

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

PART I. PROGRAM ASSURANCES AND CERTIFICATIONS

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

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

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

PART II. ERROR MEASURES REPORTING

Improper Authorizations for Payment Reporting

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

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

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

PART III STATE RESPONSE TO ERROR MEASURES FINDINGS

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

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

Item

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

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

Item

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

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

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

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

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

Item #

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

Item #

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

Item #

- 16B. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations and improper payments. If the Lead Agency does not have these tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.

Item #

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

Item #

- 18B. Provide the error rate data and targets set in the previous cycle and data and targets set for the next cycle for: percentage of cases with an error, percentage of cases with an improper authorization for payment, percentage of improper authorizations for payment, average amount of improper authorizations for payment and estimated annual amount of improper authorizations for payment. Enter the data and targets into the table provided. It is expected that State targets will show continual improvement.

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

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

Item #

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

Item #

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

"THE PAPERWORK REDUCTION ACT OF 1995"

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

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

INSTRUCTIONS FOR COMPLETING STATE IMPROPER AUTHORIZATIONS FOR PAYMENT REPORT

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

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

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

Part I. Program Assurances and Certifications

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

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

Part II. Error Measures Reporting

General Instructions

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

1. *Number of cases sampled*—The sample size for all states is set at 271 (or 276) cases.
2. *Total amount of authorizations for payment in cases selected for sampling in the review period*—Compute the sum of all authorizations for payment for the 271 (or 276) sampled cases.
3. *Total number of sampled cases with improper authorizations for payment*—Compute the sum of all cases with either an Overauthorization or Underauthorization.
4. *Total amount of improper authorizations for payment for the review period*—Compute the sum of all improper authorizations for payment.
 - 4A. *Total amount of improper underauthorizations for payment for the review period*—Compute the sum of all underauthorizations.
 - 4B. *Total amount of improper overauthorizations for payment for the review period*—Compute the sum of all overauthorizations for payment.
5. *Total number of improper authorizations for payment due to missing or insufficient documentation*—Compute the sum of all cases with an improper authorization error that was due to missing or insufficient documentation.
6. *Percentage of cases with an error*—Compute the sum of all cases with any error. Divide this total by 271 (or 276) and multiply by 100.
7. *Percentage of cases with an improper authorization for payment*—Divide the total number of all cases with an authorization error (see #3 above) by 271 (or 276) and multiply by 100.
8. *Percentage of improper authorizations for payment (for the review period)* —Compute the sum of all improper authorizations for payment (see #4 above) divided by the sum of all authorizations for payment for the 271 (or 276) sampled cases (see #2 above) multiplied by 100. Add Underauthorizations to (not subtract from) the total of Overauthorizations.
9. *Average amount of improper authorizations for payment*—Compute the sum of all improper authorizations for payment (see #4 above) divided by the total number of cases with an improper authorization for payment (see # 3 above).
10. *Estimated annual amount of improper authorizations for payment*—Multiply the percentage of authorizations made in error for the review period (see # 8 above) by the total dollar amount of child care authorizations during the 12 month review period.

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

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

10A. Check the appropriate response.

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

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

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

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

Part IIIB. State Response to Error Measures Findings:

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

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

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

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

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

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

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

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

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

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

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

- 16B. Describe the information systems and other infrastructure that assist the State in identifying and reducing improper authorizations and improper payments. If the Lead Agency does not have these tools, describe actions to be taken to acquire the necessary information systems and other infrastructure.

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

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

Include in the response to this question actions such as use of performance measures to address accuracy of eligibility determination.

- 18B. Provide the error rate data and targets set in the previous cycle and data and targets set for the next cycle for: percentage of cases with an error; percentage of cases with an

improper authorization for payment; percentage of improper authorizations for payment; average amount of improper authorizations for payment; and estimated annual amount of improper authorizations for payment. Enter the data and targets into the table provided. It is expected that State targets will show continual improvement.

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

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

States indicate if the data for the current cycle, reported in Item #18B, met the targets established in the previous cycle. States explain why any targets were not met. (For example, a State may have exceeded the target reduction in percentage of improper authorizations for payment for the review period, but the percentage of cases with errors increased. The errors that were made included new areas needing corrective action or errors due to migration to a new automated system).

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

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