Office of Child Care
Administration for Children and Families

Child Care Improper Payments Data Collection Instructions

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I. Introduction

This document provides instructions for implementing the required error rate methodology for the Child Care and Development Fund (CCDF), including successful submission of the *State Improper Payments Report* (ACF-404) to the Department of Health and Human Services (HHS). The instructions contain changes that will be effective beginning Federal Fiscal Year (FFY) 2022. Changes include the following:

- Throughout the entire document, some instructions were expanded, updated, and/or reworded, and additional examples were included.
- Section I: Introduction
  - Language was updated to note the following change: On March 2, 2020, the *Payment Integrity Information Act of 2019* (PIIA) repealed and replaced the *Improper Payments Information Act of 2002*, as amended by the *Improper Payments Elimination and Recovery Act of 2010* and the *Improper Payments Elimination and Recovery Improvement Act of 2012.*
  - Language was added to address considerations for conducting error rate reviews when Lead Agencies administer CCDF through other governmental or non-governmental agencies.
- Section III: Creating the Sampling Decisions, Assurances, and Fieldwork Preparation Plan
  - An additional question was added to Item 3g to request information about how the Lead Agency accesses documents stored by other entities.
- Section V: Conducting Case Reviews
  - Flexibility has been added to the Additional Inquiry (AI) process. States can now consider information gathered through their current AI process to determine whether the case was ultimately eligible for services, even if the original eligibility worker had access to this resource.
- Section VI: Completing and Submitting the *State Improper Payments Report* (ACF-404)
  - Item 17 was updated to provide additional instructions for states that do not apply the pooling factor to all sampled cases.
- Section VII: Completing and Submitting the *State Improper Payments Corrective Action Plan* (ACF-405)
  - The title of the ACF-405 report was changed from *Error Rate Review Corrective Action Plan* to *State Improper Payments Corrective Action Plan.*
  - Item 1 was revised to clarify that the Lead Agency should report the improper payment rate from the state's most recent *State Improper Payments Report*. In addition, the item now allows Lead Agencies entering the second or third year of corrective action to provide an updated improper payment rate and a description of how that rate was calculated.
  - Item 3 has been updated to allow Lead Agencies to list the root causes of improper payment errors, including those identified on the state's *State Improper Payments Report*.

Legal Authority

These revisions to the methodology are consistent with HHS' compliance with the Payment Integrity Information Act of 2019 (PIIA). The PIIA requires federal agencies to review their programs and activities to identify those that may be susceptible to significant improper payments and submit a report on actions taken to reduce improper payments. According to the PIIA, agencies must adhere to guidance prescribed by the Office of Management and Budget (OMB). The provisions in this document comply with the OMB Circular A-123, Appendix C, which provides guidance for implementing the requirements. These instructions also comply with the Code of Federal Regulations (CFR), Title 45—Public Welfare—Parts 98 and 99, the official regulations for the CCDF. The 45 CFR 98 Subpart K—Error Rate Reporting—requires states, the District of Columbia, and Puerto Rico (states) to measure, calculate, and report improper payments as well as identify strategies for reducing future improper payments.

The error rate reviews require states to implement the methodology as it relates to their policies and procedures, subject to federal rules. As states comply with provisions of the Child Care and Development Block Grant (CCDBG) Act of 2014 and the CCDF Final Rule, reviews must reflect the policies in place during the time of eligibility actions.

Considerations for Conducting Error Rate Reviews When Administering CCDF Through Other Agencies

The Lead Agency has broad authority to administer the program through other governmental or non-governmental agencies (45 CFR 98.11), however, the Lead Agency shall retain overall responsibility for the administration of the program. This flexibility allows Lead Agencies to administer the CCDF program in different ways and possibly avoid duplication of or overlapping effort with the services and actions that may be performed by another entity or agency serving similar families to those receiving CCDF. However, this flexibility does not eliminate or replace the Lead Agency's responsibility to ensure the CCDF program is administered in compliance with CCDF requirements.

Administrative and implementation responsibilities undertaken by agencies other than the Lead Agency shall be governed by written agreements that specify the mutual roles and responsibilities of the Lead Agency and the other agencies in meeting the requirements of 45 CFR Part 98. For example, as part of meeting the requirements, a Lead Agency using other entities to complete part of the eligibility process will use a written agreement to ensure access to needed documents when reviewing sample cases pulled during the error rate review. Certification and submission of all required documents for the error rate review should be made by someone with authority comparable to the Lead Agency Official who submits the CCDF Plan. Any portion of the eligibility process conducted by entities other than the Lead Agency are still subject to the error rate review, and therefore staff undertaking the review must have access to records and documentation maintained by these entities.

Personally Identifiable Information (PII)

Documents submitted to the Office of Child Care as part of the error rate review should not contain any personally identifiable information (PII). PII refers to information which can be used to distinguish or trace an individual's identity, such as their name or social security number,

alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual. The definition of PII is not anchored to any single category of information or technology. Rather, it requires a case-by-case assessment of the specific risk that an individual can be identified. Non-PII can become PII whenever additional information is made publicly available, in any medium and from any source, that, when combined with other available information, could be used to identify an individual.

Scope of OCC Approval of the Error Rate Documents

Approval of the error rate documents should not be considered assessment of or approval of the CCDF policy, or a declaration that a state's policy meets CCDF regulations. The error rate review process does not replace other Lead Agency reporting requirements and activities for purposes of determining compliance with CCDF requirements, including the triennial submission of the CCDF Plans, Plan Amendments, and monitoring. Lead Agencies are, however, expected to include those approved policies as part of the error rate process.

II. Overview of Methodology

The CCDF error rate methodology employs a case record review process to determine whether eligibility for child care subsidy was properly determined, and whether any improper payments were made. The methodology enables states to determine errors, as well as to identify the types and sources of the errors. The results will provide states with information that will be useful in developing action plans to reduce future improper payments.

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

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

- Intentional program violations by clients or providers
- Errors with attendance records identified via audit
- Errors with issuing payments identified via audit
- Errors caused by client failing to report changes

State Review Cycle

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

Each state completes the error rate review every three years on a rotational cycle. Using a stratified random sample method of selecting states, one-third of the total of 52 states[1] (including the District of Columbia and Puerto Rico) were selected for each of the three reporting year cohorts.

Exhibit 1 displays the three cohorts. The national error measures are calculated by combining the measures from the states in the current reporting year cohort with the most recent measures from the other two cohorts. A review cycle is complete after the cohort of Year 3 states has reported, at which point national error measures for the complete cycle are calculated.

Exhibit 1: States By Cohort

Year 1 States

Region	State
I	New Hampshire
I	Vermont
II	Puerto Rico
III	Pennsylvania

Year 2 States

Region	State
I	Massachusetts
I	Rhode Island
II	New York
III	Virginia

Year 3 States

Region	State
I	Connecticut
I	Maine
II	New Jersey
III	Maryland

[1] The sample consisting of 50 states, the District of Columbia, and Puerto Rico was stratified by region (10 total), with the regions randomly ordered. States were sorted within regions by caseload, from the most cases to the fewest cases. Every third state on the list was then selected, using a random start number for Year 1 and Year 2. Year 3 includes those states not selected for Year 1 or Year 2. This yielded a mix of states in each cohort, including those with county-administered and state-administered programs and those serving small and large numbers of children.

Exhibit 1: States By Cohort *(continued)*

Year 1 States		Year 2 States		Year 3 States	
Region	**State**	**Region**	**State**	**Region**	**State**
III	West Virginia	**III**	Delaware	**III**	District of Columbia
IV	Georgia	**IV**	Florida	**IV**	North Carolina
IV	Alabama	**IV**	Tennessee	**IV**	Kentucky
V	Illinois	**IV**	Mississippi	**IV**	South Carolina
V	Indiana	**V**	Ohio	**V**	Michigan
VI	Texas	**V**	Wisconsin	**V**	Minnesota
VI	Oklahoma	**VI**	Louisiana	**VI**	New Mexico
VII	Kansas	**VI**	Arkansas	**VII**	Missouri
VIII	Colorado	**VII**	Iowa	**VII**	Nebraska
VIII	North Dakota	**VIII**	Utah	**VIII**	Montana
IX	California	**VIII**	South Dakota	**VIII**	Wyoming
IX	Nevada	**IX**	Arizona	**IX**	Hawaii
X	Washington	**X**	Oregon	**X**	Idaho
X	Alaska				

Timeline

Exhibit 2 displays the timeline for the three cohorts' next reporting years. While the timeline provides required submission deadlines, states may, and are encouraged to, submit required documents for review and approval earlier than the deadline.

Exhibit 2: Error Rate Methodology Timeline

N/A	Year 1 States	Year 2 States	Year 3 States
Case review period	October 1, 2021 – September 30, 2022	October 1, 2022 – September 30, 2023	October 1, 2020 – September 30, 2021
Last day to submit *Sampling Decisions, Assurances, and Fieldwork Preparation Plan***	October 31, 2022	October 31, 2023	October 31, 2021
Last day to submit *Record Review Worksheet* (ACF-403)*	December 31, 2022	December 31, 2023	December 31, 2021
Last day to submit *State Improper Payments Report* (ACF-404)**	June 30, 2023	June 30, 2024	June 30, 2022
Submit *Error Rate Review Corrective Action Plan* (ACF-405), if applicable**	60 days from date of ACF-404 submission deadline	60 days from date of ACF-404 submission deadline	60 days from date of ACF-404 submission deadline

*Submit to the Child Care Regional Program Manager in the ACF Regional Office for approval
**Submit through the Online Data Collection (OLDC)

Components of Methodology

- The ***Sampling Decisions, Assurances, and Fieldwork Preparation Plan*** **(SDAP)** includes the state's plans for sampling cases and conducting case record reviews. Each state must create, submit, and receive approval for its *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* prior to drawing the first sample. The deadline for submission is the last day of October in the calendar year prior to the reporting year. States may submit their document as early in the cycle as they choose. Further guidance on creating the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* is in Chapter III, and guidance on generating a sample of cases can be found in Chapter IV.
- The ***Record Review Worksheet*** **(ACF-403)** (including the *Missing and Insufficient Documentation Table* [MID Table]) provides a standardized format to assess the case record to evaluate whether eligibility was correctly determined and whether the subsidy payment was made in the correct amount. Each state must customize, submit, and receive approval for its *Record Review Worksheet* prior to conducting case record reviews. All automated tools must be reviewed and approved by OCC. The deadline for submission is the last day of December in the calendar year prior to the reporting year. States may submit their document as early as possible once it is customized. The information gathered in *Record Review Worksheets* forms the basis for computing error measures. Further guidance on customizing the *Record Review Worksheet* is in Chapter V, and guidance on conducting case record reviews can be found in Chapter VI.
- The ***State Improper Payments Report*** **(ACF-404)** contains the error and improper payment findings and analysis from the case record reviews. States must prepare and submit the *State Improper Payments Report* by June 30 of the reporting year. Further guidance on preparing the *State Improper Payments Report* is in Chapter VII.
- Any state with an improper payment rate that exceeds the threshold established by the Secretary (currently 10%) must prepare and submit a comprehensive ***State Improper Payments Corrective Action Plan*** **(ACF-405)** within 60 days of the submission deadline of the *State Improper Payments Report*. Further guidance on preparing the *State Improper Payments Corrective Action Plan* can be found in Chapter VIII.

OCC reviews the *State Improper Payments Reports* submitted by states; calculates the national error measures; and consolidates the findings, describing the amounts and types of all identified errors, adhering to the requirements found in Appendix C to OMB Circular A-123. This information is reported in HHS' annual Agency Financial Report (AFR).

If a state needs to make significant changes to their documents or processes after approval, they may need to revise and resubmit for OCC approval again. States should consult with their ACF Regional Office for guidance.

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

The *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* (SDAP) includes states' plans for sampling cases and conducting case record reviews. Each state must create, submit, and receive OCC approval for its SDAP prior to drawing the first sample. The deadline for submission is the last day of October in the calendar year prior to the reporting year. The template for the SDAP is included in Attachment 1. States submit the SDAP in the Online Data Collection (OLDC) system.

States conducting case record reviews monthly during the case review period (real time reviews) are encouraged to receive approval in a timely manner to avoid delays in implementing the plan.

The SDAP consists of three parts, each of which must be completed in its entirety. Instructions for completing each item are outlined below.

Part 1: Sampling Decisions

Item 1a. Selection of cases and replacement cases

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

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

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

Item 1b. Random number generator

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

[2] To determine sample size for the CCDF error rate review methodology, OCC assumed (1) a conservative error rate estimate of 50%, (2) a 90% confidence level, and (3) a margin of error of +/- 5%. While OMB recommends a margin of error of +/- 2.5%, this would require a sample size of more than 1,000 children in each State, which was determined to be too burdensome for Lead Agencies. OMB granted permission to use the 90% confidence level and margin of error of +/- 5%. The sample size needed, n, is computed as n=[Z2*p*(1-p)]/E2, where Z is the critical value from a standard normal distribution corresponding to the 90% confidence level, p is the error rate estimate, and E is the margin of error. Thus, n= (2.706*.5*.5)/.0025=270.6, for a final sample size of 271.

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

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

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

Include the projected date for the start of the sampling process, and the projected date for the start of case record reviews. Note: the Lead Agency must receive OCC approval of the SDAP prior to drawing the first sample, and OCC approval of the Record Review Worksheet prior to beginning case record reviews, regardless of estimated projected start dates.

Part 2: Assurances and Certifications

The state must indicate that they will abide by the instructions contained in the *Child Care Improper Payments Data Collection Instructions*. Assurances include the following:

1. The data collection process, including sample selection and case record reviews, adhered to all requirements of the instructions and regulations for *Error Rate Reporting* at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve eligibility determinations or who are under the supervision of persons responsible for eligibility determinations.
3. All reviewers have been trained to ensure that the review process is consistent with state policies and that there is consistency within the state in interpretation of what is an error.
4. The state agrees to retain *Record Review Worksheets*, the *State Improper Payments Report* and any revisions, and any other records pertinent to the case reviews and submission of error rate reports for five years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The state understands that this information, including the sampled case records and calculations, is subject to federal review.

Part 3: Fieldwork Preparation Plan

3a. Identification of project leadership

Include the names, job titles, and roles of each member of the project leadership. The leader(s) must understand the program and have the authority to ensure timelines are met. The level of authority should be comparable to that of the leader who is responsible for the submission of the CCDF Plan. Also, include the name and job title of the person who will certify and submit the final *State Improper Payments* report.

3b. Review team composition

Include the review team size and composition. The names of the reviewers are not required to be included. Members of the review team may not include persons who made or approved eligibility determinations during the review period, or who are under the supervision of persons

responsible for eligibility determinations. Staff selected to complete the review must be knowledgeable about the applicable federal statutes and regulations and state CCDF policies.

3c. Inter-reviewer consistency

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

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

3d. Error definitions

Include the state definitions for errors, improper payment errors, and nonpayment (administrative) errors. The integrity of the review findings requires that all reviewers have a shared view of what constitutes an error. States provide training and instruction to reviewers so that there is consistent interpretation of error.

General error definitions should apply to both payment and nonpayment (administrative) errors. States should ensure that definitions do not include errors that are not under the scope of this review (such as intentional program violations and errors in payment processing).

The following are *examples* of general **error** definition**s**. Definitions will vary by state:

- Example 1 - An error refers to any violation or misapplication of law, regulation, or policy governing the administration of CCDF grant funds, regardless of whether such a violation results in an improper payment.
- Example 2 – Misapplication of policy resulting in either an administrative error or an improper payment error.

Payment error definitions should clearly describe errors that cause incorrect *payments* (and not just incorrect authorizations). States should ensure that definitions do not include errors that are not under the scope of this review. States should not include specific error causes in their definition unless they are clear that the causes given are examples only and are not all-encompassing (see example 2 below).

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

- Example 1 – An improper payment error refers to any payment that should not have been made, or a payment that was made in the incorrect amount, because of an eligibility error.
- Example 2 – An improper payment occurs when a violation or misapplication of policy or procedure governing the child care program results in an overpayment or underpayment to the child care provider. Examples include (but are not limited to) incorrect copay, incorrect provider rate, or authorizing care for an ineligible client.

Nonpayment (administrative) error definitions should clearly describe errors that *do not* result in improper payments. States should ensure that definitions do not include errors that are not under the scope of this review. States should not include specific error causes in their definition unless they are clear that the causes given are examples only and are not all-encompassing.

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

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

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

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

Describe the Lead Agency's plan to ensure that reviewers consistently interpret error as defined in state policy.

Describe how the Lead Agency will identify whether to apply a pooling factor, and how the pooling factor will be determined for the *State Improper Payments Report*. The description must include the individuals or entities involved, a clear description of the process used to determine whether a pooling factor should be applied, and the process for determining the amount of the pooling factor if applicable.

For example, consider identifying the person(s) or unit(s) responsible for tracking fiscal data and/or completing the ACF-800 and ACF-801 reports and describing the internal decision-making process. Note: if the Lead Agency does not use a pooling factor, they should still provide information about how it was determined that funds from CCDF were not pooled with other funds for any sample cases.

A pooling factor should be applied if any sample cases in the error review include child care services that were partially funded by sources other than CCDF. The pooling factor is the percentage of total direct child care service costs that are paid for with CCDF funds for a federal fiscal year. Several items on the *State Improper Payments Report* ask for dollar amounts. Because ACF uses the dollar amounts from this report to calculate the estimated percentage of CCDF dollars that were improper payments, it is important that the dollars included in the report reflect CCDF funds only. In addition, all cases served using any amount of CCDF funds must be included in the sampling universe. Therefore, Lead Agencies with child care subsidy programs funded by CCDF and by dollars from other sources (pooled funds) must be able to determine and report CCDF dollars only. If the Lead Agency does not apply the pooling factor to all sample

cases, please contact your ACF Regional Office for guidance on collecting and reporting the data.

3f. Information systems project responsibilities

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

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

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

Describe the process used to determine the annual amount of payments. For example, the Lead Agency may describe the entity that provides the information to the Lead Agency, the report or system used to determine the annual amount of payments, and how the annual amount is calculated.

3g. Case review logistics

Describe the details of the case record review logistics, including:

- Whether electronic or physical records are reviewed
- How the records (especially the physical records) are handled
- How the Lead Agency accesses needed documents stored by other entities (for example, if part of eligibility is determined by another entity, who provides a referral)
- Where the record reading occurs (on-site, centrally, regionally, a mixture)
- Organization and maintenance of the review files

IV. Generating a Sample of Cases for Review

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

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

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

Each sampling unit is identified by the following information:

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

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

- Each *child* receives a unique Child ID. If two or more children in the same family or household receive services, they should each be given a unique Child ID, even if they are otherwise considered to be under the same case.
- The unique Child ID must not contain identifying information; rather, it is linked to a county or state data system, so that the case record can be pulled if the child is selected for review.

The **sampling frame** is the list of all sampling units (cases) with a payment made for services received in the sample month. The sample month corresponds to a single calendar month.

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

Exhibit 3 provides step-by-step instructions, as well as examples, for generating a sample of cases.

Exhibit 3: Steps for Generating a Sample of Cases

Step	Instruction	Examples
1. Determine number of monthly sampling frames to be created	• To determine the number of sampling frames to be created, refer to the sampling frequency decision in the approved *Sampling Decisions, Assurances, and Fieldwork Preparation Plan*.	• If creating one monthly sampling frame twelve times per year, for a June 30, 2022 submission date: Create the sampling frame for October 2020 in November 2020. Each month create the sampling frame for the prior month. The final sampling frame, for September 2021, is created in October 2021. • If creating six monthly sampling frames twice per year, for a June 30, 2022 submission date: Create six monthly sampling frames (one each for October 2020-March 2021) in May 2021. Create the remaining six monthly sampling frames (for April-September 2021) in November 2021. • If creating 12 monthly sampling frames once, for a June 30, 2022 submission date: Select 12 monthly sampling frames (one each for October 2020-September 2021) in November 2021.
2. Create the monthly sampling frame	• Consider any variations in payment schedules when creating sampling frames, to ensure that only payments for services received in the sample month are included. • Generate a list of all cases with a payment made for services received in the sample month • Sort the list by county[3] caseload size, listing counties with the largest caseload first and continuing down to counties with the smallest caseload. • Within the county, list all unique Child ID numbers sequentially from lowest to highest.	• Sort the list by caseload county size; e.g., County K (2,615 cases), County R (995 cases), County W (971 cases), County M (848 cases), etc. • List unique Child ID numbers from lowest to highest; e.g., 233124 is in position 1, 233128 is in position 2, 255320 is in position 3, etc.
3. Calculate the sampling interval and determine the random number	• Calculate a sampling interval by dividing the total number of cases listed in the monthly sampling frame by the number of cases to be selected for the sample (23) • Using a random number sampling book or software (as identified in the Sampling Decisions, Assurances, and Fieldwork Preparation Plan), select a number falling within the sampling interval. If the sampling interval is not a whole number, round to the nearest whole number.	• Assume 31,286 cases in the sample month. • Divide 31,286 (the number of cases in the sampling frame) by 23 (the number of cases to be selected for the sample), to equal 1,360.3. This is the sampling interval. • Use a random number sampling book or software to select a random number that falls between 1 and 1,360 (1,360.3 rounded down).

[3] If primary division is not at the county level, the list may be sorted by caseload size of the primary division (e.g., CCR&R, coalition, workforce). The state should include this in their sampling plans in their SDAP submission.

Step	Instruction	Examples
4. Select sample cases	• The case corresponding to the random number is the first case selected for the sample. • Add the (unrounded, if applicable) sampling interval to the random number. Round the result (if applicable) to select the next case for the sample. • Continue to add the (unrounded) sampling interval to each (unrounded) result, then round to select cases until the sample is complete at 23 cases.	• Assume the random number is 463. The case in the 463rd position is the first case selected for the sample. • Add 1,360.3 and 463 to get 1823.3. The next case in the sample would be the 1823rd case (1823.3 rounded down). • Add 1360.3 to 1823.3 to get 3183.6. The next case in the sample would be the 3184th case (3183.6 rounded up). • Continue until all 23 cases have been selected for the sample.
5. Calculate the sampling interval and determine the random number for selecting replacement cases	• After the sample of 23 cases has been selected, remove them from the sampling frame. Make sure the remaining cases are properly sorted and listed as described in Step 2. • Calculate a sampling interval by dividing the total number of cases in the new monthly sampling frame by the number of cases to be selected as replacement cases (as identified in the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan*). • Using a random number sampling book or software, select a number falling within the new sampling interval. If the new sampling interval is not a whole number, round to the nearest whole number.	• Assume 23 cases have been selected from the sampling month, leaving 31,263 in the new sampling frame. • Divide 31,263 (the number of cases in the sampling frame) by 3 (the number of replacement cases to be selected) to equal 10,421. • Use a random number sampling book or software to select a random number that falls between 1 and 10,421.
6. Select replacement cases	• The case corresponding to the random number is the first replacement case selected. • Add the (unrounded, if applicable) sampling interval to the random number. Round the result (if applicable) to select the next replacement case. • Add the (unrounded) sampling interval to the (unrounded) result, then round to select the third replacement case. If more than three replacement cases are to be selected, continue this process until all replacement cases are selected.	• Assume the random number is 10. The case in the 10th position is the first replacement case selected. • Add 10,421 to 10 to get 10,431. The next replacement case selected would be the 10,431st case. • Add 10,421 to 10,431 to get 20,852. The third replacement case selected would be the 20,852nd case.
7. Create additional monthly sampling frames, if applicable	• Based on the frequency of monthly sample selection, draw additional sampling frames if applicable.	• If selecting six monthly sampling frames: Repeat steps 2-6 five times. • If selecting 12 monthly sampling frames: Repeat steps 2-6 eleven times.

V. Customizing the Record Review Worksheet

The *Record Review Worksheet* (ACF-403) provides a standardized format to assess the case record in order to evaluate whether eligibility was correctly determined and whether the subsidy payment was made in the correct amount. Each Lead Agency must customize, submit, and receive approval for its *Record Review Worksheet* prior to conducting case record reviews. The deadline for submission is the last day of December in the calendar year prior to the reporting year.

The information gathered in the *Record Review Worksheets* forms the basis for calculating the error measures reported on the *State Improper Payments Report (ACF-404)*. The *Record Review Worksheet* template can be found in Attachment 2.

Lead Agencies customize Elements 100-410 the *Record Review Worksheet* template to conform to the specifics of their CCDF subsidy program. When completed, the customized *Record Review Worksheet* will allow reviewers to:

- Identify the status of each Element of eligibility, based on the applicable federal statutes and regulations and state CCDF policies
- Determine the correct subsidy amount for the sample month
- Identify any errors, to include improper payment errors and administrative (nonpayment) errors

The *Record Review Worksheet* consists of five **sections**, which are further divided into **Elements** for review of specific areas of eligibility. Elements 100-410 have four **columns** designed for documenting and assessing information (Element 500 has two columns). Column 1 of Elements 100-410 contain **boilerplate language** (standard language that must not be changed**)** further specifying the areas of eligibility that will be examined in that Element.

The five sections of the *Record Review Worksheet*, and their Elements, are as follows:

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

- Element 500. Case Summary.

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

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

Element 500 includes the Findings and Results columns only.

General Instructions for Creating the *Record Review Worksheet*

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

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

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

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

Electronic review tools: Many Lead Agencies conduct their case record reviews electronically, using a program such as Microsoft Excel or Microsoft Access. This allows Lead Agencies to automate parts of conducting the reviews and calculating the error measures. Lead Agencies have flexibility in how they choose to set up electronic review tools; however, the printed version **must** conform to the *Record Review Worksheet* template. When submitting the customized *Record Review Worksheet* to the ACF Regional Office, Lead Agencies must submit the printed version that conforms to the template. For example, the form title, case identification information, and instructions at the bottom of the template should all appear exactly as in the template. Column 3 should be blank throughout.

The electronic version will also need to be reviewed and approved, so both may be submitted together.

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

policies and requirements, column 3 contains the findings based on the analysis, and column 4 contains the results based on the findings.

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

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

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

Lead Agencies retain the column heading "Elements of Eligibility and Payment Determination" and boilerplate descriptions. Then, Lead Agencies customize by adding details, clearly distinct from the boilerplate, that reflect their laws, policies, procedures, and other requirements.

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

Section I. State Child Care Program Forms

Element 100. Application/Redetermination Forms

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

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

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

Section II. Priority Group Placement

Element 200. Priority Group Placement

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

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

Section III. General Program Requirements

Element 300. Qualifying Head of Household

Boilerplate: Determine whether client met parent definition (parent means a parent by blood, marriage, or adoption and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same.

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

Element 310. Residency

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

Customization suggestions: The state and/or county residency regulation citations, and the required documentation needed by the eligibility worker to verify status.

Element 320. Parental Work/Training Status

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

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

Element 330. Qualifying Child

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

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

Element 340. Qualifying Care

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

Customization suggestions: Policy citations or instructions for determining hours of care authorized and provider payment rate if applicable. Customization may also include additional prompts for the reviewer, such as determining transportation time, sleep time for shift work, study time for student parents, and bands of time to allow the child to attend a quality early learning or after school program.

Element 350. Qualifying Provider Arrangement

Boilerplate: Determine whether services were provided by a center-based child care provider, a family child care provider, or an in-home child care provider, and that the provider met all applicable requirements, including health and safety requirements.

Customization suggestions: Policy citations such as a list of allowable provider categories, including any exceptions applied to in-home care. Customization may also include additional prompts for the reviewer, such as checking the provider record status screen to see whether a valid license or certificate was in effect and whether health and safety requirements were met..

Section IV. Financial Requirements and Payment

Element 400. Financial Requirements

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

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

Element 410. Payment

Boilerplate: Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error.

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

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

- Greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment).
- Less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment).

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

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

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

Lead Agencies retain the column 2 heading "Analysis of Case Record." Lead Agencies then customize by adding items to assist reviewers in analyzing the specific Element for compliance with the specifics of the state's CCDF subsidy policy.

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

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

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

Exhibit 4: Example of Customizing Element 100

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
100 APPLICATION/REDERMINATION FORMS Determine whether required eligibility forms met all state and federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable. *Policy: 2101: 2-16-30*	Is there a signed application in the case record? Yes ☐ No ☐ N/A ☐ Are all forms correct? Yes ☐ No ☐ Has family declared that assets do not exceed one million dollars? Yes ☐ No ☐ Is there a current service authorization? Yes ☐ No ☐ Comments:

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

Personally identifiable information: Column 2 customizations should not include any items instructing the reviewer to record PII of clients, children, or providers. Examples include

birthdate, address, place of employment, or provider ID number if the number can be traced to the provider name in a public venue such as the internet.

Special instructions for customizing column 2 of Element 200: If Element 200 is not applicable to the state, they should include a note in column 2 that the state served all eligible children during the sample month. No further customization to column 2 is necessary. Exhibit 5 is an example of customizing Element 200 for a state that served all eligible children during the sample month. Note that the state has still customized column 1.

Exhibit 5: Customizing Element 200, State Served All Eligible Children

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
200 PRIORITY GROUP PLACEMENT Determine whether client met criteria of any state-designated priority group, e.g., special needs or low income. *Lead Agency serves all children and did not have a waiting list during the period of review.*	The state served all eligible children during the sample month.

Exhibit 6 is an example of customizing Element 200 for a state that had priority groups.

Exhibit 6: Customizing Element 200, State Had Priority Groups

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
200 PRIORITY GROUP PLACEMENT Determine whether client met criteria of any state-designated priority group, e.g., special needs or low income. *Policies: 2101: 2-16-07;* *2101: 2-16-35*	Was child placed in the correct priority group? Yes ☐ No ☐ N/A ☐ Was the proper verification for the priority group in the case file? Yes ☐ No ☐ N/A ☐ Comments:

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

Exhibit 7 is an example of customizing Element 410. Note the inclusion of the following items in column 2: eligibility worker's subsidy amount, reviewer's subsidy amount, difference if applicable, and payment amount if applicable.

Exhibit 7: Customizing Element 410

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: • greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). • less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment). *Policy: 2101: 2-16-34*	Eligibility worker's subsidy amount $_____ Reviewer's subsidy amount $_____ Difference (if applicable) $_____ Sample month payment amount (if applicable) $_____ Comments:

Addressing Policy Changes in the *Record Review Worksheet*

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

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

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

- If the specifics of the policy changes are known, the Lead Agency is encouraged to customize columns 1 and 2 to account for all policies that will be in place during the review period, with effective dates for the changes. Temporary policy changes that occurred during the review period should include both start and end dates.
- Alternatively, the Lead Agency may submit a customized *Record Review Worksheet* with the policies that are in place at the beginning of the review period, and later submit an updated customized *Record Review Worksheet* to the ACF Regional Office. The updated worksheet should be cumulative; i.e., should include all policies that will be in place during the review period, with effective dates. The Lead Agency cannot conduct reviews using a worksheet with outdated policies and cannot use the new worksheet until it has been approved by OCC. Thus, this option is not recommended unless the Lead Agency does not know the specifics of impending policy changes at the time the worksheet is submitted.

Exhibit 8 shows Element 310 that has been customized with policy changes.

Exhibit 8: Policy Change in the Customized *Record Review Worksheet*

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
310 RESIDENCY Determine whether client was a resident according to state policy. *Policy: 2101: 2-16-30* *Note: Beginning April 1, 2022, parent self-attestation is an acceptable for establishing residency.*	Parent is a resident of state? Yes ☐ No ☐ (for case actions BEFORE 4-1-22): Was the proper verification for residency in the case file? Yes ☐ No ☐ (for case actions AFTER 4-1-22): Was parent self-attestation of residency in the case file? Yes ☐ No ☐ Comments:

VI. Conducting Case Record Reviews

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

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

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

General Instructions for Completing Case Record Reviews

Examining and analyzing information: To properly review cases, reviewers must identify and examine the documentation within the case record that was used to determine eligibility for the sample review month and calculate a subsidy amount for that month. Reviewers examine the most recent eligibility determination in effect as of the sample review month – whether it was the initial determination or a redetermination – and any subsequent eligibility actions taken on the case. Reviewers must consider what policies were in place at the time of the eligibility worker's action(s), with the understanding that the action(s) may have occurred prior to the review period.

The documentation examined for the review may be permanent portions of the case record (e.g., a birth certificate), or information specific to the eligibility period that covers the sample month (e.g., copies of pay stubs or school schedules). The review also includes access to, or inquiry of, any relevant screens or files within a state's automated system or screens or files from other entities that may conduct part of the eligibility process, as appropriate based on state policy and error definition.

If the reviewer determines that there is missing documentation, the Lead Agency may choose to contact the local eligibility office and provide an opportunity for them to locate the document(s) that was in their possession but not included in the case record when it was submitted for review. This should not be construed as an opportunity for the local eligibility office to obtain documentation it had not previously obtained, or to seek new documentation. **Reviewers are never to contact the client, their employers, or their child care providers to clarify or obtain information for the review.** If the local eligibility office is able to provide the missing documentation, the Element should not be considered to be in error, but the reviewer may note it in the column 2 comments box.

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

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

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

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

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

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

Personally identifiable information: **When completing the worksheet, it is important that reviewers never include PII of clients, children, or providers**. This includes names, birthdates, addresses, places of employment, and provider ID number if the number can be traced to the provider name in a public venue such as the internet. If a Lead Agency has its own cover sheet to summarize each worksheet and/or provide additional information (not part of the OMB-approved RRW), the cover sheet may contain PII.

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

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

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

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

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

- Describe the thought process for determining whether the Element has an error (especially if it is not clear from the column 2 items)
- Note whether the Lead Agency contacted a local eligibility office to produce missing documentation
- Show the math for calculating hours of care needed, income, or subsidy amount
- Note any exceptions or overrides by the case worker that are not captured by the column 2 items
- Record the documentation that was present in the case file or that was used to verify requirements (if the column 2 items do not ask for this already), as shown in Exhibit 9
- Explain why any items were left blank or not completed, as shown in Exhibit 10

Exhibit 9: Comment Box Example 1

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
320 PARENTAL WORK/TRAINING STATUS Determine whether the child's parent or parents were working, attending a job training or educational program (including a job search if applicable), or if the parent or parents had a child receiving or needing to receive protective services under the state's definition. *Policy: 2101: 2-16-32*	Does the parent meet a need for service? Yes ***X*** No ☐ If a two-parent family, do both meet the need for service? Yes ☐ No ☐ N/A ***X*** Is the required documentation needed to verify need for service in the file? Yes ***X*** No ☐ Comments ***Paystubs show parent is working 40 hours/week.***

Exhibit 10: Comment Box Example 2

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
400 FINANCIAL REQUIREMENTS Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied. *Policy: 2101: 2-16-31*	Was income verification in case file? Yes ☐ No ***X*** N/A ☐ Was income calculated correctly based on current information? Yes ☐ No ☐ Was the family assessed the correct family fee, if applicable? Yes ☐ No ☐ N/A ☐ Comments: ***No income documentation present in case file. Could not assess whether income was calculated correctly and whether the family fee was correct.***

Completing the comment box is not always necessary. Exhibit 11 shows an example of Element 310 where the column 2 analyses were clear from the items, and no additional information was needed.

Exhibit 11: Comment Box Example 3

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
310 RESIDENCY Determine whether client was a resident according to state policy. *Policy: 2101: 2-16-30* *Note: Beginning April 1, 2022, parent self-attestation is an acceptable for establishing residency.*	Parent is a resident of state? Yes ***X*** No ☐ (for case actions BEFORE 4-1-22): Was the proper verification for residency in the case file? Yes ☐ No ☐ (for case actions AFTER 4-1-22): Was parent self-attestation of residency in the case file? Yes ***X*** No ☐ Comments:

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

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

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

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

Exhibit 12 is an example of Element 410 columns 1 and 2 in a case where there is no improper payment. Note that the reviewer did not record the sample month payment amount, because there was no difference between the two subsidy amounts.

Exhibit 12: Example of Element 410 Columns 1-2, No Improper Payment

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: • greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). • less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment). *Policy: 2101: 2-16-34*	Eligibility worker's subsidy amount $ ***200.15*** Reviewer's subsidy amount $ ***200.15*** Difference (if applicable) $_____ Sample month payment amount (if applicable) $_____ Comments:

Exhibit 13 shows Element 410 columns 1 and 2 in a case where there is an improper payment error.

Exhibit 13: Example of Element 410 Columns 1-2, Improper Payment

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: • greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). • less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment). *Policy: 2101: 2-16-34*	Eligibility worker's subsidy amount $__***225.25***_____ Reviewer's subsidy amount $_***200.15***_____ Difference (if applicable) $__***25.10***_____ Sample month payment amount (if applicable) $__***225.25***____ Comments: ***There is an overpayment of $25.10.***

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

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

multiple absences during the sample month that were noted in the attendance and payment records.

See Exhibit 14 for an illustration of this. The reviewer determined that due to the partial month payment, no improper payment occurred. Lead Agencies are encouraged to consult with the ACF Regional Office if they have questions about partial month payments and whether they caused potential improper payments.

Exhibit 14: Example of Element 410 Columns 1-2, Partial Month Payment

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: • greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). • less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment). *Policy: 2101: 2-16-34*	Eligibility worker's subsidy amount $__***200.15***_____ Reviewer's subsidy amount $_***175.15***_____ Difference (if applicable) $__***25.00***_____ Sample month payment amount (if applicable) $___***50.00***___ Comments: ***The wrong payment rate was applied (see Element 340), leading to an over authorization of $25.00. However, child only attended one week instead of the four weeks that had been authorized. As a result of this partial month payment, it was determined that no improper payment was made.***

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

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

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

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

Reviewers should start the column 3 summary by stating whether the Element had an error, whether it was an improper payment error, and whether it was caused by MID. The column should never be left blank, even if there was no error.

The following are examples of Elements in which both columns 2 and 3 were completed. The first example, in Exhibit 15, shows Element 300 with no error.

Exhibit 15: Example of Element 300 Columns 1-3, No Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
300 QUALIFYING HEAD OF HOUSEHOLD Determine whether client met parent definition (parent means a parent by blood, marriage, or adoption and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same. *Policy: 2101: 2-16-30*	Client meets policy definition of parent/head of household: Yes ***X*** No ☐ Which definition does client meet? ***Parent*** Comments: ***Birth certificate used to verify.***	***No error.***

Exhibit 16 shows Element 200 in a state in which all eligible children were served during the sample month (i.e., the Element does not apply). Note that column 3 was still completed by the reviewer.

Exhibit 16: Example of Element 200 Columns 1-3 When Element Does Not Apply

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
200 PRIORITY GROUP PLACEMENT Determine whether client met criteria of any state-designated priority group, e.g., special needs or low income. *Lead Agency serves all children and did not have a waiting list during the period of review*	The state served all eligible children during the sample month.	***No error***

Exhibit 17 contains an example of columns 1-3 of Element 400. Note the distinction between the comment box in column 2 and the summary in column 3. The comment box in column 2 contains specific information about the calculations that led to the error. The column 3 summary includes the type of error found (non-MID, administrative), and a very brief description of the nature of the error.

Exhibit 17: Example of Element 400 Columns 1-3, Non-MID Administrative Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
400 FINANCIAL REQUIREMENTS Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied. *Policy: 2101: 2-16-31*	Was income verification in case file? Yes ***X*** No ☐ N/A ☐ Was income calculated correctly based on current information? Yes ☐ No ***X*** Was the family assessed the correct family fee, if applicable? Yes ***X*** No ☐ N/A ☐ Comments: ***Gross income was calculated by eligibility worker as $1705.52. One paystub was entered incorrectly. Correct gross income is 1716.52. The miscalculation does not impact the copay.***	***Non-MID administrative error – income miscalculation.***

Exhibit 18 includes an example of columns 1-3 of Element 100. The comment box in column 2 was used to describe the documentation that was reviewed, and how it was insufficient. The column 3 summary includes the type of error found (MID, administrative), and a very brief description of the nature of the error.

Exhibit 18: Example of Element 100 Columns 1-3, MID Administrative Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
100 APPLICATION/REDERMINATION FORMS Determine whether required eligibility forms met all state and federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable. Do not include required documents that are addressed in other Elements. *Policy: 2101: 2-16-30*	Is there a signed application in the case record? Yes ☐ No ***X*** N/A ☐ Are all forms correct? Yes ***X*** No ☐ Has family declared that assets do not exceed one million dollars? Yes ☐ No ***X*** Is there a current service authorization? Yes ***X*** No ☐ Comments: ***Signed AC-105 in case file. AC-106 is in case file but was not signed. This is an administrative error.***	***MID administrative error – AC-106 was not signed.***

Exhibit 19 shows columns 1-3 of Element 340. The comment box in column 2 was used to provide additional information about the error. The column 3 summary includes the type of error found (non-MID, improper payment), and a very brief description of the nature of the error.

Exhibit 19: Example of Element 340 Columns 1-3, non-MID Improper Payment Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
340 QUALIFYING CARE Determine whether the number of hours, type of care, and provider payment rate authorized for the sample month were correct based on state policy. *Policies: 2101: 2-16-30* *2101: 2-16-34*	Type of care authorized: ***Full-time infant*** Was correct type of care authorized? Yes ***X*** No ☐ Was the correct provider payment rate authorized? Yes ☐ No ***X*** Comments: ***Full-time infant rate should have been authorized. Toddler rate was incorrectly selected.***	***Non-MID improper payment error – wrong provider rate selected.***

Exhibit 20 contains an example of columns 1-3 of Element 320 where there were multiple errors. Note the distinction between the comment box in column 2 and the summary in column 3.

Exhibit 20: Example of Element 320 Columns 1-3, Multiple Errors

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
320 PARENTAL WORK/TRAINING STATUS Determine whether the child's parent or parents were working, attending a job training or educational program (including a job search if applicable), or if the parent or parents had a child receiving or needing to receive protective services under the state's definition. *Policy: 2101: 2-16-32*	Does the parent meet a need for service? Yes ***X*** No ☐ If a two-parent family, do both meet the need for service? Yes ☐ No ☐ N/A ☐ Is the required documentation needed to verify need for service in the file? Yes ☐ No ***X*** Comments ***Parent 1 is working 40 hours/week. Changed employers July 20, notified worker but worker did not input new employment information in system. Application shows Parent 2 also works 40 hours/week but no activity verification found. Cannot determine if both parents meet need for service.***	***MID improper payment error – no activity verification for Parent 2.*** ***non-MID administrative error – worker did not update employment information for Parent 1.***

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

Exhibit 21 shows Element 410, columns 1-3 in a case where there was an improper payment error. Note the reference to Element 400 in column 3.

Exhibit 21: Example of Element 410 Columns 1-3, Improper Payment Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: • greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). • less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment). *Policy: 2101: 2-16-34*	Eligibility worker's subsidy amount $__***225.25***_____ Reviewer's subsidy amount $_***200.15***_____ Difference (if applicable) $__***25.10***_____ Sample month payment amount (if applicable) $__***225.25***____ Comments: ***There is an overpayment of $25.10.***	***Overpayment of $25.10. The improper payment was caused by the incorrect copay applied (see Element 400).***

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

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

Coding instructions for column 4 are as follows:

1. *No Error/Error*
   If the Element has no error, code "0." If the Element has **any** error (whether or not the error results in an improper payment), code "1".
2. *Missing/Insufficient Documentation.*
   - Code "N/A" in column 4, item 2 if the Element has no error.
   - Code "N" in column 4, item 2 if:
     - the Element has one or more improper payment errors, *none* of which were caused by missing or insufficient documentation; **or**
     - the Element does not have an improper payment error, but has one or more administrative errors, *none* of which were caused by missing or insufficient documentation.
   - Code "Y" in column 4, item 2 if:
     - the Element has one or more improper payment errors, *any* of which were caused by missing or insufficient documentation; **or**

- the Element does not have an improper payment error, but has one or more administrative errors, *any* of which were caused by missing or insufficient documentation.

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

- If the missing/insufficient documentation error will *not* result in an improper payment (i.e., it is an administrative error), code "N" and continue to the next Element.
- If the missing/insufficient documentation error may potentially result in an improper payment, code "Y" and complete the MID Table for that Element. Further instructions on additional inquiry and using the MID Table are presented in the next subsection in this chapter.

Exhibit 22 is an example of Element 300 with no error. Note the coding of item 2 in column 4 – when there is no error, it should **always** be coded as NA. Also note that the reviewer did not enter anything for item 2A.

Exhibit 22: Example of Element 300 Columns 1-4, No Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
300 QUALIFYING HEAD OF HOUSEHOLD Determine whether client met parent definition (parent means a parent by blood, marriage, or adoption and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same. *Policy: 2101: 2-16-30*	Client meets policy definition of parent/head of household: Yes ***X*** No ☐ Which definition does client meet? ***Parent*** Comments: ***Birth certificate used to verify.***	***No error.***	**300 RESULTS** 1. No Error / Error ***0*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A). ***NA*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)

Exhibit 23 shows coding for column 4 where there was a non-MID administrative error in Element 400. Note that item 2 in column 4 was coded as "N," and item 2A was left blank.

Exhibit 23: Example of Element 400 Columns 1-4, Non-MID Administrative Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
400 FINANCIAL REQUIREMENTS Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied. *Policy: 2101: 2-16-31*	Was income verification in case file? Yes ***X*** No ☐ N/A ☐ Was income calculated correctly based on current information? Yes ☐ No ***X*** Was the family assessed the correct family fee, if applicable? Yes ***X*** No ☐ N/A ☐ Comments: ***Gross income was calculated by eligibility worker as $1705.52. One paystub was entered incorrectly. Correct gross income is 1716.52. The miscalculation does not impact the copay.***	***Non-MID administrative error – income miscalculation.***	**400 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A). ***N*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)

Exhibit 24 displays coding for column 4 for Element 100 where there was a MID administrative error. Since item 2 in column 4 was coded as "Y," the reviewer completed item 2A. Since item 2A was coded as "N," the reviewer would not need to complete the MID Table.

Exhibit 24: Example of Element 100 Columns 1-4, MID Administrative Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
100 APPLICATION/REDERMINATION FORMS Determine whether required eligibility forms met all state and federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable. Do not include required documents that are addressed in other Elements. *Policy: 2101: 2-16-30*	Is there a signed application in the case record? Yes ☐ No ***X*** N/A ☐ Are all forms correct? Yes ***X*** No ☐ Has family declared that assets do not exceed one million dollars? Yes ***X*** No ☐ Is there a current service authorization? Yes ***X*** No ☐ Comments: ***Signed AC-105 in case file. AC-106 is in case file but was not signed. This is an administrative error.***	***MID administrative error – AC-106 was not signed.***	**100 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A). ***Y*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table) ***N***

Exhibit 25 shows column 4 coding where there was a non-MID improper payment error in Element 340. Note that because item 2 in column 4 was coded as "N," item 2A was left blank.

Exhibit 25: Example of Element 100 Columns 1-4, MID Administrative Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
340 QUALIFYING CARE Determine whether the number of hours, type of care, and provider payment rate authorized for the sample month were correct based on state policy. *Policies: 2101: 2-16-30* *2101: 2-16-34*	Type of care authorized: ***Full-time infant*** Was correct type of care authorized? Yes ***X*** No ☐ Was the correct provider payment rate authorized? Yes ☐ No ***X*** Comments: ***Full-time infant rate should have been authorized. Toddler rate was incorrectly selected.***	***Non-MID improper payment error – wrong provider rate selected.***	**340 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) ***N*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)

The example in Exhibit 26 shows Element 320 where there were multiple errors. Note that item 2 in column 4 is coded as "Y." Because this Element has both an administrative and a payment error, the reviewer coded item 2 "Y" for the payment error, which was caused by MID. Also note that since item 2A was coded as "Y," the reviewer would need to complete the MID Table.

Exhibit 26: Example of Element 320 Columns 1-3, Multiple Errors

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
320 PARENTAL WORK/TRAINING STATUS Determine whether the child's parent or parents were working, attending a job training or educational program (including a job search if applicable), or if the parent or parents had a child receiving or needing to receive protective services under the state's definition. *Policy: 2101: 2-16-32*	Does the parent meet a need for service? Yes ***X*** No ☐ If a two-parent family, do both meet the need for service? Yes ☐ No ☐ N/A ☐ Is the required documentation needed to verify need for service in the file? Yes ☐ No ***X*** Comments ***Parent 1 is working 40 hours/week. Changed employers July 20, notified worker but worker did not input new employment information in system. Application shows Parent 2 also works 40 hours/week but no activity verification found. Cannot determine if both parents meet need for service.***	***MID improper payment error – no activity verification for Parent 2.*** ***non-MID administrative error – worker did not update employment information for Parent 1.***	**320 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A). ***Y*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table) ***Y***

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

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

Special instructions for completing column 4 in Element 410: If there is an error found in Element 410 (Payment), there *must* be an error coded in at least one Element from 100-400. **All improper payment errors found in Element 410 will have been caused by an error, or errors, found in 100-400.** Exhibit 27 gives an example of Element 410 containing an improper payment error, with column 4 coded appropriately.

Exhibit 27: Element 410 Columns 1-4, Improper Payment Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: • greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). • less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment). *Policy: 2101: 2-16-34*	Eligibility worker's subsidy amount $__***225.25***_____ Reviewer's subsidy amount $_***200.15***_____ Difference (if applicable) $__***25.10***_____ Sample month payment amount (if applicable) $__***225.25***____ Comments: ***There is an overpayment of $25.10.***	***Overpayment of $25.10 due to non-MID error found in element 400.***	**410 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation ***N***

When there is a discrepancy between the two subsidy amounts in Element 410 but it is determined that no improper payment was made, column 4 should be coded to reflect no error, as shown in Exhibit 28.

Exhibit 28: Element 410 Columns 1-4, No error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: • greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). • less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment). *Policy: 2101: 2-16-34*	Eligibility worker's subsidy amount $ ***200.15*** Reviewer's subsidy amount $ ***175.15*** Difference (if applicable) $ ***25.00*** Sample month payment amount (if applicable) $ ***50.00*** Comments: ***The wrong payment rate was applied (see Element 400), leading to an over authorization of $25.00. However, child only attended one week instead of the four weeks that had been authorized. As a result of this partial month payment, it was determined that no improper payment was made.***	***No error***	**410 RESULTS** 1. No Error / Error ***0*** 2. Missing/Insufficient Documentation ***NA***

Using the Additional Inquiry (AI) for Missing or Insufficient Documentation (MID) Errors and Completing the MID Table

The Additional Inquiry (AI) is a process in which a Lead Agency accesses or makes inquiries into other state resources in order to determine whether the case was ultimately eligible for services. An AI can be conducted even if the original eligibility worker had access to this resource, and may allow the Lead Agency to obtain documentation that was missing or lacking to potentially mitigate the error. When a MID error that would cause an improper payment is discovered, the reviewer must complete the MID Table portion of the RRW to document the

findings and record the result of any AI that was conducted. The MID Table is described in more detail later in this subsection.

Steps to the AI and MID Table: Exhibit 29 displays the steps to conducting the AI and completing the MID Table. More detailed instructions follow.

Exhibit 29: Steps to the AI and MID Table

Step	Instruction
1	Determine if Element has a MID potential improper payment error
2	Determine if an AI can be conducted
3	Conduct the AI, if applicable
4	Complete the MID Table
5	Go back to the Element to update with additional information from the AI, if applicable

Step 1: Determine if Element has a MID potential improper payment error

The AI and MID Table involve those errors that would lead to a MID improper payment error, or *MID potential improper payment errors*. These errors are documented in by a code of "Y" for item 2A in column 4 of the *Record Review Worksheet* for that Element.

Whether a MID error should be considered a potential improper payment error is dependent on state policies and error definitions. Examples are not always clear-cut, as described in the scenario below:

While examining Element 400, the reviewer discovers that hard copies of the client's paystubs are missing from the case file. The income information, however, is available in the state's system. The way this type of scenario is handled will vary by state:

- In state 1, there would be no error in Element 400.
- In state 2, there would be a MID administrative error in Element 400.
- In state 3, the missing hard copies of the paystubs would lead to a MID improper payment error.

Only in state 3 would the reviewer consider the AI and complete the MID Table.

Consider another scenario: While examining Element 100, the reviewer discovers that required signatures are missing from the application. Reviewers in some states would determine that this is a MID administrative error, while in other states this would be an MID improper payment error.

If the error is not MID, or would not cause an improper payment, **no AI can be conducted and the MID Table should not be completed.**

Step 2: Determine if an AI can be conducted

Reviewers can consult with any resource *within the state* for conducting the AI.

Specifics of the AI will vary by state, but may include the following:

- Consulting electronic systems or screens, including those shared with other assistance programs;
- Contacting other assistance programs in which the client has participated or has participated in the past, such as TANF, SNAP, or Medicaid; or
- Contacting other state agencies that may be able to provide missing information, such as vital records for birth certificates or the labor department for employment verification.

In *all* states, the AI will *not* include:

- Contacting local eligibility offices to provide an opportunity for them to locate missing documents. As stated earlier in this chapter, this is allowed and is not considered an AI, as the missing documents were in the possession of the eligibility office; or
- Seeking independent or third-party verification or contacting the client, their employers, or their child care providers.

Lead Agencies are never required to conduct an AI; however, it is strongly encouraged. By mitigating these errors, Lead Agencies will be able to report a more accurate representation of their error rate.

In some scenarios, an AI may not be possible. For instance, a missing child care application likely cannot be found by another source as it is unique to child care.

<u>Step 3: Conduct the AI, if applicable.</u>

The error is mitigated by the AI if the reviewer can determine that the client met the requirements that could not previously be determined due to the missing or insufficient documentation.

It is possible that the AI only partially mitigates the error. If this occurs, the Lead Agency should contact the Regional Office for guidance.

<u>Step 4: Complete the MID Table</u>

The MID Table is completed for all MID potential improper payment errors, regardless of whether an AI was conducted.

One table is used for each case. The table includes nine rows, each corresponding to an Element from 100-400 on the *Record Review Worksheet*. There are nine columns for recording information gathered from the AI.

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

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

1. *Element*
   This column contains the Element number corresponding to the *Record Review Worksheet.* The reviewer does not add anything to the rows in this column. The rows corresponding to Elements that do not have a missing or insufficient documentation error that may potentially result in an improper payment should be left blank.

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

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

4. *Is there an additional inquiry that can be made to mitigate the potential improper payment error?*
   If the Lead Agency will be utilizing an AI, code "1" and continue to column 6. If the Lead Agency will not or cannot utilize an AI to mitigate the error in the Element, code "0" and continue to column 5.

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

6. *If Yes, describe additional inquiry*
   If column 4 was coded as "1," describe the actions taken for the AI. This may include the names of the agency or agencies that were contacted, or the documents that were reviewed.

7. *Was the improper payment mitigated by using the additional inquiry?*
   Code "1" if the potential improper payment was mitigated using the AI. Code "0" if **no** dollar amount was mitigated using the AI.

8. *Enter the dollar amount that was mitigated*
   If the entire improper payment was mitigated, the amount entered here should be the same as the amount recorded in column 3. If only a partial dollar amount can be mitigated, enter that figure. Lead Agencies are reminded to contact the ACF Regional Office for guidance with partial mitigation.

9. *Describe how the Lead Agency determined whether or not the potential improper payment could be mitigated*
   The Lead Agency should respond to this whether the potential improper payment was mitigated or not mitigated using the AI. Describe how the Lead Agency used the

information discovered in the AI to conclude whether or not an improper payment was made.

Step 5: Go back to the Element to update with additional information from the AI, if applicable.

If an AI mitigated the MID potential improper payment error, the reviewer should return to the Element with the error and update columns 2 and 3 with any additional information. The reviewer should mention that an AI was conducted. The coding in column 4 should **not** be changed.

Examples of the AI and MID Table: Exhibit 30 shows Element 400 for a case where income information was missing. Note that item 2A of column 4 is coded as "Y." Also note that due to the missing documentation, the reviewer was unable to complete several of the items in column 2.

Exhibit 30: Example of Element 400, MID Potential Improper Payment Error (Before AI)

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
400 FINANCIAL REQUIREMENTS Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied. *Policy: 2101: 2-16-31*	Was income verification in case file? Yes ☐ No ***X*** N/A ☐ Was income calculated correctly based on current information? Yes ☐ No ☐ Was the family assessed the correct family fee, if applicable? Yes ☐ No ☐ N/A ☐ Comments: ***No income documentation present in case file. Could not assess whether income was calculated correctly and whether the family fee was correct.***	***MID improper payment error – no income documentation.***	**400 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) ***Y*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table) ***Y***

The reviewer must determine whether an AI can be conducted. In this example, the reviewer contacted the SNAP office as it was found that the client also receives SNAP benefits. The

SNAP office was able to provide the missing documentation. Exhibit 31 shows how the MID Table would be completed for this Element.

Exhibit 31: Example of MID Table, Mitigated Error in Element 400

1	2	3	4	5	6	7	8	9
Element	Describe documentation that was missing or insufficient	Dollar amount of potential improper payment	Is there an additional inquiry that can be made to mitigate the potential improper payment error? **0=No** **1=Yes**	If **No**, describe why not *(Note: After responding, go to Element 500 if there are no other Elements requiring the MID Table)*	If **Yes**, describe the additional inquiry	Was the improper payment mitigated using the additional inquiry? **0=No** **1=Yes**	Enter dollar amount that was mitigated	Describe how the state determined whether or not the potential improper payment could be mitigated. *(Note: Please respond to this whether the potential improper payment was mitigated or not mitigated)*
100								
200								
300								
310								
320								
330								
340								
350								
400	Income verification	$250	1		Contacted SNAP Office	1	$250	Based on the documentation provided by the SNAP office, we determined that the income provided in the application was accurate.
Total								

Upon completing the AI, the reviewer returned to Element 400 to fill in missing information, as shown in Exhibit 32. note that item 2A in column 4 was unchanged.

Exhibit 32: Example of Element 400, MID Potential Improper Payment Error (After AI)

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
400 FINANCIAL REQUIREMENTS Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied. *Policy: 2101: 2-16-31*	Was income verification in case file? Yes ☐ No ***X*** N/A ☐ Was income calculated correctly based on current information? Yes ***X*** No ☐ Was the family assessed the correct family fee, if applicable? Yes ***X*** No ☐ N/A ☐ Comments: ***No income documentation present in case file. Used additional inquiry to contact SNAP office. They verified that gross income of $1325 provided in the application is correct. Copay is correct for family size.***	***MID improper payment error (no income documentation) mitigated through additional inquiry.***	**400 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) ***Y*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table) ***Y***

For the next example, consider a case where the child care application was missing in Element 100, as illustrated in Exhibit 33.

Exhibit 33: Example of Element 100, MID Potential Improper Payment Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
100 APPLICATION/REDERMINATION FORMS Determine whether required eligibility forms met all state and federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable. Do not include required documents that are addressed in other Elements. *Policy: 2101: 2-16-30*	Is there a signed application in the case record? Yes ☐ No ***X*** N/A ☐ Are all forms correct? Yes ☐ No ***X*** Has family declared that assets do not exceed one million dollars? Yes ***X*** No ☐ Is there a current service authorization? Yes ***X*** No ☐ Comments: ***AC-105 (child care application) is missing from case file.***	***MID improper payment error due to missing application.***	**100 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A). ***Y*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table) ***Y***

The reviewer determined that no AI could be conducted to mitigate this error, as the missing application could not be recovered from another source. Exhibit 34 displays how the MID Table would be completed.

Exhibit 34: Example of MID Table, Error Not Mitigated in Element 100

1	2	3	4	5	6	7	8	9
Element	Describe documentation that was missing or insufficient	Dollar amount of potential improper payment	Is there an additional inquiry that can be made to mitigate the potential improper payment error? **0=No** **1=Yes**	If **No**, describe why not *(Note: After responding, go to Element 500 if there are no other Elements requiring the MID Table)*	If **Yes**, describe the additional inquiry	Was the improper payment mitigated using the additional inquiry? **0=No** **1=Yes**	Enter dollar amount that was mitigated	Describe how the state determined whether or not the potential improper payment could be mitigated. *(Note: Please respond to this whether the potential improper payment was mitigated or not mitigated)*
100	Application	$125	0	Document is unique to the child care program				
200								
300								
310								
320								
330								
340								
350								
400								
Total								

Since the error was not mitigated, the reviewer would not need to go back to Element 100 to add more information.

For the final example, consider a case where the reviewer determined that the child's birth certificate was missing in Element 330, as shown in Exhibit 35. In this state, the missing birth certificate would lead to a payment error.

Exhibit 35: Example of Element 330, MID Potential Improper Payment Error

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
330 QUALIFYING CHILD Determine if the child met eligibility criteria including (1) age (younger than 13 years, or younger than 19 years and physically or mentally incapable of caring for himself or herself or under court supervision), (2) citizenship/qualified alien status as set forth in federal policy, and (3) other eligibility requirements as defined in the state plan. *Policy: 2101: 2-16-30*	Age of child: If age 13-18, does case file contain documentation of special needs? Yes ☐ No ☐ N/A ***X*** Documentation of citizenship or qualified alien status? Yes ☐ No ***X*** Comments: ***No birth certificate, cannot verify citizenship***	***MID improper payment error due to missing birth certificate***	**330 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A). ***Y*** 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table) ***Y***

The reviewer conducted an AI by contacting the state's vital records department. However, they were unable to produce the missing birth certificate. Exhibit 36 shows how the MID Table would be completed.

Exhibit 36: Example of MID Table, Error Not Mitigated in Element 330

1	2	3	4	5	6	7	8	9
Element	Describe documentation that was missing or insufficient	Dollar amount of potential improper payment	Is there an additional inquiry that can be made to mitigate the potential improper payment error? **0=No** **1=Yes**	If **No**, describe why not *(Note: After responding, go to Element 500 if there are no other Elements requiring the MID Table)*	If **Yes**, describe the additional inquiry	Was the improper payment mitigated using the additional inquiry? **0=No** **1=Yes**	Enter dollar amount that was mitigated	Describe how the state determined whether or not the potential improper payment could be mitigated. *(Note: Please respond to this whether the potential improper payment was mitigated or not mitigated)*
100								
200								
300								
310								
320								
330	Child's birth certificate	$250	1		Contacted state vital records	0	0	State vital records were unable to locate a birth certificate for the child
340								
350								
400								
Total								

Since the error was not mitigated, the reviewer would not need to go back to Element 100 to add more information.

Completing the MID table for multiple errors: A case may have multiple MID errors that are potential improper payments, such as the following:

1. A case has one piece of missing documentation that causes errors in multiple Elements. As described in a previous subsection, a missing work verification will, in many cases, result in an error in Element 320 (Parental Work/Training Status). If that missing work verification also included work hours, there may also be a resulting error in Element 340 (Qualifying Care).
2. A case has multiple, unrelated Elements with missing documentation. For example, a missing birth certificate in Element 310 and missing income information in Element 400.
3. A case has more than one piece of missing documentation in the same Element. For example, a missing application and certificate in Element 100.

The Lead Agency should ensure that each error is examined separately, even if they involve the same piece of missing documentation (as in the first scenario described above). It is feasible that different AIs may need to be performed, or that an AI may mitigate one error but not the other.

Each error should be documented separately in the MID Table. If one Element has more than one MID potential improper payment error (as in the third scenario described above), the reviewer may add rows to the MID Table.

Completing the totals row of the MID Table: The goal of the totals row is to provide an accurate representation of (1) the number of MID potential improper payment errors identified and mitigated, and (2) the dollar amounts associated for the case as a whole. The totals row is completed for columns 3 and 4 for any MID Table with at least one MID potential improper payment error. The totals row is completed for columns 7 and 8 if at least one AI was conducted.

If there is only one MID potential improper payment error, the figures entered in the totals row should match those that were entered in the Element row, as shown in Exhibit 37.

Exhibit 37: Completed MID Table, One MID Error

1	2	3	4	5	6	7	8	9
Element	Describe documentation that was missing or insufficient	Dollar amount of potential improper payment	Is there an additional inquiry that can be made to mitigate the potential improper payment error? **0=No** **1=Yes**	If **No**, describe why not *(Note: After responding, go to Element 500 if there are no other Elements requiring the MID Table)*	If **Yes**, describe the additional inquiry	Was the improper payment mitigated using the additional inquiry? **0=No** **1=Yes**	Enter dollar amount that was mitigated	Describe how the state determined whether or not the potential improper payment could be mitigated. *(Note: Please respond to this whether the potential improper payment was mitigated or not mitigated)*
100								
200								
300								
310								
320								
330								
340								
350								
400	Income verification	$250	1		Contacted SNAP Office	1	$250	Based on the documentation provided by the SNAP office, we determined that the income provided in the application was accurate
Total		$250	1			1	$250	

If the case has multiple MID potential improper payment errors, the figures entered in the totals row for columns 4 and 7 should match the sum of the figures entered for the Element rows. However, the figures entered in totals row for columns 3 and 8 should not be summed, but should represent the findings for the case as a whole.

For example, refer to Exhibit 38. This example shows a completed MID Table for a case where there were two MID potential improper payment errors, and both were mitigated. Note that in the totals row, columns 4 and 7 were summed. Column 3 was not summed, but reflects the potential improper payments for the case as a whole (in this case, it equaled the sample month payment amount). Column 8 reflects the dollar amount that was mitigated for the entire case. Since both errors were fully mitigated, this is equal to the full potential improper payment amount (i.e., the sample month payment amount for this case).

Exhibit 38: Completed MID Table, Two MID Errors, Both Mitigated

1	2	3	4	5	6	7	8	9
Element	Describe documentation that was missing or insufficient	Dollar amount of potential improper payment	Is there an additional inquiry that can be made to mitigate the potential improper payment error? **0=No** **1=Yes**	If **No**, describe why not *(Note: After responding, go to Element 500 if there are no other Elements requiring the MID Table)*	If **Yes**, describe the additional inquiry	Was the improper payment mitigated using the additional inquiry? **0=No** **1=Yes**	Enter dollar amount that was mitigated	Describe how the state determined whether or not the potential improper payment could be mitigated. *(Note: Please respond to this whether the potential improper payment was mitigated or not mitigated)*
100								
200								
300								
310								
320								
330	Child's birth certificate	$250	1		Contacted state vital records	1	$250	State vital records located the child's birth certificate
340								
350								
400	Income verification	$250	1		Contacted SNAP Office	1	$250	Based on the documentation provided by the SNAP office, we determined that the income provided in the application was accurate
Total		$250	2			2	$250	

Exhibit 39 illustrates another example of a completed MID Table for a case with two MID potential improper payment errors. In this case, the MID potential improper payment error in Element 330 was not mitigated, but the error in Element 400 was. Columns 4 and 7 in the totals row were summed. Column 3 was not summed, but reflects the potential improper payments for the entire case. In column 8, because one of the MID potential improper payment errors was not mitigated, the case still has an improper payment. Thus, the amount entered for column 8, the total dollar amount that was mitigated, was zero.

Exhibit 39: Completed MID Table, Two MID Errors, One Mitigated

1	2	3	4	5	6	7	8	9
Element	Describe documentation that was missing or insufficient	Dollar amount of potential improper payment	Is there an additional inquiry that can be made to mitigate the potential improper payment error? **0=No** **1=Yes**	If **No**, describe why not *(Note: After responding, go to Element 500 if there are no other Elements requiring the MID Table)*	If **Yes**, describe the additional inquiry	Was the improper payment mitigated using the additional inquiry? **0=No** **1=Yes**	Enter dollar amount that was mitigated	Describe how the state determined whether or not the potential improper payment could be mitigated. *(Note: Please respond to this whether the potential improper payment was mitigated or not mitigated)*
100								
200								
300								
310								
320								
330	Child's birth certificate	$250	1		Contacted state vital records	0	$0	State vital records were unable to locate a birth certificate for the child
340								
350								
400	Income verification	$250	1		Contacted SNAP Office	1	$250	Based on the documentation provided by the SNAP office, we determined that the income provided in the application was accurate
Total		$250	2			1	$0	

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

Completing *Record Review Worksheet* Element 500: Case Summary

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

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

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

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

2. *Missing/Insufficient Documentation*
   If there were no errors in the case, code "NA."
   Code "N" if:
   - the case has an improper payment error in Element 410, but that error was not caused by missing or insufficient documentation (Element 410, column 4, item 2 is coded "N"); **or**
   - the case does not have an improper payment error in 410, but has one or more errors in other Elements, *none* of which were caused by missing or insufficient documentation.

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

   2A. *Number of MID potential improper payment errors identified*
   Enter the total number of Elements that had a "Y" for item 2A, or the total number of Element rows completed in the MID Table. If there were no MID potential improper payment errors, enter "0."

2B. *Total amount of MID potential improper payment errors*
Enter the amount from column 3 of the totals row of the MID Table. If there were no MID potential improper payment errors, enter "0."

2C. *Number of times an additional inquiry was used*
Enter the figure from column 4 of the totals row of the MID Table. If there were no MID potential improper payment errors, enter "0."

2D. *Number of times an additional inquiry mitigated the potential improper payment error*
Enter the amount from column 7 of the totals row of the MID Table. If there were no MID potential improper payment errors, enter "0."

2E. *Total amount of improper payments mitigated*
Enter the amount from column 8 of the totals row of the MID Table. If there were no MID potential improper payment errors, enter "0."

3. *Overpayment/Underpayment*
If there was no improper payment (including cases where the potential improper payment was mitigated by the additional inquiry), enter "NA." If there was an improper payment, enter "O" if it was an overpayment and "U" if it was an underpayment.

4. *Total Amount of Improper Payment*
If there was no improper payment (including cases where the potential improper payment was mitigated by the additional inquiry), enter "$0." If there was an improper payment, enter the dollar amount.

5. *Total Payment Amount for Sample Month*
Enter the total dollar amount of the payment that was actually made for the child for the sample month.

Exhibit 40 is an example of Element 500 in a case that had no errors.

Exhibit 40: Example of Element 500 With No Errors

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

Exhibit 41 is an example of Element 500 in a case that had an improper payment error that was not caused by missing or insufficient documentation. The improper payment error occurred as a result of a copay error in Element 400. There was also a missing documentation error in Element 100, but this error was not a potential improper payment according to the state's policy.

Note that column 2 item 2 in Exhibit 19 is coded as "N." Even though this case had a missing documentation error, the reviewer coded for the payment error which was not caused by missing or insufficient documentation.

Exhibit 41: Example of Element 500 With an Improper Payment Error

FINDINGS (1)	RESULTS (2)
500 CASE SUMMARY ***Improper payment error, overpayment of $25.10. The improper payment was caused by the incorrect copay being applied (see Elements 400 and 410). There was also a missing form in Element 100. The missing form was not an improper payment error. No other errors in the case.***	**500 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation ***N*** 2A. Number of MID potential improper payment errors identified ***0*** 2B. Total amount of MID potential improper payment errors ***0*** 2C. Number of times an additional inquiry was used ***0*** 2D. Number of times the additional inquiry mitigated the potential improper payment error ***0*** 2E. Total amount of improper payments mitigated ***0*** 3. Overpayment/Underpayment ***O*** 4. Total amount of improper payment ***$25.10*** 5. Total payment amount for the sample month ***$225.25***

Exhibit 42 is an example of Element 500 for a case that had a potential improper payment error that was mitigated using the additional inquiry. The case was missing residency verification, leading to a potential improper payment error from Element 310. Through additional inquiry, the reviewer was able to determine that the client did live in the state. There were no errors in any other Element.

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

Exhibit 42: Example of Element 500 With a Potential Improper Payment Mitigated

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

In Exhibit 43, a potential improper payment in Element 310 was mitigated using the additional inquiry. However, the case also had an improper payment error from Element 400 that was not caused by missing or insufficient documentation. Note the coding in column 2. Items 2A through 2E were completed to note that the additional inquiry was used to mitigate a potential total overpayment. The other items in column 2 were completed based on the improper payment error that was found in Element 400.

Exhibit 43: Example of Element 500 With Multiple Errors

FINDINGS (1)	RESULTS (2)
500 CASE SUMMARY ***Improper payment error (non-MID) See Elements 400 and 410 – income calculation error led to incorrect copay being applied. There was an underpayment of $15.00.*** ***MID administrative error in Element 310. Case file was missing required residency verification. Using additional inquiry, the client was found to live in the state (see MID Table).***	**500 RESULTS** 1. No Error / Error ***1*** 2. Missing/Insufficient Documentation ***N*** 2A. Number of MID potential improper payment errors identified ***1*** 2B. Total amount of MID potential improper payment errors ***$230.50*** 2C. Number of times an additional inquiry was used ***1*** 2D. Number of times the additional inquiry mitigated the potential improper payment error ***1*** 2E. Total amount of improper payments mitigated ***$230.50*** 3. Overpayment/Underpayment ***U*** 4. Total amount of improper payment ***$15.00*** 5. Total payment amount for the sample month ***$230.50***

VII. Completing and Submitting the State Improper Payments Report

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

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

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

Part I. Program Assurances and Certifications

The state assures and certifies the following:

1. The data collection process, including sample selection and case record reviews, adhered to all requirements of the instructions and regulations for *Error Rate Reporting* at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve eligibility determinations or who are under the supervision of persons responsible for eligibility determinations.
3. All reviewers have been trained to ensure that the review process is consistent with state policies and that there is consistency within the state in interpretation of what is an error.
4. The state agrees to retain *Record Review Worksheets*, the *State Improper Payments Report* and any revisions, and any other records pertinent to the case reviews and submission of improper payments reports for 5 years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The state understands that this information, including the sampled case records and calculations, are subject to federal review.

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

Part II. Error Measures Reporting

States consolidate *Record Review Worksheet* data in order to compute the error measures for input into the *State Improper Payments Report*. It is recommended that states enter all data from Element 500, column 2 of each *Record Review Worksheet* into a database or spreadsheet for error measures computation. Using software to consolidate the data improves accuracy and allows for easier analyses of the results from the case record review process.

States use the table in Part II of the *State Improper Payments Report* to record information necessary to compute and record error measures. Some items are auto-calculated in the OLDC.

When entering dollar amounts, always round to the nearest dollar (rounding up for fifty cents) and omit cents. For example, if the amount is $256.26, enter $256. If the amount is $256.50, enter $257.

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

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

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

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

1. *Number of cases reviewed* – Enter the total number of cases reviewed (set at 276).
2. *Total number of cases with an error* – Enter the total number of cases with a "1" in Element 500, column 2, #1 of the *Record Review Worksheet.*
3. *Percentage of cases with an error* – Divide the total number of cases with error (Item 2) by the number of cases sampled (Item 1) and multiply by 100.
4. *Total number of cases with an improper payment* – Enter the total number of cases with a "1" in Element 500, column 2, #1 of the *Record Review Worksheet* that <u>also</u> have a number <u>other than zero</u> entered in Element 500, column 2, #4. Do not count cases with potential IP errors if the IP was mitigated through an AI.
5. *Percentage of cases with an improper payment* – Divide the total number of cases with an improper payment (Item 4) by the number of cases sampled (Item 1) and multiply by 100. Do not count cases with potential IP errors if the IP was mitigated through an AI.
6. *Total number of cases with an improper payment error due to missing or insufficient documentation (MID)* – Enter the total number of cases with a "Y" in Element 500, column 2, #2 of the *Record Review Worksheet* that <u>also</u> have a number <u>other than zero</u> in Element 500, column 2, #4. Do not count cases with potential IP errors if the IP was mitigated through an AI. Note that #6 asks about the total number of cases whereas #7A and #9A ask about the total number of errors.

7A. *Total number of MID errors with identified potential improper payments* – Enter the sum of the number of MID errors recorded in Element 500, column 2, #2A.

7B. *Total dollar amount of potential improper payments resulting from the MID errors* – Enter the sum of the MID potential improper payments recorded in Element 500, column 2, #2B. Apply the state's pooling factor if pooled funds were used.

8A. *Total number of MID potential improper payment errors that were mitigated using an additional inquiry (AI)* – Enter the sum of the times an AI mitigated an improper payment recorded at Element 500, column 2, #2D.

8B. *Total dollar amount of MID potential improper payments that was mitigated using AI* – Enter the sum of the dollar amount of improper payments that was mitigated recorded at Element 500, column 2, #2E. Apply the state's pooling factor if pooled funds were used.

9A. *Total number of MID errors that, after an AI was considered and possibly used, still resulted in an improper payment* – Enter the difference between 7A and 8A. Note that #6 asks about the total number of cases whereas #9A asks about the total number of errors.

9B. *Total dollar amount of MID improper payments that resulted even after an AI was considered and possibly used* – Enter the difference between 7B and 8B.

10. *Total amount of payments for the sampled cases* – Enter the sum of the payment amounts recorded in Element 500, column 2, #5 of the *Record Review Worksheet*. Apply the state's pooling factor if pooled funds were used.

11. *Total amount of improper payments for review period (gross amount of underpayments and overpayments)* – Enter the sum of Items 11A and 11B.

11A. *Total amount of underpayments for the review period* – Enter the sum of the improper payment amounts recorded in Element 500, column 2, #4 of the *Record Review Worksheet* <u>only</u> for those cases with a "U" in Element 500, column 2, #3. Apply the state's pooling factor if pooled funds were used.

11B. *Total amount of overpayments for the review period* – Enter the sum of the improper payment amounts recorded in Element 500, column 2, #4 of the *Record Review Worksheet* <u>only</u> for those cases with an "O" in Element 500, column 2, #3. Apply the state's pooling factor if pooled funds were used.

12. *Percentage of the total amount of payments for the sampled cases that are improper payments* – Divide the total amount of improper payments for the review period (Item 11) by the total amount of payments for the sampled cases (Item 10) and multiply by 100. This is the state's error rate.

13. *Average amount of improper payments* – Divide the total amount of improper payments for the review period (Item 11) by the total number of cases with an improper payment (Item 4).

14A. *Total annual amount of CCDF subsidy payments* – Enter the total annual amount of subsidy payments that were made using CCDF funds.

14B. *Estimated annual amount of improper payments* – Multiply the percentage of the total amount of payments for the sampled cases that are improper payments (Item 12) by the total annual amount of CCDF subsidy payments (Item 14A).

15. *Pooled funds* – Check the appropriate response based on whether the state pools (combines) funds, and conducted its reviews based on a sample drawn from a universe of cases served by these pooled funds. Check one of the of the following:

a. The review was not based on a sample drawn from pooled funds.

b. The review was based on a sample drawn from pooled funds, and the state applied the pooling factor from the relevant ACF-800 reporting form.

b-i. Indicate the number of sampled cases that used pooled funds.

b-ii. Indicate the percentage of sampled cases that used pooled funds. describe:

b-iii. If the Lead Agency did **not** apply the pooling factor to all sample cases, please describe which cases the pooling factor was applied to and why. Otherwise, enter N/A.

Contact the appropriate ACF Regional Office for guidance regarding application of the pooling factor.

c. The review was based on a sample drawn from pooled funds, but the state did not apply the pooling factor found on the relevant ACF-800 reporting form.

c-i. Provide the pooling factor.

c-ii. Explain the derivation of this pooling factor.

c-iii. Indicate the number of sampled cases that used pooled funds.

c-iv. Indicate the percentage of sampled cases that used pooled funds.

c-v. If the Lead Agency did **not** apply the pooling factor to all sample cases, please describe which cases the pooling factor was applied to and why. Otherwise, enter N/A.

Contact the appropriate ACF Regional Office for guidance regarding application of the pooling factor.

16. *Number of replacement cases used each month of the 12-month review period and reason for each replacement* – Enter the number and reason for replacement cases in the table provided. The table will expand the number of rows to accommodate the number of replacement cases.

Part III. State Responses to Error Measures Findings

17. *Describe lessons learned or improvements made in implementation of the review process during the current review cycle.*
Provide a summary of how the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan* was implemented during the review process. Do not simply restate the *Sampling Decisions, Assurances, and Fieldwork Preparation Plan*. Include lessons learned, best practices adopted, improvements made, and any changes to what was planned.

18. *For each potential improper payment error due to missing or insufficient documentation, enter the following:*

a. *the Element number of the RRW where the error was identified (MID Table Column 1);*

b. *a description of what documentation was missing or insufficient (MID Table Column 2);*

c. *the dollar amount of the potential improper payment (MID Table Column 3);*

d. *a description of the AI that was done or an explanation of why there was no appropriate AI (MID Table Column 5 or 6);*

e. *(if an AI was used) the dollar amount (if any) that was able to be mitigated (MID Table Column 8); and*

f. *(if an AI was used) how the state determined whether or not the potential improper payment could be mitigated. (MID Table Column 9).*

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

19. *Identify all causes of improper payments (see Item 4 above). List each cause, the number of cases with an error due to this cause, an example of an error, and whether this cause involved missing or insufficient documentation.*
List all the causes of improper payments, and for each identified cause, indicate how many cases were found to have an error due to this cause. Provide an example of an error due to this cause and indicate whether missing or insufficient documentation was involved.

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

21A. *State the amount of improper payments the state expects to recover as a result of the review. If the amount is less than the total amount of overpayments (see Item 11B above), provide a summary of the reasons limiting the collections.*
Enter the amount of improper payments that are expected to be recovered, and, if applicable, the reason(s) why the entire amount of overpayments is not expected to be collected. In determining estimates, consider the collection history of overpayments and any state laws that might limit the collection amount.

21B. *State the amount of improper payments the state recovered as a result of the previous review. If the amount is less than the total amount expected to have been recovered according to the previous report, describe the reasons.*
Refer to the amount of overpayments identified in the previous review cycle and any amounts recovered. The answer to this item can help guide the answer to Item 21A.

22. *Describe the information systems and other infrastructure that assist the state in identifying and reducing improper payments. If the Lead Agency does not have these tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.*
Describe information systems, automated tools, or processes that assist in identifying and reducing improper payments. Some examples include child care systems that are integrated or interface with other systems, automated eligibility systems that profile and highlight

potential improper payments, ongoing or ad hoc exception reports, and eligibility worker alerts. Also include any plans to acquire additional systems or acquire existing infrastructure. Provide descriptions of any barriers that prohibit acquiring or upgrading automation.

23. *Provide the findings for the current cycle, data and targets for the prior and current cycles, and targets for the next cycle for percentage of cases with an error, percentage of cases with an improper payment, percentage of improper payments, average amount of improper payments, and estimated annual amount of improper payments.*
    Enter the required information in the table provided.

24. *If any targets were not met, provide an explanation of why the state did not meet these targets and what actions have been outlined in Item 20 in order to reduce future improper payment errors.*
    Provide a summary of what target or targets were not met and why they were not met. Refer to Item 20 to identify implementation actions and timelines for future reductions.

25. *List the causes of improper payment errors identified in the previous cycle (item 17 in the 2015 ACF-404 or item 20 in the 2018 ACF-404) and for each cause, describe the action steps that were taken (including dates) to correct the cause, the impact of those action steps, and how the impact was measured. Discuss any barriers to the effectiveness of the action steps to reduce improper payments.*
    Refer to the State Improper Payments Report from the previous review cycle. Describe the actions fully implemented or progress made toward full implementation including the dates of implementation of individual action steps and how progress toward implementation was monitored. Discuss the impact the actions had on the previously identified improper payment errors in order to reduce error rates. Discuss any barriers or setbacks to implementation of the action steps identified in the previous report or why the action steps did not have the expected results. Also, include in this discussion any additional actions taken that were not listed in the previous report.

VIII. Completing and Submitting the State Improper Payments Corrective Action Plan

Any Lead Agency with an improper payment rate above 10% is required to complete and submit the *ACF-405 State Improper Payments Corrective Action Plan* (CAP) to the Assistant Secretary as part of PIIA requirements. The CAP must adhere to all requirements of the instructions and regulations for *Error Rate Reporting* at 45 CFR 98 Subpart K. If required, Lead Agencies must submit the CAP within 60 days of the deadline for submission of the *State Improper Payments Report*. The CAP is submitted in OLDC and must be approved by the Administration for Children and Families (ACF) Assistant Secretary. Lead Agencies will be expected to submit regular updates to ACF on their progress in implementing the CAP. The ACF-405 template can be found in Attachment 3.

The CAP covers a 12-month period. At the end of 12 months, if a state's improper payment rate remains above 10%, the Lead Agency must submit a new CAP for the next 12-month period, referred to as "Year 2" and "Year 3" CAPs in Item 1.

The CAP consists of five required items:

<u>1. Current Improper Payment Rate</u>

Enter the state's improper payment rate, as reported on the most recent *State Improper Payments Report*.

For Year 2 and Year 3 CAPs only: If the Lead Agency has calculated a new improper payment rate since the most recent *State Improper Payments Report*, please provide the new rate and a description of how the rate was calculated.

<u>2. Senior Official Accountable for the Corrective Action Plan</u>

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

<u>3. Identify actions the Lead Agency will take to address the root causes of improper payment errors and reduce improper payments. Identify milestones, timelines, and the individual(s) responsible for completing each action.</u>

Lead Agencies complete this item in table format where each row represents one action, and each action addresses a root cause of improper payments. All root causes of improper payment errors identified in the state's most recent *State Improper Payments Report* must be addressed in this section. The Lead Agency may also choose to address additional error causes not identified in the *State Improper Payments Report*.

Complete each row as follows:

- **Root causes of error** are the causes of improper payments identified in Item 19 of the state's most recent *State Improper Payments Report* or through other state data. All root

causes of error must have at least one action step. If a root cause has multiple action steps, the state may add additional rows. See examples below.

- **Action steps** are detailed descriptions of specific activities planned in order to reach a targeted reduction in errors. Action steps must address the root causes of errors.
- **Milestones** are achievements that indicate progress towards completion of specific activities and action steps. Setting milestones helps the Lead Agency track whether they are on schedule to achieve the sub-goals needed to reduce their error rate.
- **Timeline** is a schedule of activities or events. The timeline should indicate when specific action steps should be completed and milestones achieved.
- **Individual(s) responsible** refers to the person(s) accountable for ensuring the action step is completed according to the timeline.

Exhibit 44 and Exhibit 45 give examples of completing the table for Item 3.

Exhibit 44: Example of Root Cause of Error With One Action Step

Root Cause of Error	Action	Milestones	Timeline	Individual(s) Responsible
System glitch caused errors in calculation of parent school schedule	Implement update to ABC Child Care System to ensure auto-calculation of parent schedule includes approved education activities	-Develop business requirements for update -Test system update with key stakeholders -Launch final update	-Business requirements finalized by 12/1/2022 -User testing February – March 2023 -System update launched by 6/30/2023	Sue Smith, Child Care Administrator, DHS Bob Jones, IT Manager, DHS

Exhibit 45: Example of Root Cause of Error With Multiple Action Steps

Root Cause of Error	Action	Milestones	Timeline	Individual(s) Responsible
Miscalculation of income	1. Implement statewide worker training on income calculation	-Host trainings for intake workers and supervisors in each Region (8 Regions total)	-Training conducted October to December 2022 - all Regional trainings completed by 1/1/23	Jane Doe, Child Care Professional Development Director, DHS
N/A	2. Publish Program Memo to clarify and reinforce key aspects of subsidy policy related to income calculation	- QA Supervisors meet to review most common income errors on ACF-404 to inform Memo content -Child Care Team creates memo	-QA Supervisors meeting on November 15, 2022 -Program Memo published and sent to field by 12/31/22	Sue Smith, Child Care Administrator, DHS
N/A	3. Perform case reviews targeting income calculation to measure effectiveness of training and Memo	-Request TA to develop targeted review process -Meet with Regional supervisors to discuss rollout -Implement 20 case reviews per month across all Regions	-Participate in TA site visit November 2022 -Meet with supervisors December 2022 -Targeted Case reviews begin 1/1/23 and continue monthly	Sue Smith, Child Care Administrator, DHS

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

The milestones and timelines reported here should be those that can be completed during the 12-month Corrective Action Plan period.

4. Timeline for reducing the improper payment rate to below 10%

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

5. Identify targets for future improper payments

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

APPENDIX A

Glossary

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

Additional Inquiry (AI) –The Additional Inquiry (AI) is a process in which a Lead Agency accesses or makes inquiries into other state resources that are outside of its usual processes in order to determine whether the case was ultimately eligible for services. An AI can be conducted even if the original eligibility worker had access to this resource, and may allow the state to obtain documentation that was missing or lacking to potentially mitigate the error. Lead Agencies may not seek independent or third-party verification, and are never to contact the client, their employers, or their child care providers as part of the additional inquiry. The sources that Lead Agencies may use as part of the additional inquiry will vary based on the state's typical eligibility processes.

Case Record – The physical or electronic record or case file. The documentation may be permanent portions of the case record (e.g., birth certificates) or information specific to the eligibility period (e.g., copies of pay stubs, school schedules) that covers the sample month.

Child Care Subsidy Payment – Payment amount of CCDF grant funds, including Federal Discretionary funds (such as funds transferred from the TANF Block Grant), Mandatory and Matching Funds, and State Matching and Maintenance-of-Effort (MOE) Funds. For states that do not separate CCDF funds from non-CCDF funds, it includes all pooled child care funds.

Cohort – Group of states with the same reporting year.

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

Documentation – Written or printed statement or a copy of a document furnishing information. For purposes of this review, documentation may also be documents that have been scanned into the state's automated systems.

Eligibility Action – The action that is taken on a case including action that determines the subsidy payment amount. The eligibility action in effect for the sample month is the basis for the review of the payment amount.

Error – Any violation or misapplication of law, regulation, or policy governing the administration of CCDF grant funds, regardless of whether such a violation results in an improper payment. For Elements 100-410, an error results when the reviewer determines that case review findings do not meet federal or state requirements as defined. Element 500 captures

both improper payment errors as determined from the review of subsidy amounts, as well as errors elsewhere in the case.

Error Rate – For this analysis, the error rate is the percentage of the total amount of payments for the sampled cases that are improper payments. Error rate may also be referred to as the improper payment rate.

Improper Payment – A discrepancy between the subsidy amount as determined by the reviewer and the sample month payment amount, resulting from error. If an error does not result in monetary discrepancy, it is a nonpayment error.

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

Missing or Insufficient Documentation (MID) Error – an error which is due to missing or insufficient documentation. A MID error may result in either an improper payment or a nonpayment error.

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

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

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

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

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

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

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

Review Period – The Federal Fiscal Year prior to June 30 of the calendar year in which a *State Improper Payments Report* must be submitted. For example, for a June 30, 2019, submission date, the review period would be October 1, 2017, through September 30, 2018.

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

Sample Month Payment Amount/Sample Month Payment – The amount paid for services received during the sample month. This amount may be equal to the subsidy amount or may be different than the subsidy amount due to factors such as attendance, center closures, and school schedules.

Sample Review Month/Sample Month – The specific month within the 12-month review period for which a sampling frame is created. For example, the sample review month of January has a sampling frame that contains all cases for which a payment was made for services received in January.

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

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

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

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

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

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

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

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ATTACHMENT 1

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SAMPLING DECISIONS, ASSURANCES, AND FIELDWORK PREPARATION PLAN

Part 1: Sampling Decisions

1a. Selection of cases and replacement cases

Lead Agency will select 276 cases and monthly replacement cases

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

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

1b. Random number generator

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

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

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

☐ Monthly ☐ Quarterly ☐ Semi-Annually ☐ Annually

☐ Other

Projected start date for the sampling process

Projected start date for reviewing cases

Part 2: Assurances and Certifications

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

1. The data collection process, including sample selection and case record reviews, adhered to all requirements of the instructions and regulations for *Error Rate Reporting* at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve eligibility determinations or who are under the supervision of persons responsible for eligibility determinations.

3. All reviewers have been trained to ensure that the review process is consistent with state policies and that there is consistency within the state in interpretation of what is an error.
4. The state agrees to retain *Record Review Worksheets*, the *State Improper Payments Report* and any revisions, and any other records pertinent to the case reviews and submission of error rate reports for five years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The state understands that this information, including the sampled case records and calculations is subject to federal review.

☐ Yes to all assurances

Part 3: Fieldwork Preparation Plan

3a. Identification of project leadership

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

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

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

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

3b. Review team composition

Describe the review team by providing information about the following:

Size:

Composition:

3c. Inter-reviewer consistency

Select and describe methods the Lead Agency will use to ensure inter-reviewer consistency. Note: at a minimum, a re-review of cases must be selected and the description must include the types and number or percentage of cases to be re-reviewed.

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

☐ Group discussion of case review findings. Describe:

☐ Other, describe:

3d. Error definition

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

Errors:

Improper Payment errors:

Nonpayment (administrative) errors:

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

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

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

Describe how the Lead Agency identifies whether to apply a pooling factor and how they determine what the pooling factor will be on the *State Improper Payments Report.* The description must include the individuals or entities involved, a clear description of the process used to determine whether a pooling factor should be applied, and the process for determining the amount of the pooling factor if applicable. Note: if the Lead Agency does not use a pooling factor, they should still provide information about how it was determined that funds from CCDF were not pooled with other funds for any sample cases.

3f. Information systems project responsibilities

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

☐ Identification of the universe of cases paid with CCDF funding

☐ Identification of the sample review calendar month payment amount

☐ Archival of the universe and sample frames files

☐ Use of random number generator software

☐ Generation of the 12 monthly sampling frames

☐ Selection of the monthly samples and replacement cases

☐ Determination of the annual amount of payments for the review period's universe of children

☐ Other tasks, describe:

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

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

3g. Case review logistics

Describe details of review logistics to include the following:

Whether electronic or physical record are reviewed. Describe:

How the records (especially the physical records) are handled. Describe:

How the Lead Agency accesses needed documents stored by other entities (for example, if part of eligibility is determined by another entity, who provides a referral). Describe:

Where the record reading occurs (on-site, centrally, regionally, a mixture). Describe:

The organization and maintenance of the review files. Describe:

PAPERWORK REDUCTION ACT OF 1995 (Pub. L. 104-13) STATEMENT OF PUBLIC BURDEN: The purpose of this information collection is to gather data from states once every three years about the errors occurring in the administration of CCDF grant funds. Public reporting burden for this collection of information is estimated to average 106 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. This is a mandatory collection of information (45 CFR Part 98, Subpart K). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information subject to the requirements of the Paperwork Reduction Act of 1995, unless it displays a currently valid OMB control number. The OMB # is 0970-0323 and the expiration date is 01/31/2025. If you have any comments on this collection of information, please contact ACF Office of Child Care.

ATTACHMENT 2

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OMB Control Number: 0970-0323
Expiration Date: 01/31/2025

RECORD REVIEW WORKSHEET (ACF-403)

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

SECTION I. STATE CHILD CARE PROGRAM FORMS

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
100 APPLICATION/REDETERMINATION FORMS Determine whether required eligibility forms met all state and federal policies in effect during the sample month. Examples include (1) application form; (2) child care agreement; (3) declaration of family assets, as determined by a family member; and (4) voucher or certificate, as applicable.	**N/A**	**N/A**	**100 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)

SECTION II. PRIORITY GROUP PLACEMENT

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
200 PRIORITY GROUP PLACEMENT Determine whether client met criteria of any state-designated priority group, e.g., special needs or low income.	**N/A**	**N/A**	**200 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)

SECTION III. GENERAL PROGRAM REQUIREMENTS

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
300 QUALIFYING HEAD OF HOUSEHOLD Determine whether client met parent definition (parent means a parent by blood, marriage, or adoption and also means a legal guardian, or other person standing in loco parentis), e.g., (1) parent, (2) step-parent, (3) legal guardian, (4) needy caretaker relative, or (5) spouse of same.	**N/A**	**N/A**	**300 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)
310 RESIDENCY Determine whether client was a resident according to state policy.	**N/A**	**N/A**	**310 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)
320 PARENTAL WORK/TRAINING STATUS Determine whether the child's parent or parents were working, attending a job training or educational program (including a job search if applicable), or if the parent or parents had a child receiving or needing to receive protective services under the state's definition.	**N/A**	**N/A**	**320 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)
330 QUALIFYING CHILD Determine if the child met eligibility criteria including (1) age (younger than 13 years, or younger than 19 years and physically or mentally incapable of caring for himself or herself or under court supervision), (2) citizenship/qualified alien status as set forth in federal policy, and (3) other eligibility requirements as defined in the state plan.	**N/A**	**N/A**	**330 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
340 QUALIFYING CARE Determine whether the number of hours, type of care, and provider payment rate authorized for the sample month were correct based on state policy.	**N/A**	**N/A**	**340 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)
350 QUALIFYING PROVIDER ARRANGEMENT Determine whether services were provided by a center-based child care provider, a family child care provider, or an in-home child care provider, and that the provider met all applicable requirements, including health and safety requirements.	**N/A**	**N/A**	**350 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)

SECTION IV. FINANCIAL REQUIREMENTS AND PAYMENT

ELEMENTS OF ELIGIBILITY & PAYMENT DETERMINATION (1)	ANALYSIS OF CASE RECORD (2)	FINDINGS (3)	RESULTS (4)
400 FINANCIAL REQUIREMENTS Determine whether income verification and calculations for household members were correct. Specify time period (e.g., based on 4 weeks prior to application) and all income to be considered based on state policies and definitions (e.g., head of household employment). Determine whether household income met state requirements (e.g., family gross income must be within X percent of state's median income), and whether the copayment (if any) was correctly applied.	**N/A**	**N/A**	**400 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation (If "Y" is coded, answer 2A) 2A. Potential Improper Payment Error (If "Y" is coded, use the MID Table)
410 PAYMENT Identify the eligibility worker's subsidy amount for the sample month and compare it to the reviewer's subsidy amount for the sample month. If the amounts are the same there is no improper payment error. If the amounts are different, compare the reviewer's subsidy amount to the sample month payment amount. If the sample month payment was a full payment and was: o greater than the reviewer's subsidy amount, the difference may be an overpayment (improper payment). o less than the reviewer's subsidy amount, the difference may be an underpayment (improper payment).	**N/A**	**N/A**	**410 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation

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

Child ID:

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

SECTION V. CASE SUMMARY

FINDINGS (1)	RESULTS (2)
500 CASE SUMMARY	**500 RESULTS** 1. No Error / Error 2. Missing/Insufficient Documentation 2A: Number of MID potential improper payment errors identified 2B: Total amount of MID potential improper payment errors 2C: Number of times an additional inquiry was used 2D: Number of times the additional inquiry mitigated the potential improper payment error 2E: Total amount of improper payments mitigated 3. Overpayment/Underpayment 4. Total Amount of Improper Payment 5. Total Payment Amount for Sample Month

The coding for the Results Column for Elements 100 – 400 is as follows: 1: "0" = no error, "1" = error; 2: "Y" = error due to missing or insufficient documentation, "N" = error not due to missing or insufficient documentation, "NA" = no error; 2A (only coded if 2 is coded as “Y”): “Y” = MID potential improper payment error, “N” = not a MID potential improper payment error.

The coding for the Results Column for Elements 410 is as follows: 1: "0" = no error, "1" = error; 2: "Y" = error due to missing or insufficient documentation, "N" = error not due to missing or insufficient documentation, "NA" = no error.

The coding for the Results Column for Element 500 is as follows: 1: "0" = no error, "1" = error; 2: "Y" = error due to missing or insufficient documentation, "N" = error not due to missing or insufficient documentation, "NA" = no error; 2A: Number of times the MID Worksheet was used because a MID potential improper payment error was identified; 2B: Total dollar amount of MID potential improper payment errors (total of column 3 on the MID Table); 2C: Number of times an additional inquiry was used (total of column 4 on the MID Worksheet); 2D: Number of times the additional inquiry mitigated a MID potential improper payment error (total of column 7 on the MID Table); 2E: Total dollar amount of improper payments mitigated (total of column 8 of the MID Worksheet); 3: “U” = Underpayment, “O” = Overpayment, "NA" = no improper payment; 4: Total dollar amount of improper payment; 5: Total Payment Amount for Sample Month.

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ATTACHMENT 3

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OMB Control Number: 0970-0323
Expiration Date: 01/31/2025

STATE IMPROPER PAYMENTS REPORT (ACF-404)

Part I. Program Assurances and Certifications

The Lead Agency, named below, assures and certifies the following:

1. The data collection process, including sample selection and case record reviews, adhered to all requirements of the instructions and regulations for *Error Rate Reporting* at 45 CFR 98 Subpart K.
2. The reviews were not conducted by persons who make or approve eligibility determinations or who are under the supervision of persons responsible for eligibility determinations.
3. All reviewers have been trained to ensure that the review process is consistent with state policies and that there is consistency within the state in interpretation of what is an error.
4. The state agrees to retain *Record Review Worksheets*, the *State Improper Payments Report* and any revisions, and any other records pertinent to the case reviews and submission of error rate reports for five years from the date of submission of the *State Improper Payments Report* or final revision submitted, whichever date is later.
5. The state understands that this information, including the sampled case records and calculations are subject to federal review.

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

Part II. Error Measures Reporting

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

Item #	N/A	N/A
7A.	Total number of MID errors with identified potential improper payments	N/A
7B.	Total dollar amount of potential improper payments resulting from the MID errors. Apply the state's pooling factor if pooled funds were used.	N/A
8A.	Total number of MID potential improper payment errors that was mitigated using an additional inquiry (AI)	N/A
8B.	Total dollar amount of MID potential improper payments that was mitigated using an AI. Apply the state's pooling factor if pooled funds were used.	N/A
9A.	Total number of MID improper payment errors that, after an AI was considered and possibly used, still resulted in an improper payment	N/A
9B.	Total dollar amount of MID improper payments that resulted even after an AI was considered and possibly used.	N/A
10.	Total amount of payments for the sampled cases. Apply the state's pooling factor if pooled funds were used.	N/A
11.	Total amount of improper payments for review period (gross amount of underpayments and overpayments)	N/A
11A.	Total amount of underpayments for review period. Apply the state's pooling factor if pooled funds were used.	N/A
11B.	Total amount of overpayments for review period. Apply the state's pooling factor if pooled funds were used.	N/A
12.	Percentage of the total amount of payments for the sampled cases that are improper payments	N/A
13.	Average amount of improper payments	N/A
14A.	Total annual amount of CCDF subsidy payments	N/A
14B.	Estimated annual amount of improper payments	N/A
15.	Check the appropriate response based on whether the state combines or pools funds, and conducted its reviews based on a sample drawn from a universe of cases served by these pooled funds. Check one of the following: a. the review was not based on a sample drawn from pooled funds. b. the review was based on a sample drawn from pooled funds, and the state applied pooling factor from the relevant ACF-800 reporting form. b-i. indicate the number of sampled cases that used pooled funds. b-ii. indicate the percentage of sampled cases that used pooled funds. b-iii If the Lead Agency did not apply the pooling factor to all sample cases, please describe which cases the pooling factor was applied to and why. Otherwise, enter N/A. c. the review was based on a sample drawn from pooled funds, but the state did not apply the pooling factor found on the relevant ACF-800 reporting form. c-i. provide the pooling factor. c-ii. explain the derivation of this pooling factor. c-iii. indicate the number of sampled cases that used pooled funds. c-iv. indicate the percentage of sampled cases that used pooled funds. .c-v. If the Lead Agency did not apply the pooling factor to all sample cases, please describe which cases the pooling factor was applied to and why. Otherwise, enter N/A.	
16.	Number of replacement cases used each month of the 12-month review period and reason for each replacement	N/A

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

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

Part III. State Response to Error-Measures Findings

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

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

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

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

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

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

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

Item #	N/A
21A.	State the amount of improper payments the state expects to recover as a result of the review. If the amount is less than the total amount of overpayments (see Item 11B above), provide a summary of the reasons limiting the collections.

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

Item #	N/A
22.	Describe the information systems and other infrastructure that assist the state in identifying and reducing improper payments. If the Lead Agency does not have these tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.

Item #	N/A
23.	Provide the findings for the current cycle, data and targets for the prior and current cycles, and targets for the next cycle for percentage of cases with an error, percentage of cases with an improper payment, percentage of improper payments, average amount of improper payments, and estimated annual amount of improper payments.

Error Measures	Prior Cycle Data	Prior Cycle Target	Current Cycle Data	Current Cycle Target	Target for Next Cycle
Percentage of cases with an error	N/A	N/A	N/A	N/A	N/A
Percentage of cases with an improper payment	N/A	N/A	N/A	N/A	N/A
Percentage of total amount of payments for the sample that are improper payments	N/A	N/A	N/A	N/A	N/A
Average amount of improper payments	N/A	N/A	N/A	N/A	N/A
Estimated annual amount of improper payments	N/A	N/A	N/A	N/A	N/A

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

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

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

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ATTACHMENT 4

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OMB Control Number: 0970-0323
Expiration Date: 01/31/2025

STATE IMPROPER PAYMENTS CORRECTIVE ACTION PLAN (ACF-405)

State:

Date:

Any Lead Agency with a rate of improper payments that exceeds a threshold established by the Secretary must submit a comprehensive Corrective Action Plan to the Assistant Secretary for ACF approval. They must also submit subsequent reports describing progress in implementing the plan. The threshold established in FY12 is 10%. The Corrective Action Plan must be submitted within 60 days of the submission deadline of the ACF-404 *State Improper Payments Report.* Subsequent progress reports must be submitted as requested by the Assistant Secretary. Failure to carry out actions described in the approved corrective action plan will be grounds for a penalty or sanction under §98.92.

Item #	N/A
1.	Current Improper Payment Rate as reported on the state's most recent ACF-404. For states with Year 2 or Year 3 Corrective Action Plans only: If the Lead Agency has calculated a new improper payment rate since the most recent ACF-404, please provide the new rate and a description of how the rate was calculated.

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

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

Root Cause of Error	Action	Milestones	Timeline	Individual(s) Responsible
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Item #	N/A
4.	Timeline for reducing the improper payment rate to below10%

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

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three years about the errors occurring in the administration of CCDF grant funds. Public reporting burden for this collection of information is estimated to average 156 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. This is a mandatory collection of information (45 CFR Part 98, Subpart K). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information subject to the requirements of the Paperwork Reduction Act of 1995, unless it displays a currently valid OMB control number. The OMB # is 0970-0323 and the expiration date is 01/31/2025. If you have any comments on this collection of information, please contact ACF Office of Child Care.

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