

**The Supporting Statement
For the Child Care and Development Fund (CCDF)
*Improper Payment Data Collection Instructions***

**Department of Health and Human Services
Administration for Children and Families
Office of Child Care**

A. Justification

1. Circumstances Making the Collection of Information Necessary:

Section 2 of the Improper Payments Act of 2002 provides for estimates and reports of improper payments by Federal agencies. Subpart K of 45 CFR, Part 98 requires States to prepare and submit a report of errors occurring in the administration of CCDF grant funds once every three years.

The Office of Child Care (OCC) is in the process of completing the third 3-year cycle of case record reviews to meet the requirements for reporting under IPIA. The current *Data Collection Instructions* expires September 30, 2015, and must be renewed. This information collection includes minor changes and updates to the current methodology:

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

2. Purpose and Use of Information:

The aggregate information received through receipt of *State Improper Payment Reports*, with the data source being case-specific *Record Review Worksheets*, will be provided to the Department of Health and Human Services to prepare the annual Agency Financial Report (AFR). In addition to meeting IPIA reporting requirements, the prior data has provided information necessary to identify actions to reduce improper payments and technical assistance offered to grantees.

3. Use of Improved Information Technology and Burden Reduction:

All submissions required under this information collection are submitted electronically – either via email attachment or web-based application. States are encouraged to enter all data fields from each *Record Review Worksheet* into a data base for computation of data inserted into their *State Improper Payment Reports*. Many States have automated the Record Review Worksheet which has enhanced their review process and report compilation. States submit the *State Improper Payment Reports* directly into the web-based Online Data Collection system (OLDC). Any States completing a required Corrective Action Plan will also submit that document through the OLDC.

4. Efforts to identify Duplication and Use of Similar Information:

This data is not already available from any other source. While other programs produce error rate measures, their procedures are not compatible with provisions of the Child Care and Development Block Grant of 1990.

5. Impact on Small Businesses or Other Small Entities:

This data collection effort does not involve small businesses or other small entities.

6. Consequences of Collecting the Information Less Frequently:

The Improper Payments Act of 2002 requires Federal agencies to annually report error rate measures. ACF has obtained approval from the Office of Management and Budget (OMB) for each State, the District of Columbia and Puerto Rico to collect data and report findings once every three years, with one-third of grantees reporting each year. Without this information collection, HHS will be unable to report information in the Agency Financial Report (AFR).

7. Special Circumstances Relating to the Guidelines of 5 CFR 1320.5:

CCDF regulations at Subpart K of 45 CFR, Part 98, require States to maintain all records related to the Improper Payments Error Rate Review for five years.

8. Comments in Response to the Federal Register Notice and Efforts to Consult outside the Agency:

Two complete cycles of reviews have been completed since the original Error Rate Review methodology began in October 2007. States are currently 2/3 of the way through completing the next cycle of reviews. Combined feedback from States and technical assistance providers has provided information that informed these minor revisions to the methodology. The First Federal Register notice of the proposed revision was posted February 10, 2015. In addition, all grantees were sent a draft copy of the *Data Collection Instructions* and request for comment via email. OCC anticipates OMB approval of the revised *Data Collection Instructions* with an effective date of October 1, 2015.

The Office of Child Care received comments on several items during the first public comment period:

1. A State posed the question regarding no longer needing to consult with the Regional Program Office in the case of an underpayment or partial payment when completing the reviews. This is a correct understanding of the change in the instructions which removes this step. Technical assistance will be provided to States when there are questions related to calculating overpayments or underpayments.
2. The second comment discussed the statistical sampling methodology and requested consideration of alternative sampling methods. The methodology is constructed to ensure consistency across all State reviews, and as such does not allow for flexibility in the number of payments sampled. All States review payments made for an entire sample month, regardless how many payments are made for services in a sample month. Some States pay weekly or bi-weekly and require additional input to obtain the entire month's payment amount. All States have accommodated the need to meet this requirement of the methodology.
3. The third comment requested that the methodology establish a threshold for identifying an amount below which an overpayment or underpayment would not be considered. At this time there is no consideration to move towards establishing a threshold for a dollar amount that would not be considered as part of the overall review. The methodology considers all dollar errors to be included in the review data. States should note however, that not all errors result in improper payments.
4. With regard to providing Federal guidance on error definitions, States will continue to conduct case reviews against State policies. Training on the implementation of the methodology will include working with grantees on the incorporation of their state policies and procedures into the review process. States have the flexibility to determine those areas that constitute an error in the implementation of the CCDF program based on individual State policies and procedure.

9. Explanation of Any Payment or Gift to Respondents:

Not applicable.

10. Assurance of Confidentiality Provided to Respondents:

This information collection does not require any assurance of confidentiality.

11. Justification for Sensitive Questions:

This data collection does not involve asking questions of a sensitive nature.

12. Estimates of Annualized Burden Hours and Costs of Data Collection Burden:

The burden estimate for implantation of the methodology remains the same. In order to estimate the total burden hours, the cost of conducting each of the separate data consolidation tasks was estimated based on data from the initial pilot of the methodology. The tasks culminating in completion of the *Sampling Decisions, Assurances and (optional) Fieldwork Preparation Plan* (Appendix B), and *Record Review Worksheet* (ACF-403)(Attachment 1) are organization and planning, developing sampling assignments and activities, customizing the record review worksheet, preparation and training, completing the record review process, and consolidation of data and other support activities. The tasks resulting in completion of the *State Improper Payment Report* (ACF-404) (Attachment 2) are calculation of the error rate findings, analysis of error causes and action steps to correct errors, and report preparation and electronic submission. Tasks required for completing the *Corrective Action Plan* (ACF-405) (Attachment 3) include the planning, development and submission of the document. Staff time for each task was divided into categories according to job classification to allow for differing salary ranges for reporting. Many States have refined automation processes during the completion of the prior cycles of reviews which has provided for additional burden reduction.

Annual Burden Estimates

Instrument	Number of Respondents	Number of Responses per Respondent	Average Burden Hours per Response	Total Burden Hours
<i>Sampling Decisions, Assurances and Fieldwork Preparation Plan (Appendix B)</i>	17	1	106	1802
<i>Record Review Worksheet (Attachment 1)</i>	17	276	6.33	29,700.36
<i>State Improper Payment Report (Attachment 2)</i>	17	1	639	10,863
<i>Corrective Action Plan (Attachment 3)</i>	8	1	156	1248

Estimated Total Annual Burden Hours:

43,613.36

13. Estimates of Other Total Annual Cost Burden to Respondents and Record Keepers:

There are no required direct monetary costs to respondents to participate in this data collection effort.

14. Annualized Cost to the Federal Government:

States will electronically submit *State Improper Authorizations for Payment Reports*. Oversight of the required data collection process at the Central and Regional level; provision of training and ongoing technical assistance to States in adhering to the data collection methodology; Provision of assistance and training to States, software enhancement for Federal data collection, data analysis and national-level report preparation are estimated to cost \$804,229/year.

15. Explanation for Program Changes or Adjustments:

Program updates were made to respond to the need to clarify the methodology and include new requirements under the CCDBG Act of 2014. Instructions have been updated to include easier-to-understand plain language. The CCDBG Act of 2014 contains new requirements that affect the improper payments methodology. In addition the methodology includes one additional data point in the *State Improper Payments Report* to capture the amount of improper payments due to missing and insufficient documentation. This data will allow OCC to comply with new OMB reporting requirements for IPIA.

16. Plans for Tabulation and Publication and Project Time Schedule:

Grantees will complete a review and submit a report of error rate data on a three year rotational cycle. Each reporting year report is based on a review of cases from the Fiscal year prior to the reporting year. All reports are submitted by June 30th of the reporting year. Data is reviewed and undergoes a quality assurance review in the program office. Data is aggregated and compiled into an annual report for the Department of Health and Human Services (DHHS). CCDF annual error rate data is provided to DHHS for inclusion of the Agency Financial Report (AFR), which is published each year in November.

17. Reason(s) Display of OMB Expiration Date is Inappropriate:

The current expiration date will be displayed at the top right corner of each form.

18. Exceptions to Certification for Paperwork Reduction Act Submissions:

There are no exceptions to this form.

B. Statistical Methods (used for collection of information employing statistical methods)

1. Respondent Universe and Sampling:

The 50 States, the District of Columbia and Puerto Rico comprise the respondent universe. Each respondent responds once every three years. There is a 100% response rate for this information collection, in accordance with CCDF regulations.

Error Rate Review Cohort	Number of Respondents	Reporting Timeline
Year One Reporting States	18	June of 1 st reporting year
Year Two Reporting States	17	June of 2 nd reporting year
Year Three Reporting States	17	June of 3 rd reporting year
Complete Cycle of Reviews	52	Current cycle concludes: June 30, 2016

2. Procedures for the Collection of Information:

Each of the respondents for each year randomly select a sample of 271 or 276 cases for review, sufficient to achieve the OMB-approved 90% confidence interval +/- 5. Data are entered in case-specific *Record Review Worksheet* and then consolidated for entry into the *State Improper Payment Report*. Respondents submit their report on or before June 30 of the reporting year.

3. Methods to Maximize Response Rates and Deal with Nonresponse:

There will be a 100 % response rate to this required collection.

4. Tests of Procedures or Methods to be Undertaken:

Implementation of the original Error Rate Review methodology began in October 2007. All respondents have completed or are finishing their second cycle reviews and have provided continuous feedback and input into the adjustments found in these instructions. The methodology revision will take effect in October 2015.

5. Individuals Consulted on Statistical Aspects and Individuals Collecting and/or Analyzing Data:

Ongoing communication and feedback from participant has been incorporated into adjustments for this revision. In addition, the following have been involved in the statistical aspects and data analysis process for the collection:

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