



# **Early Education and Support Division Field Services Office**

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## **Alternative Payment, CalWORKS Child Care and Family Child Care Home Education Network Contracts Review Guide Overview**



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# Agenda

- 1) Purpose and Goals
- 2) Definitions and Terms
- 3) Elements of the Review Guide
- 4) Closer look into the Review Guide
- 5) Closer look into the Resource Tools
- 6) Questions



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# Purpose and Goals

To provide guidance for error rate reviews:

- Define compliance, material and file errors.
- Define how to identify errors when reviewing family data files.
- Includes tools that can be used to review files without a database.



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# Definitions and Terms

- A **material error** is an error that results in the improper reimbursement of services. A material error occurs when the requirements in statutes, and/or regulations are either misapplied, and/or when there is insufficient or conflicting documentation to support a decision regarding eligibility, need, family fees, and provider payments.
- A **file error** occurs when the requirements in statutes and/or regulations are not met, but does not result in an improper authorization of services.
- A **compliance finding** occurs when a contractor does not meet minimum legal requirements in statutes, regulations or contractual provisions.



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# Elements of the Alternative Payment, CalWORKS Child Care and Family Child Care Home Education Network Contracts Review Guide

## Section I.

- CDD-801A Monthly Population Report
- Initial Certification and Recertification
- Parental Right to Voluntarily Report Changes
- Eligibility
- Family Size
- Income Calculation
- Need for Services
- Family Fees
- Notice of Action
- Attendance (Provider Payments)
- Reimbursement Determination (Provider Payments)



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# Elements of the Alternative Payment, CalWORKS Child Care and Family Child Care Home Education Network Contracts Review Guide

## Section II. Resource Tools

- Process to Select Sample Size
- Monitoring Checklist Worksheet
- File Error Determination
- Method to Determine Material Error Amount
- Sample Material Error Rate Determination Worksheet
- Sample Material Error Rate Worksheet
- Error Rate Reduction Plan Process
- Sample Error Rate Reduction Plan



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# Lets take a closer look into the Review Guide





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# CDD-801A Monthly Population Report

Section 1, Item 1

Type of finding  
that can be  
assessed

1. CDD-801A Monthly Population Report	
Child Reported on the CDD 801A	Findings
1.1 Did the child receive services in the review month ( <i>California Code of Regulations, Title 5 (5 CCR), Section 18070 and Management Bulletin (MB) 09-12</i> )?	<b>Compliance:</b> If the random sample files pulled include children that did not receive services during the review month, a compliance finding will be determined.

Question  
number

Question  
with Title 5  
Section  
and/or MB #





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# Initial Certification and Recertification

Types of  
Errors that  
can be  
assessed

Initial Certification and Recertification (Application for Services)		Findings
2.1	Is there a completed and signed Application for Services in the family data file (5 CCR, sections 18081, 18082 and 18083)?	<b>Material:</b> If the Application for Services is not present in the family data file an error will be determined in eligibility. The error will equal the cost of services provided for the sample month or the portion of the month in which there was insufficient documentation, whichever is less. <b>File:</b> If the Application for Services is incomplete, an error will be determined in eligibility.
2.2	Was the application completed prior to serving the child (5 CCR, Section 18082[b])?	<b>Material:</b> If services were provided prior to the Application for Services being completed, an error will be determined in eligibility. The error amount will be determined as in 2.1.

Question  
number

Question  
with Title  
5 Section  
and/or  
MB #



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# Lets take a closer look into the Resource Tools





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# Process to Select Sample Size

Sample size calculator

What margin of error can you accept? <small>5% is a common choice</small>	<input style="width: 40px;" type="text" value="7"/> %	The margin of error is the amount of error that you can tolerate. If 90% of respondents answer yes, while 10% answer <i>no</i> , you may be able to tolerate a larger amount of error than if the respondents are split 50-50 or 45-55. Lower margin of error requires a larger sample size.
What confidence level do you need? <small>Typical choices are 90%, 95%, or 99%</small>	<input style="width: 40px;" type="text" value="90"/> %	The confidence level is the amount of uncertainty you can tolerate. Suppose that you have 20 yes-no questions in your survey. With a confidence level of 95%, you would expect that for one of the questions (1 in 20), the percentage of people who answer yes would be more than the margin of error away from the true answer. The true answer is the percentage you would get if you exhaustively interviewed everyone. Higher confidence level requires a larger sample size.
What is the population size? <small>If you don't know, use 20000</small>	<input style="width: 40px;" type="text" value="100"/>	How many people are there to choose your random sample from? The sample size doesn't change much for populations larger than 20,000.
What is the response distribution? <small>Leave this as 50%</small>	<input style="width: 40px;" type="text" value="15"/> %	For each question, what do you expect the results will be? If the sample is skewed highly one way or the other, the population probably is, too. If you don't know, use 50%, which gives the largest sample size. See below under <b>More information</b> if this is confusing.
Your recommended sample size is	42	This is the minimum recommended size of your survey. If you create a sample of this many people and get responses from everyone, you're more likely to get a correct answer than you would from a large sample where only a small percentage of the sample responds to your survey.

**Online surveys with [Vovici](#) have completion rates of 66%!**

**Alternate scenarios**

With a sample size of	<input style="width: 40px;" type="text" value="100"/>	<input style="width: 40px;" type="text" value="200"/>	<input style="width: 40px;" type="text" value="300"/>	With a confidence level of	<input style="width: 40px;" type="text" value="90"/>	<input style="width: 40px;" type="text" value="95"/>	<input style="width: 40px;" type="text" value="99"/>
Your margin of error would be	0.00%	0.00%	0.00%	Your sample size would need to be	42	51	64

Save effort, save time. [Conduct your survey online with Vovici.](#)



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# Monitoring Checklist Worksheet

## Alternative Payment, CalWORKs Child Care and Family Child Care Home Education Network Monitoring Checklist Worksheet

Child's Name:		Child's Birthday:	
Agency Name:		Site Name:	
Review Month:		Reviewer's Name:	
File ID or Number:	Contract Type:	Date of Self-Evaluation:	
Reimbursement Determined by:	Contractor	Reviewer	Eligibility Error Amount (\$):
Provider Reimbursement (\$):			Need Error Amount (\$):
Family Fee (\$):			Family Fee Error Amount (\$):
Gross Payment (\$):			Provider Reimbursement Amount(\$):
			<b>Total Error Amount (\$):</b>

While reviewing a family data file, if any of the following questions are answered "No", an error will be assessed. Refer to the Review Guide for clarification on type of error (material or file).

	Child Reported on the CDD 801A	N/A	Y	N	Material	Compliance
1.1	Did the child receive services in the review month?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>

	Certification and Recertification (Application for Services)	N/A	Y	N	Material	File
2.1	Is the Application for Services completed and signed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	<input type="checkbox"/>
2.2	Was the application completed prior to serving the child?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	X
2.3	If applicable, did the recertification occur once each contract period?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
2.4	Does the family data file contain all child health and current emergency information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
2.5	Does the family data file contain residency requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>

	Parent's Right to Voluntarily Report Changes	N/A	Y	N	Material	File
3.1	If applicable, did the family voluntarily request a change in writing to reduce their family fee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	X
	Did the contractor request supporting documentation? And immediately reduce the family fee?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	X
	Did the contractor issue a timely Notice of Action?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>

Type of  
Error that  
can be  
assessed

Question Number



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# File Error Determination

## 3. File Error Determination Process

When a file error occurs, the contractor will develop a Corrective Action Plan. The plan assists the contractor by strategically analyzing, correcting and validating the processes necessary to ensure compliance.

To develop a Corrective Action Plan, the contractor should:

1. Analyze the identified errors to determine how and why the errors were made.
2. Develop the process necessary to remedy the errors.
3. Develop specific training for all staff involved.
4. Develop a Quality Assurance Process to validate the accuracy of documentation and processes.
5. Establish a timeline for implementation.



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# Method to Determine Material Error Amount

When a material error is found while completing the monitoring review checklist the reviewer can utilize the calculation example below to determine the material error amount.

The error will equal the cost of services provided for the sample month or the portion of the month in which there was insufficient documentation, whichever is less.

**Example: Provider was reimbursed \$500 for the sample month:**

If there is insufficient documentation for the entire sample month, the error equals the cost of services provided.

Example:

\$500.00	- Provider Reimbursement
\$ 0.00	- Correctly Calculated Reimbursement
<hr/>	
<b>\$500.00</b>	- Material Error Amount

If there is insufficient documentation for any portion of the month, the error will equal the difference between what was reimbursed and the correctly determined reimbursement based on sufficient documentation.

Example:

\$500.00	- Provider Reimbursement
\$275.00	- Correctly Calculated Reimbursement
<hr/>	
<b>\$225.00</b>	- Material Error Amount



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# Material Error Rate Determination Worksheet

## 4. Sample Material Error Rate Determination Worksheet

The Error Rate Worksheet (p. 54) can be utilized to determine the error rate for the entire sample. After completing the monitoring checklist for every family data file in the sample, transfer the results to the Error Rate Worksheet. It will document each error found in the random sample. Once all the names and errors have been entered the error rate can be calculated.

Example:

File #	Child Name	Reimbursement (CDEs x Rate)	Eligibility Dollar Errors	Need Dollar Errors	Attendance (Provider Payment) Dollar Errors	Family Fee Dollar Errors	Total Dollar Errors
01	María Garcia	\$643.00	\$643.00				\$643.00
08	Joseph Glass	\$892.50		\$245.00			\$245.00
10	Susie Yee	\$525.31					\$50.00
31	Eric Onye	\$235.00			\$235.00		\$235.00
44	Abdul Mohammed	\$350.00				\$80.00	\$80.00
<b>Review Month Totals:</b>		<b>\$2,645.81</b>	<b>\$643.00</b>	<b>\$245.00</b>	<b>\$235.00</b>	<b>\$80.00</b>	<b>\$1,253.00</b>
<b>Error Rate Percentage:</b>			<b>24%</b>	<b>9%</b>	<b>9%</b>	<b>3%</b>	<b>47%</b>

The Error Rate Percentages for Eligibility, Need, Attendance, Family Fee, and Total Dollar Errors are the sum of each column (Review Month Totals) divided by the sum of Reimbursement (Review Month Totals).

For example, the formula to determine the error rate percentage for eligibility is:  

$$\$643 \div \$2,645.81 = 0.243 \text{ or } 24\%.$$

Repeat the formula for each column.

The formula to determine Total Dollar Errors is:  

$$\$1,253 \div \$2,645.81 = 0.473 \text{ or } 47\%.$$







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# Error Rate Reduction Plan Process

## 5. Error Rate Reduction Plan

When an error rate exceeds 10 percent, the contractor will develop an Error Rate Reduction Plan. The plan assists the contractor by strategically analyzing, correcting and validating the processes necessary to ensure compliance.

To develop an Error Rate Reduction Plan, the contractor should:

1. Analyze the identified errors to determine how and why the errors were made.
2. Develop the process necessary to remedy the errors.
3. Develop specific training for all staff involved.
4. Develop a Quality Assurance Process to validate the accuracy of documentation and processes.
5. Establish a timeline for implementation.



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# Sample Error Rate Reduction Plan

California Department of Education  
 Early Education and Support Division



**Summary of Findings  
 Governance and Administration Monitoring Review  
 Error Rate Reduction Plan  
 Fiscal Year 2017-18**

Agency: \_\_\_\_\_  
 CDE/EESD Reviewer(s): \_\_\_\_\_  
 Review Date(s): \_\_\_\_\_  
 Agency Rep. Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_  
 Consultant Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Manager Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Error Rate Reduction Plan Due Date: \_\_\_\_\_

Error / Description	Current Practice:		Proposed End Date:
	<b>System Change:</b> [ ]	<b>Corrective Action:</b> [ ]	<b>Person(s) Responsible:</b>
	<b>Proposed Practice:</b> [ ]		<b>Timelines:</b> Implementation date:  Progress check dates:



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# Questions



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