

Alternative Payment, CalWORKs Child Care and Family Child Care Home Education Network Contracts Review Guide

Governance and Administration



California Department of Education
Early Learning and Care Division



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INTRODUCTION

In 2010, the California Department of Education (CDE) began the process of developing a review guide for the Alternative Payment, CalWORKs Child Care and Family Child Care Home Education Network (CFCC) programs to implement federal guidelines for reducing errors in Child Care and Development Fund (CCDF) programs. The review guide contains instructions for: 1) selecting a statistically valid sample of children receiving subsidized child care services, 2) analyzing the family and provider files associated with those children for errors, and 3) recording and aggregating those errors for the purposes of administrative improvement.

The material presented in the guide is to provide clear written information that will be used in an Alternative Payment, CalWORKs and Family Child Care Home Education Network monitoring review. We also believe the guide will assist local contractors in developing and implementing quality assurance processes.

The current version of the review guide is consistent with contract rules and regulations. The review guide distinguishes between material Improper Payment errors¹ ~~(the federal term is improper payment)~~, file Administrative Errors errors² ~~(the federal term is administrative error)~~ and compliance findings³.

Our goal is to provide support and technical assistance that will lead to successful administration of programs. Questions or feedback regarding the review guide should be directed to your assigned Field Services Consultant or Governance and Administration Managers. The Consultant Regional Assignment web page shows contact information at <http://www.cde.ca.gov/sp/cd/ci/assignments.asp>.

¹ ~~A material error is an error that results in an 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 reimbursement/payments. An improper payment error occurs when a violation of misapplication of policy or procedure governing the child care program results in an overpayment of underpayment to the child care provider.~~

² ~~An ~~file~~ 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. ~~error occurs when the requirements in statutes and/or regulations are not met, but the result is not an improper reimbursement of services.~~~~

³ Compliance finding is when contractor is out of compliance with applicable laws ~~contractor does not meet minimum legal requirements in statutes~~, regulations, or contractual provisions.

**I. GOVERNANCE AND ADMINISTRATION AP, CalWORKs, AND CFCC NETWORK
CONTRACTS REVIEW GUIDE**

1. CDD-801A Monthly Population Report

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

2. Initial Certification and Recertification (Application for Services)

The Application for Services (ELCD 9600) includes basic data regarding eligibility, need, and family information.

NOTE: Effective July 1, 2017, in accordance with California *Education Code (EC)* sections 8263(h) and 8263.1, once a family establishes eligibility and need at initial certification or recertification, a family shall be considered to meet all eligibility and need requirements for not less than 12 months (unless their income goes over 85% of State Median Income).

Question Number	Initial Certification and Recertification (Application for Services)	Findings
2.1	Is there a completed, accurate and signed Application for Services in the family data file? (5 CCR sections 18081, 18082 and 18083)	Material/Improper Payment: 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 <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less. File/Administrative Error: If the Application for Services is incomplete/inaccurate, an error will be determined in eligibility.
2.2	Was the Application for Services completed prior to serving the child? (5 CCR Section 18082[b])	Material/Improper Payment: 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	Initial Certification and Recertification (Application for Services)	Findings
2.3	<p>If applicable, did the recertification occur no sooner than twelve (12) months from when they were last certified? (MB 17-14)</p>	<p>Note: CDE is currently working on timeline for recertification. FileAdministrative Error: If the recertification was completed before the twelve month timeframe an error will be determined eligibility.</p>
2.4	<p>Does the family data file contain all child health and current emergency information required by <i>California Code of Regulations (22 CCR)</i>, Title 22, Social Security, Division 12, Community Care Facilities Licensing regulations? (5 CCR Section 18081[e])</p> <p>Note: Immunization records are not required for children attending a public or private elementary school or receiving care in licensed facilities.</p>	<p>FileAdministrative Error: If the family data file does not contain all child health and current emergency information, an error will be determined in eligibility.</p>
2.5	<p>Does the family data file contain residency requirements? (5 CCR Section 18107)</p>	<p>FileAdministrative Error: If the family data file does not contain residency requirements, an error will be determined in eligibility.</p>
2.6	<p>If applicable when the family's basis of eligibility is income, did the contractor inform the parent in writing, at initial certification or recertification, of the requirement to report when their income exceeds the exit 85% State Median Income (SMI) threshold? AND Did the contractor provide a Schedule of Income Ceilings 85% SMI with the maximum adjustment monthly income the family may earn clearly identified on the table? (MBs 17-08, 17-09 and 17-14, 5 CCR Section 18084.3[b][1][A-B])</p> <p>Examples: Acknowledgement form, written on Notice of Action (NOA), listed on certification checklist, etc.</p>	<p>FileAdministrative Error: If the contractor did not inform the parent in writing of the income threshold and/or provide the Schedule of Income Ceilings, an error will be determined in eligibility.</p>

3. Parent's Right to Voluntarily Report Changes

At any time between the initial certification or recertification period a parent may voluntarily request to reduce their family fee, increase the ~~subsidy amount~~~~family services~~ or extend the period of eligibility. A family may also at any time voluntarily request a reduction in their ~~service level~~~~subsidy amount~~, 5 CCR Section 18084.2.

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Question Number	Parent's Right to Voluntarily Report Changes	Findings
3.1	<p>If applicable, did the family voluntarily request a change to reduce their family fee, increase the subsidy amountfamily services or extend the period of eligibility? (5 CCR Section 18084.2[a] and MB 17-14)</p> <p>Did the contractor request documentation to support a reduction of family fees, increase the subsidy amountfamily's services, or extend the period of eligibility? AND</p> <p>If applicable, reduce the family fee effective on the first of the month following the receipt and approval of the required supporting documentation? (5 CCR Section 18084.2, MB 17-11 and 17-14)</p> <p>Did the contractor issue a (NOA) no later than 10 business days after receipt of applicable documentation and not use the documentation received to make other changes to the service agreement? (5 CCR Section 18084.2[a][3][4] and MB 17-11 and 17-14)</p> <p>EXCEPTION: If the family exceeds the 85% income threshold, when you recalculate income follow MB 17-08 directives.</p>	<p>MaterialImproper Payment: If the family voluntarily requested a change to reduce the family fee, submitted the supporting documentation, but the contractor did not reassess the family fee an error will be determined in family fee. The error will equal the difference between the assessed family fee and the new family fee.</p> <p>MaterialImproper Payment: If the contractor reassesses a family fee without supporting documentation, an error will be determined in family fee. The error will equal the difference between the initial family fee and the new family fee.</p> <p>MaterialImproper Payment: If the contractor did not make the effective date of the reduced fee the first of the month following the receipt and approval of the required supporting documentation, an error will be determined in family fee. The error will equal the difference between the assessed family fee and the new family fee.</p> <p>MaterialImproper Payment: If the contractor increases the family services without supporting documentation, an error will be determined in need. The error will equal the cost of services provided for the sample monthssample month payment or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>FileAdministrative Error: If the family voluntarily requested a change to reduce their family fee and the contractor reassessed the family fee, but did not issue a NOA within the required timelines, an error will be determined in family fee.</p>

Question Number	Parent's Right to Voluntarily Report Changes	Findings
<p>3.2</p>	<p>If applicable, did the family voluntarily request to decrease their <u>service-levelsubsidy amount</u> in writing? (5 CCR Section 18084.2 and MB 17-14)</p> <p>Does the voluntary written request include:</p> <ul style="list-style-type: none"> • Days and hours per day requested • Effective date of proposed reduction of <u>service-levelsubsidy amount</u>; • Acknowledgment in writing that parent understands that they may retain their current <u>service-levelsubsidy amount</u>? <p>(5 CCR Section 18084.2 and MB 17-14)</p> <p>Upon receipt of the parents written request to decrease their <u>service-levelsubsidy amount</u>, did the contractor:</p> <ul style="list-style-type: none"> • Notify the family in writing of their right to continue to bring the child pursuant to the original <u>certified-service-levelsubsidy amount</u> • If applicable, collect documentation to support the changes requested? <p>(5 CCR Section 18084.2 and MB 17- 14)</p> <p>Did the contractor issue a (NOA) no later than 10 business days after receipt of applicable documentation and not use any other documentation received to make other changes to the service agreement? (5 CCR Section 18084.2 and MB 17-14)</p>	<p>MaterialImproper Payment: If the completed written request to decrease <u>service-levelsubsidy amount</u> was received, but the contractor did not reassess the <u>service-levelsubsidy amount</u>, an error will be determined in need. The error will equal the difference between the original certified <u>service-levelsubsidy amount</u> and the requested decreased <u>service-levelsubsidy amount</u> reimbursements.</p> <p>MaterialImproper Payment: If the contractor makes a change to the family's approved <u>service-levelsubsidy amount</u> with missing/incomplete written request, an error will be determined in need. The error will equal the difference between the original certified <u>service-levelsubsidy amount</u> and the decreased <u>certified service-levelsubsidy amount</u> reimbursement.</p> <p>FileAdministrative Error: If the family voluntarily requested a change to decrease their <u>service-levelsubsidy amount</u> and the contractor reassessed the <u>service-levelsubsidy amount</u>, but did not issue a NOA within the required timelines, an error will be determined in need.</p>

4. Contract Eligibility

CalWORKs Stage 3 (C3AP)
CalWORKs Stage 2 (C2AP)

Contract Eligibility indicates the Alternative Payment Program in which a family is enrolled. Review the documentation to ensure the family was eligible for the contract in which they were enrolled.

NOTE: Stage 2: A family receiving diversion services meeting the requirements of 5 CCR sections 18406 and 18407 is eligible to receive child care services in Stage 2 for 24 months. The 24 month time limit begins the first day of the month that the family is determined eligible for diversion services.

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Question Number	CaIWORKs Stage 2 (C2AP)	Findings
4.1	<p>Was the parent transferred from a CaIWORKs Stage 1 program or another contractor's CaIWORKs Stage 2 program? (5 CCR Section 18409[a])</p> <p>Were the nine (9) data elements obtained by the receiving contractor:</p> <ol style="list-style-type: none"> 1) The parent's(s) full name, address and telephone number 2) The names and birthdates of all children under the age of 18 living with the family, regardless of whether they are served in the CaIWORKs program 3) The number of hours of child care needed each day for each child 4) The names of other family members in the household who are related blood, marriage, or adoption 5) The reason for needing child care services 6) Family size and adjusted monthly income 7) Employment or training information for parents(s) including name and address of employer(s) or training institution(s) and days and hours of employment or training 8) Rate of payment 9) The name, address, and telephone number of the child care provider and the type of eligible provider? <p>(5 CCR Section 18409[a][1-9])</p>	<p>Material Improper Payment: If any of the nine (9) data elements are missing from the transfer documentation from CaIWORKs Stage 1 or another contractor's CaIWORKs Stage 2 program, an error will be determined in eligibility. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p>
4.2	<p>If applicable, Is there documentation from the County Welfare Department (CWD) indicating the parental cash-aid end date? (5 CCR sections 18085 and 18408[d-e])</p>	<p>Material Improper Payment: If the CWD documentation (e.g., Discontinuance letter from CWD, Passport to Services, GEARS, and CaIWin) is missing or does not identify the parent's cash aid end date an error will be determined in eligibility. The error amount will be determined as in 4.1.</p>

Question Number	CaWORKs Stage 2 (C2AP)	Findings
4.3	When a categorically eligible family would otherwise have their child care terminated due to the family's violation of the child care contractor's policy, did the contractor notify the CWD of the actions of the family that violated the contractor's policy in order to determine what action(s) may be taken? (5 CCR Section 18408 and MB 18-05)	Material/Improper Payment: If the contractor terminated the family without following up with the CWD to discuss how to remedy the situation, an error will be determined in eligibility. The error amount will be determined as in 4.1

NOTE: Stage 3: A family that is a former CaWORKs cash aid recipient and is in his/her 24th month of eligibility for CaWORKs Stage 1 and/or 2 after leaving CaWORKs cash aid or a diversion services recipient and is in his/her 24th month of eligibility for CaWORKs Stage 1 and/or 2 child care.

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Question Number	CalWORKs Stage 3 (C3AP)	Findings
4.4	<p>Was the parent transferred from a CalWORKs Stage 1, CalWORKs Stage 2, or from another contractor's Stage 2 or Stage 3 program? (5 CCR Section 18424)</p> <p>Were the nine (9) data elements obtained from the receiving contractor</p> <ol style="list-style-type: none"> 1) The parent's(s) full name, address and telephone number 2) The names and birthdates of all children under the age of 18 living with the family, regardless of whether they are served in the CalWORKs program 3) The number of hours of child care needed each day for each child 4) The names of other family members in the household who are related blood, marriage, or adoption 5) The reason for needing child care services 6) Family size and adjusted monthly income 7) Employment or training information for parents(s) including name and address of employer(s) or training institution(s) and days and hours of employment or training 8) Rate of payment 9) The name, address, and telephone number of the child care provider and the type of eligible provider? <p>(5 CCR Section 18424[a][1-9])</p>	<p>Material Improper Payment: If any of the nine (9) data elements are missing from the transfer documentation, an error will be determined in eligibility. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p>

Question Number	CalWORKs Stage 3 (C3AP)	Findings
4.5	<p>Is there documentation from the CWD indicating the parental cash-aid end date?</p> <p>(5 CCR Section 18421[a][3][4][A-B])</p> <p>Was the parent transferred into CalWORKs Stage 3 in the 24th month, no later than the 1st day of the 25th month after the parental cash-aid end date?</p> <p>(5 CCR Section 18421[a][3][A-B])</p>	<p>Material Improper Payment: If the CWD documentation (e.g., Discontinuance letter from CWD, Passport to Services, GEARS, and CalWin) is missing or does not identify the parent's cash aid end date an error will be determined in eligibility. The error amount will be determined as in 4.4.</p> <p>Material Improper Payment: If a family is eligible and not transferred from CalWORKs Stage 1 or 2 to CalWORKs Stage 3 within the 24th month, and no later than the first day of the 25th month after the parental cash-aid end date, an error will be determined in eligibility. The error will equal the <u>sample month payment cost of services for the sample month</u> or for the period of time services were provided in an inappropriate alternative payment contract, whichever is less.</p>

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5. Eligibility

The Eligibility Section refers to the following categories:

- A. Child Protective Services (CPS)/At Risk
- B. Income Eligibility (Employed, Self-Employed and Self-Certification)
- C. Current Aid Recipient
- D. Homeless
- E. Reimbursement – Exceptional Needs

For a family to receive child care services, they must be deemed eligible in one (1) of the categories of eligibility. Review documentation to determine if the family is eligible for child care services.

NOTE: If the parent(s) is/are eligible based on multiple categories, complete the questions for each applicable category.

Question Number	A: Child Protective Services (CPS)/At-Risk	Findings
5.1	<p>Does the child have a written referral from a legal, medical, social service agency or emergency shelter, dated within six (6) months immediately preceding the date of the Application for Services? (5 CCR Section 18092)</p> <p>Does the written referral include a statement that child care and development services are a necessary component of the child protective services (CPS) plan? OR Needed to reduce or eliminate the risk of abuse or neglect? (5 CCR Section 18092)</p> <p>Does the written referral include the name, address, telephone number, and the signature of the legally qualified professional? (5 CCR Section 18092[d])</p>	<p>Material Improper Payment: If the written referral is missing, not from a legal, medical, social service agency or emergency shelter or dated within six (6) months immediately preceding the date of the Application for Services, an error will be determined in eligibility. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>File Administrative Error: If the written referral is incomplete (does not include the name, address telephone number, or the signature of the legally qualified professional), a <u>n</u> administrative file error will be determined in eligibility.</p>

Question Number	B: Employment Income	Findings
5.2	<p>Is there a release authorizing the contractor to contact the employer(s)? OR A declaration signed under penalty of perjury indicating such a request for income verification would adversely affect their employment? (5 CCR Section 18084[a][1][A] and [a][2])</p>	<p>File Administrative Error: If either the release or declaration is not present or incomplete, an error will be determined in eligibility.</p>
5.3	<p>Are there payroll check stubs, a letter from the employer, or other record of wages issued by the employer for the month preceding the initial certification or recertification? OR Did the parent provide other means of verification that may include a list of clients and amounts paid, the most recently signed and completed tax returns, quarterly estimated tax statements, or other records of income to support the reported income, along with a self-certification of income for which no documentation is possible? (5 CCR Section 18084[a][1][B] and [a][2])</p> <p>NOTE: If income fluctuates because of agricultural work, intermittent income, or unpredictable income, calculate income based on regulatory requirements as specified in 5 CCR Section 18096.</p>	<p>Material Improper Payment: If income documentation is not present, an error will be determined in eligibility. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>Material Improper Payment: If the income documentation is not from the month preceding the certification or reflecting the family's current income, an error will be determined in eligibility. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p>
5.4	<p>If applicable, did the contractor verify income documentation? (5 CCR Section 18084[b][2])</p> <p>Examples: Case notes, telephone log, or notes written on income documentation</p>	<p>Material Improper Payment: If the contractor did not verify income of a parent and verification was necessary an error will be determined in eligibility. The error amount will be determined as in 5.3.</p>

Question Number	B: Self-Employment Income	Findings
5.5	<p>Does the parent have a letter from the source of income? OR Did the parent provide the most recently signed and completed tax returns with a statement of current estimated income for tax purposes? OR Did the parent provide other business records, such as ledgers, receipts, or business logs? (5 CCR Section 18084[a][3][A-C])</p>	<p>MaterialImproper Payment: If the required self-employment income documentation is not present, an error will be determined in eligibility. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p>
5.6	<p>Did the parent provide a combination of documentation necessary to establish current eligibility for at least the month preceding the initial certification or recertification? (MB 17-14, 5 CCR sections 18084[a][3] and 18096)</p> <p>NOTE: If income fluctuates because of agricultural work, intermittent income, or unpredictable income, calculate income based on regulatory requirements as specified in 5 CCR Section 18096.⁴</p>	<p>MaterialImproper Payment: If the income documentation is not the month preceding the certification or reflecting the family's current income, an error will be determined in eligibility. The error amount will be determined as in as in 5.5.</p>
5.7	<p>If applicable, did the contractor verify self-employment income documentation? (5 CCR Section 18084[b][3])</p> <p>If income cannot be independently verified, did the contractor assess whether the reported income is reasonable or consistent with community practice (via contractor attestation) for the employment? (5 CCR Section 18084[b][3])</p>	<p>MaterialImproper Payment: If the contractor did not assess whether the income is reasonable or consistent with the community practice, an error will be determined in eligibility. The error amount will be determined as in 5.5.</p>

⁴ **NOTE:** Definition of reliable and/or reasonable documentation is the agencies familiarity and/or knowledge of community practice.

NOTE: Self-Certification of income means a declaration signed by the parent under penalty of perjury identifying:

To the extent known, the employer, date of hire, rate and frequency of pay, total amount of income received for the preceding month(s), the type of work performed, hours and days worked. (5 CCR Section 18078 [s][1-2])

Examples:

- Employer refuses or fails to provide requested employment information
- A request for documentation would adversely affect the parent’s employment
- The amount and frequency of source(s) of income for which no documentation is possible

Question Number	B: Self Certification of Income	Findings
5.8	<p>Did the parent self-certify income under penalty of perjury? AND Did the parent provide other means of verification that may include:</p> <ul style="list-style-type: none"> • A list of clients and amounts paid • The most recently signed and completed tax returns • Quarterly estimated tax statements • Other records of income to support the reported income? (5 CCR Section 18084[a][2]) <p>If applicable, if income cannot be independently verified, did the contractor assess whether the reported income is reasonable or consistent with community practice (via contractor attestation) for the employment? (5 CCR Section 18084[b][2-3])</p>	<p>MaterialImproper Payment: If the self-certification of income 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 monthssample month payment or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>MaterialImproper Payment: If the contractor did not assess whether the income is reasonable or consistent with the community practice, an error will be determined in eligibility. The error will equal the cost of services provided for the sample monthssample month payment or the portion of the month in which there was no attestation, whichever is less.</p>

Question Number	C: Current Aid Recipient	Findings
5.9	Did the parent provide documentation of public cash-aid assistance (e.g., GEARS, Passport to Services, CalWin, etc.)? (5 CCR Section 18085)	Material Improper Payment: If public cash-aid assistance documentation is not in the family data file, an error will be determined in eligibility. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.

Note: If the parent has been identified as homeless on the application for services, contractors should permit the enrollment of children to begin immediately upon the parent signing the application for services. The contractor can provide child care for the first 30 days while the family obtains the required documentation.

Question Number	D: Homelessness	Findings
5.10	By the end of the 30-day period, did the parent submit a written referral from a legal, medical or social service agency, local educational agency liaison for homeless children and youth, a Head Start Program, or an emergency or transitional shelter OR By the end of the 30-day period, did the parent submit a written parental declaration that the family is homeless and a statement describing the family's current living situation (5 CCR Section 18090 & MB 18-04)	File Administrative Error: If the written referral or the written parental declaration was not received within 30 days of certification and the contractor did not provide a NOA, Denial of Services, an error will be determined in eligibility.

NOTE: Age eligibility (**13 through 21 years of age**), the family must be otherwise eligible and the child must have an active Individualized Education Program (IEP) and a letter from a legally qualified professional stating the child requires the special attention of adults in a child care setting.

Question Number	E: Exceptional Needs	Findings
5.11	<p>Is the child between the ages of 13 through 21 years of age? (5 CCR Section 18089, EC 56026)</p> <p>Exception: Refer to EC 56026 for any individual who turns 22 years of age during the months of January to June of the current fiscal year.</p>	<p>MaterialImproper Payment: If the child is not between the ages of 13 through 21 (22 years of age and meets the exception requirements), an error will be determined in reimbursement. The error will equal the cost of services provided for the sample months<u>sample month payment</u> or the portion of the month in which the child was not age eligible, whichever is less.</p>
5.12	<p>Is there evidence the child has an active IEP and a statement signed by a legally qualified professional stating the child requires the special attention of adults in a child care setting? (5 CCR Section 18089[b][1])</p> <p>Does the statement include the name, address, license number, telephone number, and signature of the legally qualified professional? (5 CCR Section 18089[b][2])</p>	<p>MaterialImproper Payment: If there is no evidence of an active IEP, an error will be determined in need.</p> <p>MaterialImproper Payment: If a statement from a legally qualified professional is missing, an error will be determined in need.</p> <p>MaterialImproper Payment: If the statement from a legally qualified professional does not specify that the child requires the special attention of adults in a child care setting, an error will be determined in need.</p> <p>FileAdministrative Error: If the statement from a legally qualified professional does not include the name, address, license number, telephone number, or signature, an error will be determined in need.</p> <p>The above materialImproper Payment errors will equal the cost of services provided for the sample months<u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p>

6. Family Size

NOTE: An error in family size may also result in an error in eligibility and/or family fee.

Question Number	Family Size	Findings
6.1	Is there documentation for all the children reported in the family size that indicates the relationship of the child to the parent (e.g., birth certificates, court orders, etc.)? (5 CCR Section 18100[a][1])	MaterialImproper Payment: If the supporting documentation for all children 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 sample month payment or the portion of the month in which there was insufficient documentation, whichever is less.
6.2	If applicable, if a child and his or her sibling(s) are living in a family that does not include their biological or adoptive parent, were only the child and related siblings counted to determine family size? (5 CCR Section 18100 [c])	MaterialImproper Payment: If the family size was documented inaccurately, an error will be determined in eligibility or family fees. The error will equal the cost of services provided for the sample month sample month payment or the portion of the month in which the family was ineligible for services, whichever is less. OR The difference in the family fee assessed and the correctly determined family fee. FileAdministrative Error: If the family size was documented inaccurately on the application for services, but does not affect the eligibility or family fee, an error will be determined in eligibility.
6.3	If applicable, did the parent who signed the application for services appropriately self-certify their single parent status under penalty of perjury: <ul style="list-style-type: none"> • Check the box in Section I • Initial Section V.1 • Sign under penalty of perjury? (MB 16-14)	MaterialImproper Payment: If the parent did not complete a self-certification of single parent status under penalty of perjury, an error will be determined in eligibility. The error amount will be determined as in 6.1. FileAdministrative Error: If the parent only completed one of the following: check the box in Section 1 or initial Section 5 of the application for services, but did sign under penalty of perjury to self-certify single parent status, an error will be determined in eligibility.

Question Number	Family Size	Findings
6.4	Is the family size documented correctly on the application for services? (5 CCR Section 18100)	<p>Material Improper Payment: If the family size was documented inaccurately on the application for services resulting in an ineligible family being certified for care, an error will be determined in eligibility. The error amount will be determined as in 6.1.</p> <p>File Administrative Error: If the family size was documented inaccurately on the application for services, but does not affect the eligibility or family fee, an error will be determined in eligibility.</p>

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7. Income Calculation

The family data file shall include sufficient and current documentation to determine the total countable income for the family. The reviewer shall ensure the family's income was calculated correctly and if family's eligibility is based on income, the family's income is equal to or less than 70 percent SMI at initial certification. Once determined and certified as income eligible for services, families remain income eligible until their adjusted monthly income exceeds 85 percent SMI, adjusted for family size.

The contractor shall calculate total countable income based on income information reflecting the family's current and on-going income.

NOTE: Fluctuating Income:

- (1) **Migrant, agricultural, or seasonal work:** This covers workers whose annual employment has periods of highs and low to no activity (average monthly income from the preceding 12 months prior to the period that establishes eligibility for services).
- (2) **Intermittent earnings or income:** This covers income that is infrequent or single occurrences over a period of certification (average the intermittent income from the preceding 12 months by dividing by 12 and add this to the other countable income).
- (3) **Unpredictable income:** This covers parents whose income is difficult to calculate because it has no recognizable pattern (average the income from at least three (3) consecutive months and no more than 12 months preceding the period that establishes eligibility for services).

If a family is voluntarily requesting a change in income refer to Section 3 of this Review Guide.

Question Number	Income Calculation	Findings
7.1	Is there an income calculation worksheet present? (5 CCR Section 18096[a])	FileAdministrative Error: If the income calculation worksheet is missing or incomplete, but the income is calculated correctly, an error will be determined in eligibility.
7.2	Was the income calculated and documented correctly to include all individuals counted in the family size? (5 CCR sections 18096 and 18078[u])	MaterialImproper Payment: If the monthly income is miscalculated and the family is determined to be over-income, an error will be determined in eligibility. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which the family was over-income, whichever is less. FileAdministrative Error: If the monthly income is miscalculated, but, it does not affect the family's eligibility or family fee, an error will be determined in eligibility.
7.3	If applicable, did the family notify the contractor within 30 calendar days of any change in ongoing income that caused the family's adjusted monthly income to exceed 85% SMI? AND Upon notification did the contractor obtain income documentation, calculate the family's adjusted monthly income and if the monthly income exceeded the 85% SMI determine if the family is eligible for services based upon other eligibility criteria or issue a NOA dis-enrolling the family? (MB 17-14 and 5 CCR Section 18084.3)	MaterialImproper Payment: Upon notification, If the contractor did not obtain income documentation, recalculate, and issue a NOA dis-enrolling the family, an error will be determined in eligibility. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of month in which the family ineligible for services, whichever is less.

8. Need for Services

The Need for Services Section refers to the following categories:

- A. Employment
- B. Self Employment
- C. Seeking Employment
- D. Vocational Training
- E. Parent Incapacitation
- F. Homeless
- G. Seeking Permanent Housing
- H. Child Protective Services (CPS)
- I. At-Risk

At initial certification or recertification the contractor shall certify services for not less than twelve (12) months.

NOTE: At any time between the initial certification or recertification period a parent may voluntarily request an increase to their certified child care schedule based on provided documentation.

For a family to receive child care services, they must have a qualifying need in at least one (1) of the Need for Services categories.

NOTE: Unpredictable days and hours of employment (variable schedule)

Authorize care based on regulatory requirements specified in 5 CCR Section 18086 (b)(2)9D)

The certified hours of care indicated on the NOA must include and correspond to the hours and days established by the supporting need documentation in the family data file.

Question Number	A: Employment	Findings
8.1	Does the documentation of need indicate the days and hours of employment (e.g., payroll check stubs, employer verification, contact with employer, etc.)? (5 CCR Section 18086[a-b][1][2][A-D])	Material Improper Payment: If the required documentation of need is not present in the family data file, an error will be determined in need. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.
8.2	If the employer refuses or is non-responsive in providing the requested information are there recorded attempts to contact the employer? AND Did the contractor specify and attest on the application for services to the reasonableness of the days and hours of employment based on the description of the employment and community practice? (5 CCR Section 18086[b][2][E])	Material Improper Payment: If the contractor did not record attempts to contact the employer and/or did not specify and attest on the application for services to the reasonableness of the days and hours of employment based on the description of the employment and community practice an error will be determined in need. The error will be determined as in 8.1.
8.3	If applicable, is there a declaration signed under penalty of perjury indicating a request for employment documentation would adversely affect their employment? AND Did the contractor attest to the reasonableness of the parent's assertion and the days and hours of employment based on the description of the employment and community practice? (5 CCR Section 18086[b][2][F][i][ii])	Material Improper Payment: If the contractor did not specify and attest on the application for services to the reasonableness of the days and hours of employment based on the description of the employment and community practice per the signed declaration, an error will be determined in need. The error will be determined as in 8.1.

Question Number	A: Employment	Findings
8.4	<p>If applicable, is the parent's employment in the family's home or on property that includes the family's home? (5 CCR Section 18086.1[b])</p> <p>Did the parent provide justification for requesting subsidized child care and development services based on:</p> <ul style="list-style-type: none"> • Type of work being done and its requirements, • Age of the family's child for whom services are sought, • The specific child care needs (only if the child is more than five years old)? <p>(5 CCR Section 18086.1[b])</p> <p>Did the contractor determine and document whether the parent's employment and the identified child care needs preclude the supervision of the family's child (5 CCR Section 18086.1[b])</p>	<p>Material Improper Payment: If the required justification is missing or incomplete, an error will be determined in need. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which the justification was missing or incomplete, whichever is less.</p> <p>Material Improper Payment: If the contractor did not determine and document whether the parent's employment and the identified child care needs preclude the supervision of the family's child, an error will be determined in need. The error will be determined as in 8.1.</p>
8.5	<p>If applicable, is the parent a licensed family day care home provider? (5 CCR Section 18086.1[c])</p> <p>Did the parent request child care and development services during their business hours? (5 CCR Section 18086.1[c])</p>	<p>Material Improper Payment: If the parent is a licensed family day care home provider and requested services during their business hours, an error will be determined in need. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which the parent received services during their business hours, whichever is less.</p>

Question Number	A: Employment	Findings
8.6	<p>If applicable, is the parent employed as an assistant in a licensed large family day care home? (5 CCR Section 18086.1[d])</p> <p>Did the parent provide documentation per 5 CCR:</p> <ul style="list-style-type: none"> • Copy of facility license • Signed statement from the licensee stating that the parent is the assistant, pursuant to the staffing ratio requirements of 22 CCR • Proof that the parent's fingerprints are associated with that licensed family day care home as an assistant • Payroll deduction withheld for the assistant by the licensee? (5 CCR Section 18086.1[d][1-4]) 	<p>Material Improper Payment: If the required documentation is missing or incomplete, an error will be determined in need. The error will equal the cost of services provided for the sample month sample month payment or the portion of the month in which the need documentation was missing or incomplete, whichever is less.</p>
8.7	<p>If applicable, were additional hours requested and given for travel and/or sleep time to support employment? (5 CCR Section 18086[e][1-2])</p> <p>NOTE: Travel – not to exceed half of the daily hours authorized for employment to a maximum of four hours per day.</p> <p>Sleep – If the parent is employed between 10:00 p.m. and 6:00 a.m., not to exceed the number of hours authorized for employment and travel between those hours.</p>	<p>Material Improper Payment: If travel and/or sleep hours were requested and the contractor did not authorize or authorized incorrectly, an error will be determined in need. The error amount will equal the difference between the reimbursement made and what should have been authorized.</p> <p>File Administrative Error: If travel and/or sleep hours were requested and the contractor did not authorize or authorized incorrectly, but it did not result in a higher reimbursement, an error will be determined in need.</p>

Question Number	A: Employment	Findings
8.8	Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR sections 18074.1[a], 18086[a][b], 18086[e][1-2])	<p>MaterialImproper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>FileAdministrative Error: If the inaccurately certified hours of care do not affect reimbursement, an error will be determined in need.</p>

Question Number	B: Self-Employment	Findings
8.9	<p>Does the parent have a declaration that includes:</p> <ul style="list-style-type: none"> • Description of the employment • Estimate of the days and hours worked per week? <p>(5 CCR Section 18086[c][1][A])</p> <p>Does the parent's documentation indicate the days and hours worked (e.g. appointment logs, client receipts, job logs, or other similar records)?</p> <p>(5 CCR Section 18086[c][1][B])</p> <p>If applicable, does the parent have a business license, a workspace lease, or workspace rental agreement?</p> <p>(5 CCR Section 18086[c][1][C])</p>	<p>MaterialImproper Payment: If the required self-employment documentation is not present in the family data file, an error will be determined in need.</p> <p>MaterialImproper Payment: If the documentation does not indicate the days and hours worked, an error will be determined in need.</p> <p>The above material-Improper Payment errors will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p>
8.10	<p>If applicable, did the contractor assess the certified hours of care by dividing the parent's self-employment income by the applicable minimum wage?</p> <p>(5 CCR Section 18086[c][3])</p> <p>NOTE: The resulting quotient shall be the maximum hours needed for employment per month.</p>	<p>MaterialImproper Payment: If the contractor did not assess the certified hours of care by dividing the parent's self-employment income by the applicable minimum wage, an error will be determined in need. The error amount will be determined as in 8.9.</p>

Question Number	B: Self-Employment	Findings
8.11	<p>If applicable, were additional hours requested and given for travel and/or sleep time to support self-employment? (5 CCR Section 18086[e][1-2])</p> <p>NOTE: Travel – not to exceed half of the daily hours authorized for employment to a maximum of four hours per day. Sleep – If the parent is employed between 10:00 p.m. and 6:00 a.m., not to exceed the number of hours authorized for employment and travel between those hours.</p>	<p>MaterialImproper Payment: If travel and/or sleep hours were authorized incorrectly, an error will be determined in need. The error amount will equal the difference between the reimbursement made and what should have been authorized.</p> <p>FileAdministrative Error: If travel and/or sleep hours were requested and authorized incorrectly, but it did not affect reimbursement, an error will be determined in need.</p>
8.12	<p>Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR sections 18074.1[a], 18086[c], 18086[e][1-2])</p>	<p>MaterialImproper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>FileAdministrative Error: If the inaccurately certified hours of care do not affect reimbursement, an error will be determined in need.</p>

Question Number	C: Seeking Employment	Findings
8.13	<p>Is there a written parental declaration of seeking employment signed under penalty of perjury? (5 CCR Section 18086.5[b])</p> <p>Does the declaration include the parent's plan to secure, change, or increase employment? (5 CCR Section 18086.5[b])</p> <p>Does the declaration identify a general description of when the services will be necessary? (5 CCR Section 18086.5[b])</p>	<p>MaterialImproper Payment: If the required seeking employment documentation is incomplete or not present in the family data file, an error will be determined in need. The error will equal cost of services provided for the sample month or the portion of the month in which there was insufficient documentation, whichever is less.</p>

Question Number	C: Seeking Employment	Findings
8.14	Did the contractor determine services for no more than 5 days per week and for less than 30 hours per week? (5 CCR Section 18086.5[a])	Material Improper Payment: If the certified days and/or hours exceed the limitations, an error will be determined in need. The error will equal the cost of services provided for the sample month or the portion of the month in which the parent exceeded the seeking employment limitations, whichever is less.
8.15	Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR sections 18074.1[a], 18086.5)	Material Improper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified. File Administrative Error: If the inaccurately certified hours of care do not affect reimbursement, an error will be determined in need.

NOTE: Per EC 66060, for the following the service limitations specified in 5 CCR Section 18087 (b)(1-2) shall not apply to a parent who demonstrates he or she is:

- As of June 27, 2008, receiving services for vocational training and has attained a Bachelor's Degree;
- Receiving services from a program operating pursuant to EC 66060 (Campus child care and development programs);
- Attending vocational training when the parent has been deemed eligible for rehabilitation services by the California Department of Rehabilitation; or
- Attending retraining services available through the Employment Development Department of the State or its contractors due to a business closure or mass layoff.

If the parent voluntarily requests in writing to increase or decrease their service hours, refer to Section 3.

Question Number	D: Vocational Training	Findings
8.16	<p>Is the parent eligible for vocational training based on time limitations?</p> <p>(1) Six years from the initiation of services.</p> <p>OR</p> <p>(2) Twenty- four semester units or its equivalent after the attainment of a Bachelor's Degree? (5 CCR Section 18087[b][1-2])</p>	<p>MaterialImproper Payment: If the contractor certified services that exceed a vocational training limitation, an error will be determined in need. The error will equal the cost of services provided for the sample months<u>sample month payment</u> or the portion of the month in which the family was ineligible, whichever is less.</p>

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Question Number	D: Vocational Training	Findings
8.17	<p>Is there a written statement of the parent's vocational goal? (5 CCR Section 18087[c][1])?</p> <p>Does the vocational training, General Education Development (GED) or English language acquisition documentation include the name of the training institution the parent is currently enrolled? (5 CCR Section 18087[c][2][e])</p> <p>Does the documentation include the dates of the current quarter, semester, or training period, as applicable, will begin and end? (5 CCR Section 18087[c][3][e])</p> <p>Does the documentation include a current class schedule that is either an electronic print-out, OR A document that includes; the classes in which the parent is currently enrolled, the days of the week and times of day of the classes and the signature or stamp of the training institution's registrar? OR For on-line or televised instructional classes that are unit bearing from an accredited training institution shall provide a copy of the syllabus, or other class documentation, and as applicable, the Web address of the On-line program? (5 CCR Section 18087[c][4][A-C][e][f])</p> <p>Does the documentation include the anticipated completion date of their vocational training? (5 CCR Section 18087[c][5])</p>	<p>Material Improper Payment: If the vocational training, GED or English language acquisition documentation is missing, an error will be determined in need. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was missing documentation, whichever is less.</p> <p>File Administrative Error: If the parents' written statement of their vocational goal is missing, an error will be determined in need.</p> <p>File Administrative Error: If the vocational training, GED or English language acquisition documentation is incomplete, but there is sufficient documentation in the family data file to verify training, an error will be determined in need.</p>

Question Number	D: Vocational Training	Findings
8.18	<p>If applicable, at the first recertification did the parent provide documentation from the most recently completed quarter, semester, or training period that indicates the parent is making adequate progress toward the attainment of their vocational goal (e.g., report card or transcript)? (5 CCR Section 18087[g] and MB 17-14)</p>	<p>Material/Improper Payment: If the parent has not submitted documentation from the most recently completed quarter, semester, or training period, and is still receiving services under vocational training, an error will be determined in need. The error amount will be determined as in 8.16.</p>
8.19	<p>If applicable, at the second recertification did the parent provide documentation from the most recently completed quarter, semester, or training period that indicates the parent is making adequate progress toward the attainment of their vocational goal (e.g., report card or transcript)? (5 CCR Section 18087[g] and MB 17-14)</p> <p>If applicable, did the contractor dis-enroll the family for not meeting the adequate progress requirements? (5 CCR Section 18087[g] and MB 17-14)</p>	<p>Material/Improper Payment: If the parent has not submitted documentation from the most recently completed quarter, semester, or training period, and is still receiving services under vocational training, an error will be determined in need. The error amount will be determined as in 8.16.</p> <p>Material/Improper Payment: If the contractor did not dis-enroll the family for not making adequate progress, an error will be determined in need. The error amount will be determined as in 8.16.</p>

Question Number	D: Vocational Training	Findings
8.20	<p>If applicable, were additional hours given for travel and/or study time to support vocational training? (5 CCR Section 18087[k][1-2])</p> <p>NOTE: Travel - not to exceed half of the weekly hours authorized for training to a maximum of four hours per day; and/or Study - including study time for on-line and televised instructional classes, according to the following: (A) Two hours per week per academic unit; (B) On a case-by-case basis and as may be confirmed with the class instructor, additional time not to exceed one hour per week per academic unit in which the parent is enrolled; AND (C) On a case-by-case basis, no more than the number of class hours per week for non-academic or non-unit bearing training.</p>	<p>MaterialImproper Payment: If travel and/or study hours were authorized incorrectly, an error will be determined in need. The error amount will equal the difference between the reimbursement made and what should have been authorized.</p> <p>FileAdministrative Error: If travel and/or study hours were requested and authorized incorrectly, but did not affect reimbursement, an error will be determined in need.</p>
8.21	<p>Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR sections 18074.1[a] and 18087[j][k][1][2][A-C])</p>	<p>MaterialImproper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>FileAdministrative Error: If the inaccurate certified hours of care did not affect reimbursement, an error will be determined in need.</p>

Question Number	E: Parental Incapacitation	Findings
8.22	<p>Did the parent provide a release authorizing a legally qualified health professional to disclose information necessary to establish that the parent meets the definition of incapacity and needs services? (5 CCR Section 18088[b])</p> <p>NOTE: "Parental Incapacity" means the temporary or permanent inability of the child's parent(s) to provide care and supervision of the child(ren) for part of the day due to a physical or mental health condition. (5 CCR Section 18078[o]).</p>	<p>FileAdministrative Error: If the contractor does not have a release authorizing a legally qualified health professional to disclose information, an error will be determined in need.</p>
8.23	<p>Is there documentation provided by a legally qualified health professional? (5 CCR Section 18088[c])</p> <p>Is there a statement that the parent is incapacitated, that the parent is incapable of providing care and supervision for the child for part of the day, and, if the parent is physically incapacitated, identifies the extent to which the parent is incapable of providing care and supervision? (5 CCR sections 18078[o] and 18088[c][1])</p> <p>Does the statement include the days and hours per week of recommended services? (5 CCR Section 18088[c][2])</p> <p>Does the statement include the name, business address, telephone number, professional license number, signature of the legally qualified health professional and if applicable the name of the health organization the health professional is associated? (5 CCR Section 18088[c][3])</p>	<p>MaterialImproper Payment: If the documentation signed by the legally qualified health professional is missing, an error will be determined in need. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>FileAdministrative Error: If the incapacity documentation is incomplete, but there is sufficient documentation in the family data file to verify incapacity, an error will be determined in need.</p>

Question Number	E: Parental Incapacitation	Findings
8.24	Did the contractor determine the days and hours of service based on the information provided by the legally qualified health professional, not to exceed 50 hours per week? (5 CCR Section 18088[a] and [e])	<p>Material Improper Payment: If the certified need for care exceeds the total hours of care requested by the health professional, an error will be determined in need. The error will equal the cost of services provided which exceeded the total hours of care requested by the health professional for the sample month or the portion of the month in which the documentation of need did not correspond to the certified hours of care, whichever is less.</p> <p>Material Improper Payment: If the certified need for care exceeds 50 hours per week, an error will be determined in need. The error will equal the cost of services provided which exceeded 50 hours per week for the sample month.</p>
8.25	Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR sections 18074.1[a] and 18088)	<p>Material Improper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>File Administrative Error: If the inaccurate certified hours of care did not affect reimbursement, an error will be determined in need.</p>

Question Number	F: Homeless	Findings
8.26	<p>Does the family need the childcare services because the child is identified by legal, medical, social service agency, a local educational agency liaison for homeless children and youths, a Head Start program, or an emergency or transitional shelter as homeless?</p> <p>OR</p> <p>Did the parent provide a written parental declaration of homelessness supported by documentation of at least one of the types of need requirements which include:</p> <ul style="list-style-type: none"> • seeking permanent housing for family stability • seeking employment • engaging in vocational training employment • an educational program for English Language Learners • to attain a high school diploma or general educational development certificate? <p>(EC 8263[a][1][B] and MB 18-04)</p>	<p>Material Improper Payment: If the referral was not completed by a legal, medical, social service agency, a local educational agency liaison for homeless children and youths, a Head Start program, or an emergency or transitional shelter, and the contractor continued to provide services, an error will be determined in need. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>Material Improper Payment: If the written parental declaration of homelessness is not supported by documentation of at least one of the types of need, an error will be determined in need. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p>
8.27	<p>Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care?</p> <p>(EC 8263[a][1][B])</p>	<p>Material Improper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>File Administrative Error: If the inaccurate certified hours of care did not affect reimbursement, an error will be determined in need.</p>

Note: If the parent has been identified as homeless on the application for services, contractors should permit the enrollment of children to begin immediately upon the parent signing the application for services. The contractor can provide child care for the first 30 days while the family obtains the required documentation.

Question Number	G: Seeking Permanent Housing	Findings
8.28	<p>Is there a written parental declaration signed under penalty of perjury that the family is seeking permanent housing? (5 CCR Section 18091[b] and MB 17-14)</p> <p>Does the written declaration include the parent's search plan to secure a fixed, regular, and adequate residence? (5 CCR Section 18091[b] and MB 17-14)</p> <p>Does the written declaration identify a general description of when services will be necessary? (5 CCR Section 18091[b] and MB 17-14)</p>	<p>Material Improper Payment: If the written seeking permanent housing parental declaration is missing, an error will be determined in need. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>File Administrative Error: If the written seeking permanent housing parental declaration is incomplete, but there is sufficient documentation in the family data file to verify that the parent is seeking permanent housing, an error will be determined in need.</p>
8.29	<p>Are services for no more than five days per week and less than 30 hours per week? (5 CCR Section 18091[a] and MB 17-14)</p>	<p>Material Improper Payment: If the certified days and/or hours exceed the limitations, an error will be determined in need. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which the parent exceeded the regulatory limitations, whichever is less.</p>
8.30	<p>Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR sections 18074.1[a] and 18091)</p>	<p>Material Improper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>File Administrative Error: If the inaccurate certified hours of care did not affect reimbursement, an error will be determined in need.</p>

Question Number	H: Child Protective Services	Findings
8.31	Is there a statement from the local county welfare department, child protective services unit certifying that the child is receiving child protective services and that child care and development services are a necessary component of the child protective services plan? (5 CCR Section 18092[a] and MB 17-14)	<p>Material Improper Payment: If the statement from the local county welfare department is missing, an error will be determined in need. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>File Administrative Error: If the statement from the local county welfare department is incomplete, but there is sufficient documentation in the family data file to verify that the child is receiving child protective services, an error will be determined in need.</p>
8.32	Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR Section 18092 and MB 17-14)	<p>Material Improper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>File Administrative Error: If the inaccurate certified hours of care did not affect reimbursement, an error will be determined in need.</p>

Question Number	I: At Risk	Findings
8.33	Is there a statement by the legally qualified professional that the child is at risk of abuse or neglect and child care and development services are needed to reduce or eliminate that risk? (5 CCR Section 18092[b] and MB 17-14)	<p>Material Improper Payment: If the statement by the legally qualified professional is missing, an error will be determined in need. The error will equal the cost of services provided for the sample months <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>File Administrative Error: If the statement by the legally qualified professional is incomplete, but there is sufficient documentation in the family data file to verify that the child is at risk of abuse or neglect, an error will be determined in need.</p>

Question Number	I: At Risk	Findings
8.34	Do the days and hours of child care and development services approved and documented by the contractor meet the family's need for child care? (5 CCR Section 18092 and MB 17-14)	<p>Material Improper Payment: If the certified hours of care do not meet the family's need for child care, an error will be determined in need. The error will equal the difference between what the documentation supports and what was certified.</p> <p>File Administrative Error: If the inaccurate certified hours of care did not affect reimbursement, an error will be determined in need.</p>

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9. Family Fee

Total countable income, family size and certified need are the three factors which determine if a family fee is to be assessed. Fees are not adjusted for excused and unexcused absences.

In determining whether a part-time or full-time monthly fee should be assessed, if the total certified hours are less than 130 hours, the part-time fees apply or if the total hours are 130 hours or more, the full time fees apply. If determining the family fee based on a weekly certified need, multiply the number of certified hours by 4.33 (52 weeks/12 months) and then assess according to the above.

Unpredictable schedule calculation:

When assessing family fees for families whose parents' employment is **unpredictable** use the average hours of the parent's verified work schedule for the 4 months immediately preceding the certification.

If at the time of initial certification the parent does not have a work history assess a flat monthly fee based on:

- (1) The verified hours the employer expects the parent to work
- or**
- (2) The self-employment documentation provided by the parent

The fees are not assessed for the following:

- Families receiving (CalWORKs) cash aid
- Children enrolled in part-day CSPP
- Children enrolled in severely handicapped program (CHAN)
- At Risk/CPS may be exempt for up to 12 months

NOTE: If the parent voluntarily requests to reduce their family fee refer to Section 3, question 3.1.

Question Number	Family Fee	Findings
9.1	Was the family fee assessed correctly based on income, family size, and certified hours of care? (5 CCR Section 18109[a][1-3] and MB 17-11)	<p>Material Improper Payment: If the income, family size, and/or certified hours of care are determined incorrectly and affect the assessment of the family fee, an error will be determined in family fee. The error will equal the difference in the family fee assessed and the correctly determined family fee.</p> <p>Material Improper Payment: If the family fee was assessed incorrectly (part-time vs full-time monthly), an error will be determined in family fee. The error will equal the difference in the family fee assessed and the correctly determined family fee.</p>
9.2	Was the family fee collected? (5 CCR Section 18109[a][3-4])	Material Improper Payment: If family fees were not collected, an error will be determined in family fee. The error amount will be determined as in 9.1.
9.3	<p>If applicable, did the contractor retain a copy of the family fee receipt? (5 CCR Section 18113[b])</p> <p>Does the receipt include the amount paid; the date of payment, rate of payment, and the period of service? (5 CCR Section 18113[a])</p>	File Administrative Error: If the family fee receipt is missing or incomplete, but the family fee was assessed correctly, an error will be determined in family fee.
9.4	<p>If applicable, did the contractor grant a fee credit to the amount paid to another provider(s) for child care and development services? AND Did the contractor have copies of the receipts or cancelled checks for the other child care and development services? (5 CCR Section 18112[b-c])</p>	Material Improper Payment: If a fee credit was granted, but there is no supporting documentation of an amount paid to another provider, an error will be determined in family fee. The error will equal the amount of the fee credit.

Question Number	Family Fee	Findings
9.5	<p>Did the contractor adopt policies regarding fee assessment, collection of family fees in advance of providing services and the possible consequences for delinquent payment of family fees? (5 CCR sections 18109[c], 18114, 18115, and 18116)</p> <p>If applicable, did the contractor accept a reasonable plan from the parent(s) for payment of delinquent family fees? (5 CCR Section 18115)</p>	<p>Compliance: If the contractor did not adopt policies regarding fee assessment, collection of family fees in advance of providing services and the possible consequences for delinquent payment of family fees, a compliance finding will be determined.</p> <p>Material Improper Payment: If a payment plan was established and the contractor did not terminate services for nonpayment of delinquent fees, an error will be determined in family fee. The error will equal the cost of services provided for the sample month sample month payment. (Documentation of the error will be as follows: The family fee amount assessed for the review month will be documented as a family fee error and the remainder of the cost of services for the sample month will be documented as an eligibility error).</p> <p>File Administrative Error: If the policy does not align with regulatory requirements, an error will be determined in family fee.</p>

10. Notice of Action

Question Number	Notice of Action	Findings
10.1	<p>Did the contractor mail or deliver a completed NOA to the parents within thirty (30) calendar days from the date the parent signed the application for services for approval or denial of child care and development services? (5 CCR Section 18118)</p> <p>NOTE: Refer to Section 3 regarding the NOA timelines when a parent voluntarily reports changes.</p>	<p>Compliance: If the contractor did not mail or deliver a NOA within thirty (30) calendar days from the date the application for services was signed by the parent, an error will be determined.</p>
10.2	<p>Is the NOA complete and accurate? (5 CCR sections 18094, 18095, and 18118)</p>	<p>File Administrative Error: If the NOA is not complete and accurate, an error will be determined.</p>
10.3	<p>Did the contractor notify parents of due process requirements? (5 CCR Section 18120)</p>	<p>Compliance: If the contractor did not notify the parent of due process requirements, an error will be determined.</p>

11. Attendance – Alternative Payment (AP)

The attendance record is the primary source document for audit and reimbursement purposes.

NOTE: The use of a digital signature for all child care contractors (MB 17-04)

- Must be created by an acceptable technology
- Is unique to the person using it
- Is capable of verification
- Is under the sole control of the person using it
- Is linked to the data in such a manner that if the data is changed, the digital signature is invalidated

NOTE: Child care providers authorized to provide subsidized child care services to families, are required to submit a monthly attendance record or invoices to the AP or CalWORKs contractors. Contractors should develop and implement policies, including a definition for “broadly consistent”, with clear and consistent consequences for program violations.

Question Number	Attendance (Provider Payments)	Findings
11.1	<p>Does the monthly attendance record or invoice contain:</p> <ul style="list-style-type: none"> • The name of the child • Specific dates services were provided • Actual times the child entered and the times the child departed care for each service day and the specific date that services were provided • Signature of both the provider and the parent at the end of each month, attesting under penalty of perjury, that the information provided is accurate? <p>(MB 14-04)</p> <p>NOTE: Parent’s signature shall correspond to signature within the family data file.</p>	<p>Material Improper Payment: If the name of the child, the specific date services were provided, the actual time of arrival/departure of the child and the parent and provider’s signature are not documented on the attendance record or invoice and the contractor did not implement their written attendance policies, an error will be determined in provider payments. The error will equal the cost of services provided for the sample month <u>sample month payment</u>.</p>

Question Number	Attendance (Provider Payments)	Findings
11.2	<p>Does the attendance record or invoice per the contractor's definition of "broadly consistent", correspond with the certified hours of care? (5 CCR sections 18074.1[a] and MB 14-04)</p> <p>NOTE: When the attendance forms show that care is different from what has been certified/approved. Refer to 12 Month Eligibility - Frequently asked Questions #12</p>	<p>Material Improper Payment: If the child care times in and out as documented on the attendance or invoice do not broadly correspond with the certified need for care and the contractor did not implement their attendance policies, an error will be determined in provider payments. The error will equal the cost of the services provided for the sample month.</p>

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12. Alternative Payment Reimbursement Determination

The Alternative Payment Reimbursement determination refers to the following categories:

- A. Licensed Child Care Center/ Licensed Family Home
- B. Licensed-exempt Providers
- C. Multiple Providers
- D. Regional Market Rate (RMR) Selection
- E. Provider Reimbursement (Provider Payment)
- F. Reimbursable Hours of Care

Provider Information:

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Question Number	A: Licensed Child Care Center/ Licensed Family Home	Findings
12.1	<p>Is there written documentation of the service provider's current fees (rates) with information regarding the provider's usual and customary services provided for those fees? (5 CCR Section 18231[a])</p> <p>Is there a document that contains the rate and schedule of payment for approved services that is signed by both the service provider and contractor? (5 CCR Section 18231[c])</p> <p>Is there a copy of the facility license that shows the authorized capacity of the facility, name, address of the service provider and age group(s) served by the provider? (5 CCR Section 18231[d-f])</p> <p>NOTE: Written information the provider gives to private pay families should be included in the provider records. The information should include the business contact information, provider's policies or practices, and rates (e.g., hours of operation, holidays, etc.).</p>	<p>Material Improper Payment: If the license provider's statement of fees (rates) or license is missing, an error will be determined in provider payments. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>File Administrative Error: If the data file does not contains the rate and schedule of payment for approved services, an error will be determined in provider payments.</p>

Question Number	B: License-Exempt Provider	Findings
12.2	<p>Does the provider file contain:</p> <ul style="list-style-type: none"> • A description of caregiver’s qualifications and work experience obtained during a personal interview with a caregiver • Declaration by the care giver that h/she is in good health • Signed statement from the parent that the parent has interviewed and approved of the caregiver • A California driver’s license number or other valid and recognized form of identification to verify that the caregiver is at least eighteen (18) years of age? <p>(5 CCR Section 18411[c][2][A])</p> <p>Does the provider meet or are they exempt from Health and Safety requirements? (5 CCR Section 18411[c][2][B])</p> <p>Is there documentation that includes the name, address, and telephone number of the service provider? (5 CCR Section 18231[e])</p>	<p>Material Improper Payment: If the provider is not at least eighteen (18) years of age and/or the provider’s written documentation is missing, an error will be determined in provider payments. The error will equal the cost of services provided for the sample month <u>sample month payment</u> or the portion of the month in which there was insufficient documentation, whichever is less.</p> <p>File Administrative Error: If the provider’s written documentation is incomplete, an error will be determined in provider payments.</p>
12.3	<p>Is the license-exempt non-relative provider Trust-lined? OR Is the license-exempt relative provider exempt from Trust-line?</p> <p>NOTE: If the provider is exempt from Trust-line they must be an aunt, uncle, or grandparent of the child receiving child care services (22 CCR sections 18224.6, 18227, 18227.1, 18409, 18411, and 18426 and MB 13-01).</p>	<p>Material Improper Payment: If the license-exempt non-relative provider is not Trust-lined or the license-exempt relative provider is not an aunt, uncle, or grandparent, an error will be determined in provider payments. The error amount will be determined as in 12.2.</p>

Question Number	B: License-Exempt Provider	Findings
12.4	<p>Is there a statement of the service provider's current fees and Is there a document that contains the rate and schedule of payment for approved services that is signed by both the service provider and contractor? (5 CCR Section 18231[a][c])</p>	<p>MaterialImproper Payment: If the license-exempt provider's statement of fees is missing, an error will be determined in provider payments. The error amount will be determined as in 12.2.</p> <p>FileAdministrative Error: If the document that contains the rate and schedule of payment for approved services that is signed by both the service provider and contractor provider's written documentation is missing or incomplete, an error will be determined in provider payments.</p>
12.5	<p>If applicable, did the contractor reimburse the in-home license-exempt care provider based on their policy requiring minimum number of children to ensure the provider receives a reimbursement equivalent to minimum wage? (5 CCR Section 18411[d])</p>	<p>MaterialImproper Payment: If the contractor did not ensure that the in-home license-exempt provider's reimbursement was equivalent to minimum wage, an error will be determined in provider payments. The error will equal the cost of the services provided for the sample month.</p>

Question Number	C: Multiple Providers	Findings
12.6	<p>If applicable, does the parent use multiple providers? Is the primary provider unable to accommodate all hours of certified care needed? OR Is one provider not a licensed center and the parent has chosen a licensed center for specific purposes of providing the child with large group school readiness experiences? (5 CCR Section 18076.3)</p>	<p>MaterialImproper Payment: If the parent is using multiple providers and the primary provider is able to accommodate all hours of certified need for care, an error will be determined in provider payments. The error amount will be the cost of services to the secondary provider.</p> <p>MaterialImproper Payment: If the parent has a provider that has a large group school readiness experience associated with it and is also using a secondary licensed center for the same purpose, an error will be determined in provider payments. The error amount will be the cost of services to the secondary provider.</p>

Question Number	D: Regional Market Rate (RMR) Selection	Findings
12.7	<p>Was the selection of the RMR determined correctly based on age of child, certified need for care, and facility type? (5 CCR Section 18074.2)</p> <p>NOTE: Regional Market Rate (RMR) Selection: The RMR ceiling is the parent's maximum child care assistance level. It is not necessarily equal to the provider's rate.</p>	<p>Material Improper Payment: If the RMR ceiling is selected incorrectly an error will be determined in provider payments. The error will equal the difference between the provider payment paid by the contractor and the correct determined provider payment.</p>

Question Number	E: Provider Reimbursement	Findings
12.8	<p>Was the appropriate reimbursement rate selected based on the RMR (maximum subsidy amount) and the provider's rates, whichever is less? (5 CCR sections 18428[a] and 18074.1[c])</p> <p>NOTE: Provider Reimbursement (Payments): Determine the reimbursement rate by reviewing the appropriate RMR ceiling AND the providers rate(s) or invoice. Compare the newly calculated reimbursement to the reimbursement that was paid to the provider.</p>	<p>Material Improper Payment: If the appropriate reimbursement rate was not selected, an error will be determined in provider payments. The error will equal the difference between the reimbursement paid to the provider by the contractor and the correctly determined reimbursement.</p>

Question Number	E: Provider Reimbursement	Findings
12.9	<p>If applicable, was an adjustment to the RMR determined correctly based on evening and/or weekend care? (5 CCR Section 18075.1)</p> <p>If applicable, was an adjustment made to the reimbursement based on children with exceptional needs and was it determined correctly (will be adjusted on the RMR or provider rate whichever is lower)? (5 CCR Section 18075.2)</p> <p>NOTE: Adjustments are made on the following:</p> <p>Evening and/or Weekend Care - Adjustments are used for weekend and evening care. An adjustment is applied to the RMR ceilings for a licensed provider and cannot be applied to the hourly rate ceiling. No adjustment should be made for license-exempt providers.</p> <p>Children with Exceptional Needs - Adjustments are made only when there is documentation that additional services and or accommodations are being provided and such services and/or accommodations result in an on-going financial impact on the provider (will be adjusted on the RMR or provider rate whichever is lower).</p>	<p>Material Improper Payment: If the adjustment to the RMR is incorrect, an <u>material Improper Payment</u> error will be determined in provider payments. The error amount will be determined as in 12.8.</p> <p>Material Improper Payment: If the adjustment to the reimbursement based on exceptional needs is incorrect, an error will be determined in provider payments. The error will be determined as in 12.8.</p>

Question Number	F: Reimbursable Hours of Care	Findings
12.10	<p>If applicable, did the provider have a paid day of non-operation and provide documentation that the contractual terms used by the provider for services to unsubsidized families require payment for such day(s) of non-operation? (5 CCR Section 18076.2[b][2])</p> <p>If applicable, did the contractor reimburse no more than ten (10) days of non-operation per fiscal year? (5 CCR Section 18076.2[b][2])</p>	<p>MaterialImproper Payment: If the contractor reimbursed a provider for a day of non-operation for which there was no documentation that the contractual terms used by the provider for services to unsubsidized families require payment for such day(s) of non-operation, an error will be determined in provider payments. The error amount will be the cost of services for the day(s) of non-operation that were reimbursed.</p> <p>MaterialImproper Payment: If the contractor reimbursed a provider for more than ten (10) days of non-operation per fiscal year, an error will be determined in provider payments. The error amount will be the cost of services for the day(s) of non-operation that were reimbursed past the regulatory limit of ten (10) days.</p>
12.11	<p>If applicable, did the parent use an alternate provider for time that services are provided when the regular provider has a paid day of non-operation? (5 CCR Section 18076.2 [b][2])</p>	<p>MaterialImproper Payment: If the contractor reimbursed an eligible alternate provider without having documentation that the contractual terms used by the provider for services to unsubsidized families require payment for such days of non-operation, an error will be determined in provider payments. The error amount will be the cost of services of the eligible alternate provider for the service month.</p> <p>MaterialImproper Payment: If the contractor reimbursed the eligible alternate provider for more than ten days of non-operation per fiscal year, an error will be determined in provider payments. The error amount will be the cost of services to the eligible alternate provider that exceeded the ten days of non-operation per fiscal year for the service month.</p>

Question Number	F: Reimbursable Hours of Care	Findings
12.12	<p>If applicable, did the parent use an eligible alternate provider when the child is ill and the parent had to obtain care from an eligible alternate provider? (5 CCR Section 18076.2 [c][2])</p> <p>Did the contractor limit the days of reimbursement for an eligible alternate provider due to child illness to ten days per fiscal year? (5 CCR Section 18076.2 [c][2])</p> <p>NOTE: Contractors may reimburse an eligible alternate provider in excess of ten days per fiscal year based on the illness of the child if the parent provides a physician verification.</p>	<p>Material Improper Payment: If the contractor reimbursed the eligible alternate provider for more than ten days when the child is ill per fiscal year, an error will be determined in provider payments. The error amount will be the cost of services to the eligible alternate provider that exceeded the ten days of child illness per fiscal year.</p> <p>NOTE: If a physician verification is in the family data file, no error will be determined.</p>
12.13	<p>If applicable, did the contractor reimburse any hours that include the scheduled instructional minutes of public educational program available to a school-age child, or a private school in which the child is enrolled and attending? OR Time when the child is receiving any other child care and development services? (5 CCR Section 18076.2 [d][1][2])</p>	<p>Material Improper Payment: If the parent is using care when the school age child is receiving scheduled instructional minutes or developmental services the error will be determined in provider payments. The error amount will be the cost of services during the non-certified need for child care.</p>

13. Attendance - Family Child Care Home Education Network (CFCC)

The attendance record is the primary source document for audit and reimbursement purposes.

NOTE: The use of a digital signature for all child care contractors (MB 17-04)

- Must be created by an acceptable technology
- It is unique to the person using it
- It is capable of verification
- Is under the sole control of the person using it
- It is linked to the data in such a manner that if the data is changed, the digital signature is invalidated

NOTE: When the attendance forms show that care is different from what has been certified/approved. Refer to 12 Month Eligibility - Frequently asked Questions #12

Question Number	Attendance	Findings
13.1	Is there a daily sign-in/sign-out sheet for the sample month? (5 CCR Section 18065[a])	Material Improper Payment: If there is no daily sign-in/sign-out sheet for the sample month, an error will be determined in attendance. The error will equal the cost of services provided for the sample month sample month payment or the portion of the month in which there was no sign in/out sheet.

Question Number	Attendance	Findings
13.2	<p>Has the parent or other adult authorized by the parent entered the time of arrival and departure of the child on the sign-in/sign-out sheet? AND Did the parent sign using their full signature? (5 CCR Section 18065[b][1-2])</p> <p>For a school-age child, has the contractor's authorized representative noted the time of departure and return from school during the day along with their first and last initials? (5 CCR Section 18065[c])</p> <p>NOTE: The full signature of the parent or other authorized adult shall correspond to the signature(s) within the family data file.</p>	<p>Material/Improper Payment: If the time of arrival/departure of the child with variable certified hours of care is missing from the daily sign-in/sign-out sheet, an error will be determined in attendance. The error will equal the cost of services provided for the sample month sample month payment or the portion of the month in which there was no time of arrival/departure on the daily sign in/out sheet.</p> <p>File Administrative Error: If the time of arrival/departure of the child with set certified hours of care is missing from the daily sign-in/sign-out sheet, an error will be determined in attendance.</p> <p>File Administrative Error: If the full signature is not used by the parent or other authorized adult, an error will be determined in attendance.</p> <p>File Administrative Error: If the time a school-age child departs and/or returns from school during the day is missing, an error will be determined in attendance.</p> <p>File Administrative Error: If the first and last initials of the contractor's authorized representative is missing, an error will be determined in attendance.</p>
13.3	<p>Did the contractor adopt and apply attendance policies that correspond with regulatory requirements for excused and unexcused absences? (5 CCR Section 18066[c][d][e])</p>	<p>Compliance: If the contractor did not adopt and apply attendance policies that correspond with regulatory requirements, a compliance finding will be determined in attendance.</p>

Question Number	Attendance	Findings
13.4	<p>Are excused absences “in the best interest of the child” limited to ten (10) days during the contract period? (5 CCR Section 18066[f])</p> <p>NOTE: Children who are recipients of CPS or at-risk of abuse or neglect are not limited to ten (10) days.</p>	<p>Material Improper Payment: If the contractor does not limit excused absences “in the best interest of the child” to ten (10) days during the contract period, an error will be determined in attendance. The error will equal the portion of the month in which the contractor was reimbursed for more than ten (10) best interest days.</p> <p>NOTE: Children who are recipients of CPS or at-risk of abuse or neglect are not limited to ten (10) days.</p>
13.5	<p>Does the sign-in/sign-out sheet contain:</p> <ul style="list-style-type: none"> • the name of the child • dates of the absence • specific reason for the absence • signature of the parent or the contractor’s authorized representative if verification is made by telephone? <p>(5 CCR Section 18066[a][1-4])</p>	<p>Material Improper Payment: If the excused absence verification is missing/incomplete, an error will be determined in attendance. The error will equal the cost of services provided for the sample month sample month payment or the portion of the month in which there was no excused absence verification.</p>
13.6	<p>Does the certified need for child care and development services support the claim for reimbursement? (5 CCR sections 18074.1 and 18067[b])</p>	<p>Material Improper Payment: If the claim for reimbursement did not support the certified need for child care and development services, an error will be determined in attendance. The error will equal the cost of services provided for the sample month sample month payment or the portion of the month.</p>

14. CFCC – Reimbursement Determination

The CFCC Reimbursement Determination Section refers to the following categories:

- A. Regional Market Rate (RMR) Selection
- B. Provider Reimbursement (Provider Payment)
- C. Reimbursable Hours of Care

Question Number	A: Regional Market Rate (RMR) Selection	Findings
14.1	<p>Was the selection of the RMR determined correctly based on age of child, certified need for care, and facility type? (5 CCR Section 18074.2)</p> <p>NOTE: Regional Market Rate (RMR) Selection: The RMR ceiling is the parent’s maximum child care assistance level. It is not necessarily equal to the provider’s rate.</p>	<p>Material/Improper Payment: If the RMR ceiling is selected incorrectly an error will be determined in provider payments. The error will equal the difference between the provider payment paid by the contractor and the correct determined provider payment.</p>

Question Number	B: Provider Reimbursement	Findings
14.2	<p>Was the appropriate reimbursement rate selected based on the RMR (maximum subsidy amount) and the provider’s rates, whichever is less? (5 CCR Section 18074.1[c])</p>	<p>Material/Improper Payment: If the appropriate reimbursement rate was not selected, an error will be determined in provider payments. The error will equal the difference between the reimbursement paid to the provider by the contractor and the correctly determined reimbursement.</p>

Question Number	B: Provider Reimbursement	Findings
14.3	<p>If applicable, was an adjustment to the RMR determined correctly based on evening and/or weekend care? (5 CCR Section 18075.1)</p> <p>If applicable, was an adjustment made to the reimbursement based on children with exceptional needs and was it determined correctly (will be adjusted on the RMR or provider rate whichever is lower)? (5 CCR Section 18075.2)</p> <p>NOTE: Adjustments are made on the following:</p> <p>Evening and/or Weekend Care - Adjustments are used for weekend and evening care. An adjustment is applied to the RMR ceilings for a licensed provider and cannot be applied to the hourly rate ceiling. No adjustment should be made for license-exempt providers.</p> <p>Children with Exceptional Needs - Adjustments are made only when there is documentation that additional services and or accommodations are being provided and such services and/or accommodations result in an on-going financial impact on the provider (will be adjusted on the RMR or provider rate whichever is lower).</p>	<p>MaterialImproper Payment: If the adjustment to the RMR is incorrect, a <u>materialImproper Payment</u> error will be determined in provider payments. The error amount will be determined as in 14.2.</p> <p>MaterialImproper Payment: If the adjustment to the reimbursement based on exceptional needs is incorrect, an error will be determined in provider payments. The error will be determined as in 14.2.</p>

Question Number	C: Reimbursable Hours of Care	Findings
14.4	<p>If applicable, did the provider have a paid day of non-operation and provide documentation that the contractual terms used by the provider for services to unsubsidized families require payment for such day(s) of non-operation?</p> <p>(5 CCR Section 18076.2[b][2])</p> <p>If applicable, did the contractor reimburse no more than ten (10) days of non-operation per fiscal year?</p> <p>(5 CCR Section 18076.2[b][2])</p>	<p>MaterialImproper Payment: If the contractor reimbursed a provider for a day of non-operation for which there was no documentation that the contractual terms used by the provider for services to unsubsidized families require payment for such day(s) of non-operation, an error will be determined in provider payments. The error amount will be the cost of services for the day(s) of non-operation that were reimbursed.</p> <p>MaterialImproper Payment: If the contractor reimbursed a provider for more than ten (10) days of non-operation per fiscal year, an error will be determined in provider payments. The error amount will be the cost of services for the day(s) of non-operation that were reimbursed past the regulatory limit of ten (10) days.</p>
14.5	<p>If applicable, did the parent use an alternate provider for time that services are provided when the regular provider has a paid day of non-operation?</p> <p>(5 CCR Section 18076.2 [b][2])</p> <p>Did the contractor limit the days of reimbursement for an eligible alternate provider due to non-operation of the primary provider to ten days per fiscal year?</p> <p>(5 CCR Section 18076.2 [c][1])</p>	<p>MaterialImproper Payment: If the contractor reimbursed an eligible alternate provider without having documentation that the contractual terms used by the provider for services to unsubsidized families require payment for such days of non-operation, an error will be determined in provider payments. The error amount will be the cost of services of the eligible alternate provider for the service month.</p> <p>MaterialImproper Payment: If the contractor reimbursed the eligible alternate provider for more than ten days of non-operation per fiscal year, an error will be determined in provider payments. The error amount will be the cost of services to the eligible alternate provider that exceeded the ten days of non-operation per fiscal year for the service month.</p>

Question Number	C: Reimbursable Hours of Care	Findings
14.6	<p>If applicable, did the parent use an eligible alternate provider when the child is ill and the parent had to obtain care from an eligible alternate provider? (5 CCR Section 18076.2 [c][2])</p> <p>Did the contractor limit the days of reimbursement for an eligible alternate provider due to child illness to ten days per fiscal year? (5 CCR Section 18076.2 [c][2])</p> <p>NOTE: Contractors may reimburse an eligible alternate provider in excess of ten days per fiscal year based on the illness of the child if the parent provides a physician verification.</p>	<p>Material/Improper Payment: If the contractor reimbursed the eligible alternate provider for more than ten days when the child is ill per fiscal year, an error will be determined in provider payments. The error amount will be the cost of services to the eligible alternate provider that exceeded the ten days of child illness per fiscal year.</p> <p>NOTE: If a physician verification is in the family data file, no error will be determined.</p>
14.7	<p>If applicable, did the contractor reimburse any hours that include the scheduled instructional minutes of public educational program available to a school-age child, or a private school in which the child is enrolled and attending? OR Time when the child is receiving any other child care and development services? (5 CCR Section 18076.2 [d][1][2])</p>	<p>Material/Improper Payment: If the parent is using care when the school age child is receiving scheduled instructional minutes or developmental services the error will be determined in provider payments. The error amount will be the cost of services during the non-certified need for child care.</p>

II. Resource Tools

1. Process to Select Sample Size

Contractors will use this guide to review a sampling of their family files. All direct service contracts are combined for the purpose of selecting the sample size. To identify the sample size complete the following:

Step 1:

To establish a sample size, go to the Raosoft website at <http://www.raosoft.com/samplesize.html>. Enter the following data:

- Margin = 10%
- Confidence Level = 90%
- Population size = the total number of children reported to ELCD on the 801A data report for the selected sample month
- Response distribution = 15%

A sample size will automatically be displayed.

Step 2:

To determine the interval counts to select children from the list. To do this:

- Divide the total number of children by the number of files to be sampled. For example, 400 (total # of children) divided by 60 (sample size) = 6.66 (round up to 7).
- Pick any number from 1 to 100 to be the first child selected on the list (e.g., 24).
- Beginning with the first child to be reviewed (#24), count down 7 children to the 2nd child to be reviewed.
- Continue through the remainder of the list and cycle back to the beginning of the list until the sample size is reached (e.g., 60 family files to review).

2. ~~File~~Administrative Error ~~Error~~ Determination Process

When an ~~file~~Administrative Error ~~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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3. Method to Determine Material-Improper Payment Error Amount

When an material-Improper Payment error is found the reviewer can utilize the calculation example below to determine the material-Improper Payment error amount.

The error will equal the cost-of-services-provided-for-the-sample-monthsample month payment 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 (plus)
\$000.00	- Correctly Calculated Reimbursement
\$500.00	- <u>Material-Improper Payment</u> 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 (minus)
\$275.00	- Correctly Calculated Reimbursement
\$225.00	- <u>Improper PaymentMaterial</u> Error Amount

EXAMPLES: Did agency claim an adjustment factor? Was the appropriate adjustment factor used?

a. Sample Material/Improper Payment Error Rate Determination Worksheet

The Error Rate Worksheet can be utilized to determine the error rate for the entire sample. Once all the names and errors have been entered the error rate can be calculated.

Sample Worksheet

File #	Child Name	Reimbursement	Eligibility Dollar Errors	Need Dollar Errors	Attendance Dollar Errors	Family Fee Dollar Errors	Total Dollar Errors
01	Maria Garcia	\$643.00	\$643.00	\$0	\$0	\$0	\$643.00
02	Joseph Glass	\$892.50	\$0	\$245.00	\$0	\$0	\$245.00
03	Susie Yee	\$525.31	\$0	\$0	\$0	\$0	\$0
04	Eric Onye	\$235.00	\$0	\$0	\$235.00	\$0	\$235.00
05	Abdul Mohammed	\$350.00	\$0	\$0	\$0	\$80.00	\$80.00
N/A	Review Month Totals	\$2645.81	\$643.00	\$245.00	\$235.00	\$80.00	\$1,203.00
N/A	Error Rate Percentage	N/A	24%	9%	9%	3%	45%

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:
 $\$643 \div \$2,645.81 = 0.243$ or 24%.

Repeat the formula for each column.

The formula to determine Total Dollar Errors is:
 $\$1,203 \div \$2,645.81 = 0.454$ or 45%.

4. Error Rate Reduction Plan Process

When an error rate is above 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.

DRAFT

a. Sample Error Rate Reduction Plan Form

**Governance and Administration Review
Error Rate Reduction Plan**

Agency: XYZ Child Development Center, Inc.

CDE/EESD Reviewer(s): John Davis, Joan Smith

Review Date(s): October 1-4, 2018

Agency Rep. Signature: Mary Williams (actual signature)

Title: Executive Director

Error Rate Reduction Plan Due Date: November 26, 2018

Example:

Error/Description: EES-2 Family Eligibility Requirements

Current Practice: Collecting too many or too few paystubs to appropriately calculate income.

Proposed End Date: 10/5/2018

Proposed Changes: Calculate income by collecting all paystubs from the previous month of certification/recertification date.

Contractor Responsible: Mary Williams

Contractor Implementation Date: 10/5/2018

Contractor Progress Check Date: 1/4/2019