

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**NEW YORK STATE CLAIMED FEDERAL  
REIMBURSEMENT FOR  
UNALLOWABLE CHILDCARE  
SUBSIDIES PAID TO NEW YORK CITY**

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Deputy Inspector General  
for Audit Services**

**October 2019  
A-02-17-02010**

# *Office of Inspector General*

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## Report in Brief

Date: October 2019

Report No. A-02-17-02010



### Why OIG Did This Review

The Child Care and Development Fund (CCDF) program, administered by the Administration for Children and Families, subsidizes childcare expenditures of low-income families and families receiving temporary public assistance.

While researching New York State's childcare subsidy program, we identified two vulnerabilities that placed CCDF subsidies at risk for overpayment. Specifically, we determined that New York State may have claimed Federal reimbursement for childcare subsidy payments made to New York City that did not comply with requirements related to (1) the number of allowable program closure days (e.g., holidays and snow days) and (2) applying families' contributions toward childcare.

Our objective was to determine whether New York State complied with Federal and State requirements when claiming Federal reimbursement for childcare subsidy program payments made to New York City.

### How OIG Did This Review

Our review covered childcare subsidy claims for children who resided in New York City for the period October 2014 through September 2017. We identified 140,000 beneficiary-years (all claims for a beneficiary for a 1-year period) totaling \$977 million that we considered at risk for overpayment. We selected a stratified random sample of 210 of these beneficiary-years for review.

## New York State Claimed Federal Reimbursement for Unallowable Childcare Subsidies Paid to New York City

### What OIG Found

New York State claimed Federal reimbursement for childcare subsidy payments made to New York City that did not comply with Federal and State requirements. Specifically, for 209 of our 210 sampled beneficiary-years, New York State paid New York City for partially unallowable childcare subsidies related to (1) excessive program closure days or (2) the incorrect application of families' calculated contributions toward childcare. On the basis of our sample results, we estimated that New York State claimed Federal reimbursement of \$24.7 million related to these unallowable payments.

During our audit period, New York City did not have controls in place to prevent these unallowable payments. New York City officials stated that they implemented controls to prevent these errors from occurring after our audit period. The officials also stated that, for the final year of our 3-year audit period, they manually corrected claims by applying families' calculated contributions toward childcare subsidies.

New York State, which is responsible for overseeing its CCDF program, did not detect these claiming issues because its childcare subsidy reviews focused on program eligibility, not on New York City's claims for subsidy payments.

### What OIG Recommends and New York State's Comments

We recommended that New York State refund \$24.7 million in unallowable childcare subsidies claimed for Federal reimbursement and ensure that New York City's recently implemented CCDF program controls are properly functioning.

In written comments on our draft report, New York State concurred with our recommendations and indicated that it would "continue to evolve" its oversight efforts and that it is building capacity to periodically test and verify the effectiveness of system controls that New York City put in place.

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## INTRODUCTION

### WHY WE DID THIS REVIEW

Under the Child Care and Development Fund (CCDF) program, subsidized childcare services are available to assist low-income families, families receiving temporary public assistance, and families transitioning from public assistance to obtain childcare so that family members can work or attend training or education. In New York State, the Office of Children and Family Services (State agency) is responsible for administering the CCDF program and paying subsidy claims to local districts. At the Federal level, the CCDF program is administered by the U.S. Department of Health and Human Services, Administration for Children and Families (ACF).

Previous audits and evaluations conducted by the Office of Inspector General (OIG) identified vulnerabilities in States' internal controls for the CCDF program. Appendix B contains a list of related OIG reports. In addition, while researching New York State's childcare subsidy program, we determined that New York State may have claimed Federal reimbursement for childcare subsidy payments made to New York City<sup>1</sup> that did not comply with requirements related to (1) the number of allowable program closure days (e.g., holidays and snow days) and (2) applying families' calculated contributions toward childcare.

### OBJECTIVE

The objective of our review was to determine whether the State agency complied with Federal and State requirements when claiming Federal reimbursement for childcare subsidy program payments made to New York City.

### BACKGROUND

#### Child Care and Development Fund Program

Subsidized childcare services are funded in part by States and in part by the CCDF program. The CCDF program is authorized by the Child Care and Development Block Grant Act of 1990 (CCDBG Act), as amended (42 U.S.C. § 9858 et seq.), and section 418 of the Social Security Act (42 U.S.C. § 618).

Under this program, each State must develop, and submit to ACF for approval, a State plan that identifies the purposes for which CCDF funds will be expended and that designates a lead agency responsible for administering childcare programs. In its State plan, the lead agency must assure that its CCDF program is administered in accordance with all applicable Federal

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<sup>1</sup> In New York State, each county is considered its own social services district, except the five counties that make up New York City, which are considered a single district. We refer to this district throughout the report as New York City.

laws and requirements (45 CFR § 98.15(a)(1)). States must also report program expenditures on the quarterly ACF-696 financial report.<sup>2</sup>

States must promulgate all rules and regulations governing overall administration of the CCDF State Plan and must ensure that all State and local agencies through which the State administers the program operate according to the rules established for the program (45 CFR §§ 98.11(b)(2) and (b)(8)).<sup>3</sup>

### **New York's Childcare Subsidy Program**

In New York State, applicants for childcare services must provide information regarding family income and any other circumstances related to the family's eligibility for childcare services. Each family receiving childcare services, except for those receiving public assistance, contributes toward the costs of such services by paying a family share. Childcare providers submit attendance information to the local social services district. The State agency allows local districts to claim subsidy payments for up to 5 program closure days per year. Local districts pay for the childcare services and then claim monthly reimbursement for these services from the State agency. The State agency claims Federal reimbursement for subsidy payments made to local districts on the quarterly ACF-696 financial report. As part of its oversight function, the State agency conducts improper payment reviews of subsidy payments.<sup>4</sup>

New York City uses the Automated Child Care Information System (ACCIS) to maintain information on childcare enrollment and attendance.<sup>5</sup> New York City calculates monthly childcare subsidy claim amounts using ACCIS data, predetermined rates, the total business days in the month, and the family share amount.

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<sup>2</sup> The ACF-696 report summarizes childcare assistance expenditures made by the State agency and identifies the funding sources used (Federal or State funds).

<sup>3</sup> States must expend CCDF funds in accordance with an ACF-approved CCDF State Plan and establish fiscal controls and accounting procedures to permit the tracing of funds to ensure that the funds have not been used improperly (45 CFR §§ 98.66(a) and 98.67(c)(2)). Any expenditures not made in accordance with the CCDBG Act, the implementing regulations, or the approved plan are subject to disallowance and repayment (45 CFR § 98.66(a)).

<sup>4</sup> The State agency conducts improper payment reviews every 3 years in accordance with 45 CFR § 98.100 and ACF's *Child Care Improper Payments Data Collection Instructions*.

<sup>5</sup> ACCIS contains the number of days a child attended a childcare provider during a given month, the number of absences, and the number of days the provider was closed for the month (i.e., program closure days). ACCIS also contains information on family share paid and due.

## HOW WE CONDUCTED THIS REVIEW

Our review covered childcare subsidy claims for children who resided in New York City for the period October 2014 through September 2017, totaling \$1.7 billion. We identified 140,000 beneficiary-years (all claims for a beneficiary for a 1-year period) totaling \$977 million that we considered at high risk for overpayment because New York City claimed subsidy payments for more than 5 program closure days or there was a discrepancy between the family share paid and family share due.<sup>6</sup> We selected a stratified random sample of 210 of these beneficiary-years for review.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology, Appendix C contains our statistical sampling methodology, and Appendix D contains our sample results and estimates.

## FINDINGS

The State agency claimed Federal reimbursement for CCDF childcare subsidy payments made to New York City that did not comply with Federal and State requirements. Specifically, for 209 of our 210 sampled items, the State agency paid New York City for partially unallowable childcare subsidies related to (1) excessive program closure days or (2) the incorrect application of the family share.<sup>7</sup> For the remaining sampled item, we did not find any unallowable payments.<sup>8</sup>

On the basis of our sample results, we estimated that the State agency claimed Federal reimbursement of at least \$24,662,410 during our audit period for unallowable childcare subsidy claims related to excessive program closure days and incorrect application of the family share.<sup>9</sup>

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<sup>6</sup> We also identified 204,000 beneficiary-years totaling \$728 million that we did not consider at high risk for overpayment, including those with an annual claim amount of less than \$1.

<sup>7</sup> For 198 of our 210 sampled items, New York City claimed excessive program closure days, and for 85 of our 210 sampled items, it deducted the family share paid rather than the family share due. The total number of errors exceeds 209 because 74 sampled items contained both errors.

<sup>8</sup> The claim was allowable because the State agency made an adjustment.

<sup>9</sup> To be conservative, we recommend recovery at the lower limit of a two-sided 90-percent confidence interval. Lower limits calculated in this manner are designed to be less than the actual overpayment total 95 percent of the time.



## **THE STATE AGENCY CLAIMED UNALLOWABLE FEDERAL REIMBURSEMENT FOR CHILDCARE SUBSIDY PAYMENTS MADE TO NEW YORK CITY**

### **Excessive Program Closure Days**

Program closure days are days in which the childcare program is closed for a holiday or extenuating circumstances (e.g., severe weather). In New York State, the maximum number of reimbursable program closure days is 5 per year.<sup>10</sup> Local districts must maintain a record of program closures to receive reimbursement.<sup>11</sup>

For 198 of our 210 sampled items, New York City claimed reimbursement for payments to childcare providers for more than 5 program closure days in a year. On average, the number of closure days claimed for these sampled items was 13, with an average excess claim of \$292.

### **Families' Calculated Contributions Toward Childcare Were Not Applied**

Each family receiving childcare services, except for those receiving public assistance, must contribute toward the costs of such services by paying a family share.<sup>12</sup> The family share imposed (i.e., the amount due) must be deducted from the amount of expenditures for services for which reimbursement is claimed by the local district.<sup>13</sup>

For 85 of our 210 sampled items, New York City deducted the family share paid rather than the family share due from its claimed amount. On average, the excess claim resulting from these sampled claims was \$194.

### **Causes of the Unallowable Claims**

During our audit period, New York City did not have controls in place to prevent these unallowable payments. New York City officials stated that they implemented controls to prevent these errors from occurring after our audit period.

Regarding excessive program closure days, New York City did not have an edit in ACCIS to prevent it from claiming reimbursement for more than the 5-day limit. New York City officials stated that they implemented edits in ACCIS to prevent claiming excessive program closure

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<sup>10</sup> For the purposes of our review, we used the Federal fiscal year (FFY), which runs from October through September. The maximum number of closure days allowable is "five per annum" (Title 18 § 415.6(c)(5) of the New York Compilation of Codes, Rules, & Regulations (NYCRR)).

<sup>11</sup> 18 NYCRR § 415.6(c)(6).

<sup>12</sup> 18 NYCRR § 415.3(e).

<sup>13</sup> 18 NYCRR § 404.6(c).

days after the end of our audit period (September 30, 2017). Specifically, New York City stated that it implemented an edit in ACCIS that limits reimbursement to the maximum 5 program closure days per year. In addition, New York City stated that it is adjusting claims back to October 1, 2017.

Regarding family share contributions, New York City used the “paid amount” recorded in ACCIS rather than the “due amount” calculated during beneficiaries’ eligibility determinations when it claimed reimbursement from the State agency for certain providers. New York City officials stated that ACCIS was set up this way because a State manual indicated that claims should be submitted net of fees collected (i.e., family share paid). The officials also stated that, for the final year of our 3-year audit period, the State agency manually corrected this issue<sup>14</sup> and implemented a system edit in ACCIS to correct this issue for claims beginning October 1, 2017.

The State agency, which is responsible for overseeing its CCDF program, did not detect these claiming issues because its reviews of the childcare subsidy program, as mandated by ACF,<sup>15</sup> focused on program eligibility, not on New York City’s claims for subsidy payments.

## **RECOMMENDATIONS**

We recommend that the New York State Office of Children and Family Services:

- refund \$24,662,410 in unallowable childcare subsidies claimed for Federal reimbursement and
- ensure that New York City’s recently implemented CCDF program controls are properly functioning.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency concurred with our recommendations and indicated that it would “continue to evolve” its oversight efforts and that it is building capacity to periodically test and verify the effectiveness of system controls that New York City put in place. Additionally, the State agency indicated that it would update the State manual to clarify provisions regarding family share contributions. The State agency’s comments are included in their entirety as Appendix E.

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<sup>14</sup> New York City manually corrected the family contribution issue for the period October 1, 2016, through September 30, 2017. Consequently, we identified no errors related to this issue for FFY 2017 claims.

<sup>15</sup> See footnote 5.

## **APPENDIX A: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

Our review covered childcare subsidy claims for children residing in New York City during our audit period (October 1, 2014, through September 30, 2017), totaling \$1.7 billion. Using data analysis, we identified 140,000 beneficiary-years (all claims for a beneficiary for a 1-year period) totaling \$977 million that we considered at high risk for overpayment because New York City claimed subsidy payments for more than 5 program closure days, or there was a discrepancy between the family share paid and family share due and 204,000 beneficiary-years totaling \$728 million that were not at high risk for overpayment, including those with an annual claim amount of less than \$1. We limited our review of claims to those with identified potential overpayments.

We did not assess the State agency's or New York City's overall internal control structures. Rather, we limited our review of internal controls to those applicable to our audit objective and the two system vulnerabilities identified.

We performed our fieldwork at the State agency's offices in Albany, New York, and New York City's offices in New York, New York.

### **METHODOLOGY**

To accomplish our objective, we:

- reviewed applicable Federal and State requirements;
- interviewed State agency and New York City officials and reviewed policies and procedures related to the claiming of childcare subsidy payments;
- obtained claim data and related ACCIS attendance data from New York City;
- performed data analysis to identify claims for beneficiaries for whom, in a year, (1) New York City claimed subsidy payments for more than 5 program closure days or (2) there was a discrepancy between the family share paid and family share due;
- reconciled New York City claim payments to New York State's claims for Federal reimbursement on its Form ACF-696, Child Care and Development Fund Financial Report;

- selected a stratified random sample of 210 childcare subsidy claims by beneficiary-year<sup>16</sup> from a sampling frame of 139,870 beneficiary-years totaling \$976,753,024 (see Appendix C) identified as being at high risk for overpayment;
- reviewed ACCIS claims data for each sampled beneficiary-year;
- estimated the total unallowable childcare subsidy claims originating from New York City that the State agency submitted for Federal reimbursement (see Appendix D); and
- discussed our findings with State agency officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>16</sup> We define a beneficiary-year as the childcare subsidy program payments claimed by New York City for a beneficiary in a 1-year period. A 1-year period is used to account for the annual nature of the claim requirements under review.

**APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>Not All of Missouri's Child Care Subsidy Program Payments Complied With Federal and State Requirements</i>	<a href="#"><u>A-07-15-04226</u></a>	11/30/17
<i>More Effort is Needed To Protect the Integrity of the Child Care and Development Fund Block Grant Program</i>	<a href="#"><u>OEI-03-16-00150</u></a>	7/12/16
<i>Not All of Kansas's Controls for Its Child Care Subsidy Program Claims Were Effective</i>	<a href="#"><u>A-07-12-03182</u></a>	7/8/14
<i>Not All of Nebraska's Controls for Its Child Care Subsidy Program Claims Were Effective</i>	<a href="#"><u>A-07-11-03167</u></a>	3/25/14
<i>Iowa Lacked Some Documentation for Its Childcare Assistance Program Claims</i>	<a href="#"><u>A-07-11-03164</u></a>	8/30/12

## **APPENDIX C: STATISTICAL SAMPLING METHODOLOGY**

### **TARGET POPULATION**

The target population consisted of selected childcare subsidy payments claimed by New York City to the State agency<sup>17</sup> during our audit period that were identified as being at high risk for overpayment.

### **SAMPLING FRAME**

We received Excel files from New York City and identified childcare subsidy payments with service dates in FFYs 2015, 2016, and 2017. These payments were associated with 344,096 beneficiary-years totaling \$1,704,980,351. We define a beneficiary-year as the childcare subsidy program payments claimed by New York City for a beneficiary in a 1-year period. We removed beneficiary-years with an annual claim amount of less than \$1. We also removed beneficiary-years identified using data analysis as not being at risk for overpayments related to excessive program closure days or incorrect family share calculation. The resulting sampling frame contained 139,870 childcare subsidy claims by beneficiary-year totaling \$976,753,024.

### **SAMPLE UNIT**

The sample unit was a beneficiary-year.

### **SAMPLE DESIGN AND SAMPLE SIZE**

We used a stratified random sample. The sampling frame was divided into six strata based on claim year and potential overpayment as outlined in Table 1 (following page).

The potential overpayment for each beneficiary-year was determined by combining any difference between family share paid/due and the value of any program closure days after the 5-day limit was reached. The combined value was then used to stratify the sampling frame by FFY into low- and high-risk categories.

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<sup>17</sup> Not all childcare subsidy payments claimed to the State agency during the audit period were claimed for Federal reimbursement by the State agency. The estimates presented in this report are the Federal share of claimed subsidy payments.

**Table 1: Sample Design and Size**

<b>Stratum</b>	<b>Beneficiary-Year and Potential Overpayment Category</b>	<b>Number of Beneficiary-Years in Frame</b>	<b>Value of Beneficiary-Years in Frame</b>	<b>Sample Size</b>
1	FFY 2015, Low	39,345	\$265,865,876	40
2	FFY 2015, High	8,690	62,016,275	30
3	FFY 2016, Low	37,905	258,925,882	40
4	FFY 2016, High	9,733	73,930,206	30
5	FFY 2017, Low	14,535	75,694,143	30
6	FFY 2017, High	29,662	240,320,643	40
<b>Total</b>		<b>139,870</b>	<b>\$976,753,024<sup>18</sup></b>	<b>210</b>

**SOURCE OF RANDOM NUMBERS**

We used the Office of Inspector General, Office of Audit Services (OIG/OAS), statistical software to generate the random numbers.

**METHOD OF SELECTING SAMPLE ITEMS**

We consecutively numbered the beneficiary-years in each stratum, generated random numbers in accordance with our sample design, and then selected the corresponding frame items.

**ESTIMATION METHODOLOGY**

We used the OIG/OAS statistical software to estimate the Federal share of overpayments associated with the unallowable amount claimed for childcare services at the lower limit of the two-sided 90-percent confidence interval. We also used the software to calculate the corresponding point estimate and upper limit.

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<sup>18</sup> The individual stratum values do not add to the total value because of rounding.

**APPENDIX D: SAMPLE RESULTS AND ESTIMATES<sup>19</sup>**

**Table 2: Sample Detail and Results**

<b>Stratum</b>	<b>Beneficiary-Years in Frame</b>	<b>Value of Frame</b>	<b>Sample Size</b>	<b>Value of Sample</b>	<b>Number of Beneficiary-Years for Which Overpayments Were Claimed</b>	<b>Value of Overpayments in Sample</b>
1	39,345	\$265,865,876	40	\$285,308	40	\$4,141
2	8,690	62,016,275	30	232,622	30	15,910
3	37,905	258,925,882	40	266,767	40	3,209
4	9,733	73,930,206	30	218,625	30	10,162
5	14,535	75,694,143	30	175,363	29	2,989
6	29,662	240,320,643	40	341,724	40	15,308
<b>Totals<sup>20</sup></b>	<b>139,870</b>	<b>\$976,753,024</b>	<b>210</b>	<b>\$1,520,408</b>	<b>209</b>	<b>\$51,719</b>

**ESTIMATES**

**Table 3: Estimated Overpayments for the Audit Period**  
*(Limits Calculated for a 90-Percent Confidence Interval)*

Point estimate	\$27,819,466
Lower limit	24,662,410
Upper limit	30,976,522

<sup>19</sup> The value of overpayments and estimates included in this appendix are Federal share amounts of the claims associated with the beneficiary-years.

<sup>20</sup> The individual stratum values do not add to some of the total values because of rounding.



## APPENDIX E: STATE AGENCY COMMENTS



### Office of Children and Family Services

ANDREW M. CUOMO  
Governor

SHEILA J. POOLE  
Commissioner

September 26, 2019

Ms. Brenda M. Tierney  
Regional Inspector General for Audit Services  
Department of Health and Human Services  
Office of Inspector General, Office of Audit Services, Region II  
Jacob J. Javits Federal Building  
26 Federal Plaza, Room 3900  
New York, NY 10278

Re: Audit A-02-17-02010

Dear Ms. Tierney:

In response to the Department of Health and Human Services' (DHHS) Office of Inspector General's (OIG) draft report entitled *New York State Claimed Federal Reimbursement for Unallowable Childcare Subsidies Paid to New York City*, the New York State Office of Children and Family Services (OCFS) has prepared this response.

#### Background Information

The statutory social services structure in New York State is state-supervised and county-administered (Social Services Law § 20(2)(b)). As such, local departments of social services have a certain degree of latitude in how they manage their child care programs. In the case of New York City, the city developed its own child care subsidy program database, the Automated Child Care Information System (ACCIS). ACCIS programming errors and program misunderstandings led New York City to overclaim for child care subsidy payments. The issues were the failure of ACCIS to properly calculate payable closure days for child care programs, and the failure to account for the amount a parent owed for their parent share of child care costs. As a result, New York City claimed for child care subsidy payments beyond the maximum allowable number of program closure days and deducted the amount paid rather than amount due from parents from its claims.

#### OIG's Review

The stated purpose of the OIG's review was to determine whether OCFS complied with federal and state requirements when claiming federal reimbursement for child care subsidy program payments made to New York City. To do this, the OIG selected a stratified random sample of 210 child care subsidy claims by beneficiary year for review and reviewed ACCIS claims data for each sampled beneficiary year. The OIG makes two recommendations in the draft report: 1) *Refund \$24,662,410 in unallowable child care subsidies claimed for Federal reimbursement*; 2) *Ensure that New York City's recently implemented Child Care Development Fund (CCDF) program controls are properly functioning*.

The \$24,662,410 in unallowable child care subsidies claimed for federal reimbursement stems from New York City's failure to comply with requirements related to the number of allowable program closure days and the application of families' calculated contributions toward child care. Regarding the former, OCFS allows local districts to claim subsidy payments for up to 5 program closure days per year. Local districts pay for the child

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Division of Child Care Services | 52 Washington Street, Rensselaer, NY 12144 | (518) 486-6247 | [ocfs.ny.gov](http://ocfs.ny.gov)

care services and then claim monthly reimbursement for these services from OCFS. The OIG determined that for 198 of the 210 sampled items, New York City claimed reimbursement for payments to child care providers for more than 5 program closure days in a year.

The OIG also found that New York City failed to properly deduct the family share due from its claimed amount. Each family receiving child care services, except for those receiving public assistance, must contribute toward the costs of such services by paying a family share. The family share imposed must be deducted from the amount of expenditures for services for which reimbursement is claimed by the local district. For 85 of the 210 sampled items, New York City deducted the family share paid rather than the family share due from its claimed amount.

OCFS Response

OCFS acknowledges that system and data quality issues in the ACCIS application led to overclaiming by New York City. Regarding excessive program closure days, New York City did not have an edit in ACCIS to prevent it from claiming reimbursement for more than the 5-day limit. As for family share contributions, New York City used the "paid amount" recorded in ACCIS rather than the "due amount" calculated during beneficiaries' eligibility determinations when it claimed reimbursement from OCFS for certain providers.

OIG Recommendation 1: *Refund \$24,662,410 in unallowable childcare subsidies claimed for Federal reimbursement.*

OCFS Response: OCFS will be recovering the funds from New York City and providing these funds to DHHS.

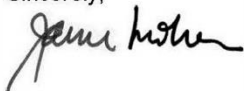
OIG Recommendation 2: *Ensure that New York City's recently implemented CCDF program controls are properly functioning.*

OCFS Response: Since 2017, OCFS has increased its oversight efforts and technical assistance for New York City. New York City officials have implemented edits in ACCIS to prevent claiming excessive program closure days subsequent to the end of the audit period (September 30, 2017). Specifically, New York City implemented an edit in ACCIS that limits reimbursement to the maximum of 5 program closure days per year. In addition, New York City adjusted claims back to October 1, 2017. New York City also manually corrected the family share contribution issue for the period October 1, 2016 through September 30, 2017 and implemented a system edit in ACCIS to correct this issue for claims beginning October 1, 2017. It should be noted that the OIG did not identify any errors related to this issue for FFY 2017 claims. OCFS will continue to evolve our oversight of New York City. As part of such efforts, we are building capacity to periodically test and verify the effectiveness of the system controls that New York City has put in place.

Furthermore, as New York City found the directions on claims for parent share in the OCFS Fiscal Reference Manual (FRM) confusing, OCFS is amending the FRM. OCFS will update our FRM to further clarify that local departments of social services should claim for the fee amount imposed and not the amount collected. OCFS will also make any necessary conforming changes to relevant forms.

Thank you for the opportunity to comment on the draft report.

Sincerely,



Janice M. Molnar, Ph.D.  
Deputy Commissioner, Division of Child Care Services  
Office of Children and Family Services