Group Placement

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

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 the child meets citizenship/qualified alien status requirements as set forth in Federal policy.*

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

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

- **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, and that the provider met all regulatory requirements.*

Column 1—Reviewers check State policy for allowable provider categories and look for documentation of provider category in the case record. 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 verify that the provider is from an allowable provider category. 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 Authorization

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

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

Determine the amount of the subsidy payment authorized for the sample review month.

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

Column 1—Income categories may be customized on the worksheet and may include: head of household employment income; spouse employment income; any changes in income reported; income during job training for parent/caregiver; child support, if included as part of income; SNAP, if included as part of income; and loss of income during eligibility period. Reviewers identify the State income requirements from State policy, if not included in the customized worksheet. Reviewers locate in the case record the amount of subsidy authorized for the sample review month.

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

- **Element 410 Authorization/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.*

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

Column 2—Reviewers record the amount authorized for payment in the sample review month and the amount that should have been authorized and compute the difference, if any. The review is limited to authorization for payment, regardless of what additional payment information might be part of the case file.

Column 3: Findings and Column 4: Results

Column 3: Findings is where reviewers summarize the analysis from Column 2 for each element. If an error is cited, the summary should include a detailed description of the cause(s) of the error(s). In Element 410, the summary should also include; (1) whether the error(s) resulted in an improper authorization; (2) the reason for the improper authorization and whether it was due to missing or insufficient documentation; (3) whether the improper authorization was an overauthorization or underauthorization; and (4) the amount of the 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 is where reviewers complete the coding in Column 4 for each element in each section of the *Record Review Worksheet*. In Elements 100–400, 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;

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

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

ATTACHMENT 2
DATA ENTRY FORM AND INSTRUCTIONS (ACF-401)

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	

"THE PAPERWORK REDUCTION ACT OF 1995"

Public reporting for this collection of information is estimated to average .18 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 THE DATA ENTRY FORM

The *Data Entry Form* (Attachment 2) is for States to use to record the findings from each *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 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 Element 410, 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 410, 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 authorization error. This information is located on the *Record Review Worksheet* in Element 410, 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*, in Element 410, Column 4;
10. Total Authorization Amount during sample review month—Insert the total dollar amount included on *Record Review Worksheet* in Element 410, Column 2.

ATTACHMENT 3
STATE IMPROPER AUTHORIZATIONS FOR PAYMENT REPORT AND
INSTRUCTIONS (ACF-402)

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 Program" instructions and regulations at 45 CFR 98 Subpart K;
2. The reviews were not conducted by persons who make or approve the eligibility determinations or are under the supervision of persons responsible for eligibility determinations;
3. All reviewers have been trained to ensure that the review process is consistent with State policies and that there is consistency within the State in interpretation of what is an error;
4. The State agrees to retain *Record Review Worksheets, 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 authorizations 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.

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

PART III STATE RESPONSE TO ERROR MEASURES FINDINGS

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

States complete Part IIIB for all reporting cycles **after** the first ACF-402 report is submitted.

Item

- 12B.** In addition to the State assurance and certification that the improper payments data collection process, describe lessons learned or improvements made in implementation of the error rate review process during the current review cycle.

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

Item

- 13B.** Of the cases with an improper authorization for payment provide:

- (1) The **percentage of cases** with improper authorization errors due to missing or insufficient documentation. (#5 divided by #3 above)
- (2) The **number of cases** with improper authorization errors due to missing or insufficient documentation and **examples** of the two most common occurrences.

(Example –Thirty cases with an improper authorization for payment had errors due to **missing or insufficient documentation**, of which 20 were due to income errors, such as missing pay stubs, and 10 were due to hours of care needed, such as missing work schedules.)

- (3) The **number of cases** with improper authorization errors due to causes **other** than missing or insufficient documentation and **examples** of the two most common occurrences.

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

Item #

14B. Describe the implementation actions and the timeline planned to correct each type of improper authorization for payment error identified in Item 13B in order to reach the targeted reductions identified in Item 18B. Describe the method(s) that will be used between review cycles to measure progress in reducing improper payments.

Item #

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 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 data and targets set in the previous cycle and data and targets set 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 authorizations for payment and estimated annual amount of improper authorizations for payment. Enter the data and targets into the table provided. It is expected that State targets will show continual improvement.

Data for the previous reporting cycle are contained in Items #6-10 of the previous *State Improper Authorizations for Payment Report* submitted by States. The targets are contained in Item #18A of that report.

Error Measures	Previous Cycle Data	Previous Cycle Target	Current Cycle Data	Target for Next Cycle
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 #

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.

Item #

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

"THE PAPERWORK REDUCTION ACT OF 1995"

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

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 Program" instructions and regulations at 45 CFR 98 Subpart K;
2. The reviews were not conducted by persons who make or approve the eligibility determinations or are under the supervision of persons responsible for eligibility determinations;
3. All reviewers have been trained to ensure that the review process is consistent with State policies and that there is consistency within the State in interpretation of what is an error;
4. The State agrees to retain *Record Review Worksheets, 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. The instructions for all Items in Part II follow. 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.
3. *Total number of sampled cases with improper authorizations for payment*—Compute the sum of all cases with either an Overauthorization or Underauthorization.
4. *Total amount of improper authorizations for payment for the review period*—Compute the sum of all improper authorizations for payment.
 - 4A. *Total amount of improper underauthorizations for payment for the review period*—Compute the sum of all underauthorizations.
 - 4B. *Total amount of improper overauthorizations for payment for the review period*—Compute the sum of all overauthorizations for payment.
5. *Total number of improper authorizations for payment due to missing or insufficient documentation*—Compute the sum of all cases with an improper authorization error that was due to missing or insufficient documentation.
6. *Percentage of cases with an error*—Compute the sum of all cases with any error. Divide this total 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 improper authorizations for payment (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 authorizations for payment*—Compute the sum of all improper authorizations for payment (see #4 above) divided by the total number of cases with an improper authorization for payment (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:

- (10A) By applying the pooling factor found on the most recent ACF-800 reporting form to calculate the dollar amount; or
- (10B) 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 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 IIIB. State Response to Error Measures Findings:

States complete Part IIIB for all reporting cycles **after** the first ACF-402 report is submitted.

12B. In addition to the State assurance and certification that the improper payments data collection process adhered to all requirements, describe lessons learned from, or improvements made in, implementation of the error rate review process during the current review cycle.

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

13B. Of the cases with an improper authorization for payment provide:

- (1) The **percentage of cases** with improper authorization errors due to missing or insufficient documentation. (#5 divided by #3 above)
- (2) The **number of cases** with improper authorization errors due to missing or insufficient documentation and **examples** of the two most common occurrences.

(Example—Thirty cases with an improper authorization for payment had errors due to **missing or insufficient documentation**, of which 20 were due to income errors,

such as missing pay stubs and 10 were due to hours of care needed, such as missing work schedules.)

- (3) The **number of cases** with improper authorization errors due to causes **other** than missing or insufficient documentation and **examples** of the two most common occurrences.

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

- 14B. Describe the implementation actions and the timeline planned to correct each type of improper authorization for payment error identified in Item 13B in order to reach the targeted reductions identified in Item 18B. Describe the method(s) that will be used between review cycles to measure progress in reducing improper payments.
- 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 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.

- 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 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.

- 18B. Provide the error rate data and targets set in the previous cycle and data and targets set 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 authorizations for payment; and estimated annual amount of improper authorizations for payment. Enter the data and targets into the table provided. It is expected that State targets will show continual improvement.

Data for the previous reporting cycle are contained in Items #6-10 of the previous *State Improper Authorizations for Payment Report* submitted by States. The targets are contained in Item #18A of that 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 #18B, met the targets established in the previous cycle. 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 previous 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 previous 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.)