



North Central Texas Council of Governments

September 13, 2022

Ms. Katina Prescott
Project Director - Child Care
Equus Workforce Solutions for North Central Texas
Child Care Services
5800 N. I-35 Service Rd Unit 100
Denton, TX 76207

Dear Ms. Prescott:

NCTCOG completed its third FY2022 review of the Contract # FY22-TWC-01, between Equus and NCTCOG, for the provision of Child Care Services for Workforce Solutions for North Central Texas.

The attached final report details the scope of the monitoring. The improper payment for this report in the amount of \$798.00 was received and the individual error corrections on cases are now resolved as outlined in the final responses and supporting documents uploaded to SharePoint.

A copy of this letter has been uploaded to SharePoint. My staff are available to answer questions about this report.

Sincerely,

Phedra Redifer
Executive Director of Workforce Development

Cc: Moneisa Downs
Lisa Boyd
Mark Douglass
Carlton Tidwell, Oversight and Accountability Committee

SharePoint URL: <http://connect/extranet/WD/Rescare/SitePages/Home.aspx>.



FY2022 NCTCOG Child Care Services Review 3 Report

For

Equus Workforce Services

Contract FY22-TWC-01

September 13, 2022

Prepared by

Workforce Development Compliance and Continuous Improvement

North Central Texas Council of Governments

Workforce Solutions for North Central Texas

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Glossary of Acronyms

ADR	Alternative Dispute Resolution (for Appeal cases)
CCI	Compliance and Continuous Improvement (formerly QA - NCTCOG)
CCS	Child Care Services
CSM	Customer Satisfaction Meeting (for Appeal cases)
COVID	Coronavirus Disease
DFPS	Department of Family and Protective Services
DOL	Department of Labor
ELP	Early Learning Program (formerly Child Care Provider)
Equus	Equus Workforce Solutions (formerly ResCare Workforce Services)
EW	Essential Workers (COVID)
Form 2450	Authorization for Child Care Enrollment
Form 2050	Eligibility Certification for Child Care Services
Form 2054	Child Protective Services Service Authorization - 2054
HHSC	Health and Human Services
MS	Microsoft
NCTCOG	North Central Texas Council of Governments
NCTWDB	North Central Texas Workforce Development Board
PIRTS	Program Integrity Reporting Tracking System
PSOC	Parent Share of Cost
QA	Quality Assurance
QC	Quality Control (Equus staff)
R&C	Risk and Compliance (NCTCOG Fiscal Monitors)
SIA	Service Improvement Agreements
SMI	State Median Income
TWC	Texas Workforce Commission
TWIST	The Workforce Information System of Texas
UI	Unemployment Insurance
WD	Workforce Development
WSNCT	Workforce Solutions for North Central Texas

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North Central Texas Child Care Services Contract - # FY22-TWC-01

BACKGROUND

Equus Workforce Services was awarded the contract with the North Central Texas Workforce Board area, following the adoption of a resolution by the North Central Texas Workforce Board of Directors at the May 19, 2020, Board meeting. This resolution endorsed Equus Workforce Services as the provider for the delivery of Child Care Services to include appropriate contractual sanctions and/or remedies to ensure Equus Workforce Services meets all established performance measures and provides services consistent with the policy principles of the Workforce Board. The North Central Texas Council of Governments and Equus renewed the contract for a final year for the period of October 1, 2021 through September 30, 2022.

RISK

The NCTCOG risk assessment continues to identify the highest areas of risk for Child Care Services as:

- Data Integrity
- Data Security
- Customer Service

Equus' control risks remain high until such time as Equus meets the performance and accuracy standards as set out the profit matrix accompanying the contract year. Additional identified risk exists due to:

- The high rates of turnover in Subrecipient staff.
- Insufficient evaluation methods to measure the effectiveness of both Equus' staff training and process changes made.
- The changes occurring due to the COVID-19 pandemic including new funding, requiring new processes or process changes, and staffing shortages.

OBJECTIVE

NCTCOG conducts program and fiscal monitoring as required by TWC to provide:

- Information to the Child Care Services subrecipient for implementing timely corrective actions to meet requirements and performance measures as contracted.
- Assurance to TWC that workforce services programs are compliant with regulations and policies so TWC may rely on system data for their reports to federal partners.
- Sufficiently detailed information to the North Central Texas Workforce Board to fulfill their oversight responsibilities.
- Assurance to the public and participants that quality and compliant services are being equitably delivered throughout the Workforce Solutions for North Central Texas area.
- Verification of the accuracy of payments made to providers.

SCOPE

This monitoring review used random and judgmental samples to focus on Data Integrity, Data Security and Customer Service processes, including reviews of:

- Scholarship program redeterminations, new applications, and denials eligibility
- New ELP (Early Learning Program)
- Appeal packets review
- *Income Exception Report* review
- PIRTS review

METHODOLOGY

Desk reviews were conducted from The Workforce Information System of Texas (TWIST), Laserfiche reports, and data found in the Laserfiche file management systems. Samples were selected from TWIST and Laserfiche reports. In addition, the NCTCOG SharePoint Appeal Log was used in the Appeal packet review, the Program Integrity Reporting and Tracking System (PIRTS) was also used for the PIRTS/Fact-finding Review and the Equus Provider Services Master Tracking Sheet was used for the New Provider Review, to select samples.

OVERVIEW OF RESULTS

Scholarship Program Redeterminations, New Applications and Denials Eligibility Review

A review was conducted using a random sample including 5 new applications and 5 redeterminations processed for eligibility determination for a total of 10 cases reviewed for the month of May 2022. The overall accuracy rate was 87.42% for all elements combined which was an increase from the previous cycle.

For the Redetermination, New Application and Denial Eligibility Reviews, the errors found included:

- TWIST Counselor notes did not indicate all actions taken in more than one case.
- In one Homeless case, the Customer was not participating in an activity, however, the Activity Interruption tab was not utilized.
- Timeliness issues were found.
- Parent Share of Cost errors: In multiple cases, an incorrect reduction was applied and resulted in improper payments.
- Incorrect information was indicated on the 2052B Denial form, in two cases.
- In multiple cases, school-age children's referrals were indicated as part-time rather than a blended referral.

Observation noted:

- In several new application cases, the 2450's lacked information such as the "Provide" notification and the Office address/phone number of Child Care Contractor.

New ELP Review

A review of a sample of 5 new ELPs was conducted. The overall accuracy rate for this review was 96.92%. The errors found included:

- Rate calculations errors including or excluding incorrect age group when averaging rate.

- Data validation error on start date on Provider Agreement form from what is entered in TWIST.
- Inadequate documentation of information in file.

In 4 ELPs reviewed, there was 100% accuracy for all elements. Additionally, 11 out of 13 applicable elements had 100% accuracy rates. The accuracy rate has improved for this review cycle, indicating procedures implemented since the last review are having a positive effect on accuracy of New ELP processing.

Appeal Packet Review

A sample of 6 appeal packets were selected for review. The Errors found included:

- Timeliness errors in overall processing of the Appeal which included former appeal staff.
- In one case, no ADR call was done so it could not be reviewed, and one ADR (Alternative Dispute Resolution) attempt was not completed until after the Appeal brief had been uploaded.
- In multiple Appeal briefs reviewed, the Sequence of Events and Evidence Based Conclusions lacked a clear definition of why the denial decision was upheld.

Untimely processing of cases by caseworkers, not Appeal staff, also led to incorrect denials of care. Staff need to be trained to look at the correct time frame when assessing if a customer was meeting eligibility criteria on the redetermination date, or within the extra month extension allowed for a customer who may be changing jobs.

In the more recent appeal reviews, the CSM and ADR calls included thorough documentation. Zero errors were found in half of the appeal packets reviewed.

Income Exception Report Review

A sample of 5 cases was selected randomly from the spreadsheet. The overall accuracy rate for all elements reviewed was 41.94%. Errors included:

- Only 40% of actions taken were documented in TWIST Counselor notes.
- 75% timely documentation of notes.
- 0% of paperwork was sent to customers timely.
- 75% incorrect actions taken on case.
- 0% of cases where customers failed to send documents had the employer contacted as required by rule.
- 60% of cases had other errors including no processing of paystubs received to determine if customer was eligible or not
- One case reviewed was ended using this report alone, which is not allowed by rule.
- 0% of paperwork returned was processed timely.

All cases reviewed had late or incomplete processing. No paperwork received from the customers had been processed on date of review, over 2 months after the report was returned as completed. All other cases out of the total of 44 on the report not reviewed also were not completed or processed timely and these will need to be processed and the report updated (see corrective actions below) according to the child care rules.

PIRTS/Fact-finding Review

Effective May 20, 2022 a change was made to how fraud/fact-finding cases are handled. Currently, all fraud/fact-finding is now handled by subrecipient staff. This review included a random sample of 5 cases either entered in PIRTS or chosen from fraud/fact-finding work items opened in Laserfiche from January 1 through August. The overall accuracy rate was 74.19%. Errors found included:

- Timeliness errors: the cases reviewed were not entered timely into PIRTS within 5 days as required and cases were not processed to completion within 90 days as required by rule.
- Employers were not contacted to attempt to verify documentation or income as required by child care rule when customers either fail to return documents and/or UI tax wages conflicts with customer reports of not working at an employer.

CONCLUSION-GAP ANALYSIS

For the Eligibility review, timeliness issues remain an area concern, however, an improvement in the overall timeliness of processing applications was observed in comparison to the previous review. This review indicated an inconsistency by certain staff members on how and when to enter blended referrals for school age children. Other gaps to be addressed include ensuring the correct PSOC (Parent Share of Cost) was entered in TWIST and supporting documents. Failing to apply the correct PSOC or adding an incorrect reduction could cause an underpayment or overpayment of Parent share by the customer.

In the New ELP review, gaps were found in rate calculations, including inconsistencies in averaging the ELP's published rates for various age groups. If there is a reason for not averaging overlapping ages and rates, this must be documented. For instance, since TWIST indicates school age starts with 5-year-old children, the 5-year-old rate needs to be included in the school age rate, since TWIST automatically begins paying at the school age rate when a child reaches the age of 5. These rates need to be averaged per Equus' procedure for all ELPs.

The Appeal packet review demonstrated an improvement in timeliness and other elements reviewed. Timeliness issues seen in this review were in part due to staff turnover. A new process implemented by the current appeal staff appears to have increased the likelihood of customers' paperwork being reviewed by caseworker staff. A repeat finding is that the sequence of events lacks some details that are pertinent to the overall case and evidence-based conclusions, such as a concluding statement so that the customer fully understands the reason for denial. An additional repeat finding is that in more than one case reviewed, the ADR call was either not attempted, or not attempted timely. However, the overall review improved in almost every element reviewed.

The Income Exception Report review revealed an incorrect process was used which led to untimely processing of cases. The risk associated with untimely processing is that it can lead to improper payments for cases that should have been ended when documents were received but not processed to case ending and it also delays the referral to fact-finding. The process also lacked the required call to employers for customers that failed to return their paystubs as requested. Process revisions and staff training are needed to avoid future errors in processing these reports which are designed to find out if customer's higher income is a temporary fluctuation

over the income limit or a permanent change that requires a case to end due to ineligibility for the program.

The PIRTS/Fact-finding review had process gaps with timeliness of entering cases into PIRTS once predication for fraud was met and not contacting employers. Both may require process changes to be implemented by the subrecipient. Further training along with updating the current process could potentially mitigate and/or eradicate errors found from future monitoring reviews.

FINDINGS

Repeat Finding 1: A total of 60 data integrity and case management errors were identified out of 351 elements reviewed. The errors, including improper payments to be calculated, are outlined in the attachments provided in SharePoint with the report.

Citations: WSNCT Administrative Policy IADM02-201601: Data Integrity

Staff shall enter all information into TWIST within five (5) business days from receipt of the data (Intake, Application, Service, Contact, etc.), or the state deadline (described in the Data Review/Correction Requirements section, item B), whichever comes first...

At a minimum, TWIST/Laserfiche counselor notes must include:

- *All staff contacts with the customer;*
- *Attempted customer contacts;*
- *Contacts regarding the customer;*
- *Justification and documentation of services provided;*
- *Actual date of the contact;*
- *Service being reported;*
- *Staff name; and*
- *Required information for program related verification.*

Equus Workforce Services, North Central Child Care Services Contract # FY22-TWC-01, Section 5: Contract Performance and Section 9 Reporting Requirements:

Section 5.3 The Sub recipient shall provide such services in compliance with all applicable federal and state laws, regulations, and rules.

Section 5.4 The Sub recipient shall comply with all Texas Workforce Commission (TWC) policies and procedures or guidance manuals, attached hereto or incorporated herein by specific reference and other Administrative Entity directives as issued. In the event of a conflict between such laws and regulations and the terms and conditions the Contract, precedence shall be given to the laws and regulations.

Section 9.3 The Sub recipient understands that it will be held liable for completeness, accuracy, and consistency of all data under its control.

Section 9.6 Failure to data input or to report in accordance with the terms of this Contract may result in withholding by the Administrative Entity of payments otherwise due or, it may result in financial sanctions to be imposed in accordance with the Administrative Entity's policies and procedures. Recurring failure to meet the terms and conditions for data input or reporting may result in the termination of this Contract.

Required Corrective Actions:

In addition to addressing the gaps identified during the review, the following corrective actions must be completed to resolve the Finding:

- Errors detailed in the attachments to the draft report uploaded to SharePoint must be corrected where possible and evidence of correction supplied with response to the report. Update: All error corrections have been made and uploaded to SharePoint.
- Provide staff training for errors found in the review.
- The total improper payment amount for this review cycle is to be calculated once all the information is obtained for the cases noted in all the Attachments. All supporting documentation, including calculations and timeframes, and a check for the appropriate amount, must be paid to NCTCOG from non-Federal Funds within 15 days of receipt of this draft report with the memo line indicating payment is for the *FY2022 NCTCOG Child Care 3 Report*. Update: All improper payments and supporting documents have been received.

Equus Management Response:

No management response is required at this time. Update: The corrective actions have been completed and uploaded to SharePoint and all improper payments have been received.

Appendix A

FY2022 Child Care Review 3 Overall Summary Table (for All Elements by Review)

NOTE: This chart outlines the overall accuracy rate for each review completed for this quarter.

Area of Review	Area of Testing	Period Reviewed	Number of Records Reviewed	Number of Errors tied to Total Number of Applicable Elements Reviewed	Overall Accuracy Rate
Client Services	Customer Eligibility and Denial Review	May 2022	10	20/159	87.42%
Provider Services	New ELP Review	June 2022	5	2/65	96.92%
Client Services	Appeal packet Review	May – July 2022	6	12/65	81.54%
Client Services	Income Exception Report Review	Qtr 4 Income Exception Report	5	18/31	41.94%
Client Services	PIRTS Review	January – August 2022	5	8/31	74.19%
		Total	31	60/351	82.91%

Child Care Review 3 Profit Matrix Performance Measures Target Summary Table

NOTE: This chart has been added by request for items monitored that pertain to the Profit Matrix for FY2022. Therefore, percentages differ from the overall accuracy rates in the first table, which does not separate the timeliness and accuracy elements, plus contains other areas reviewed that are not part of the profit matrix.

Performance Measure	FY22 Performance Target for Cycle 3 (June 2022 – September 2022)	Period reviewed	Number of records reviewed	Numerator = number of errors, Denominator=all elements reviewed	Cycle 3 results (% correct)
Timeliness					
Client Services (Eligibility)	>=95%	May	10	4/20	80%
Appeals	>=95%	May-July 2022	6	6/18	66.67%
Accuracy Rates					
Client Services (Customer Eligibility)	>=98%	May 2022	10	16/139	88.49%
Appeals (Appeal Packets)	>=100%	May-July 2022	6	6/47	87.23%
Early Learning Programs (New Providers)	>=100%	June 2022	5	2/65	96.92%