FY2021 NCTCOG Child Care Services Review 1

For

Equus Workforce Services

Contract FY21-TWC-01

February 24, 2021

Prepared by the

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North Central Texas Council of Governments

Workforce Solutions for North Central Texas

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Glossary of Acronyms

CCS	Child Care Services
COVID	Corona Virus Disease
DFPS	Department of Family and Protective Services
Equus	Equus Workforce Solutions (formerly ResCare Workforce Services)
EW	Essential Workers (COVID)
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
R&C	Risk and Compliance (NCTCOG Fiscal Monitors)
ResCare	ResCare Workforce Services (now Equus)
SMI	State Median Income
TWIST	The Workforce Information System of Texas
UI	Unemployment Insurance
WD	Workforce Development
WSNCT	Workforce Solutions for North Central Texas

North Central Texas Council of Governments

Workforce Solutions for North Central Texas
FY2021 NCTCOG Child Care Services Review 1 Draft Report
for
Equus Workforce Services
North Central Texas Child Care Services Contract - # FY21-TWC-01

BACKGROUND

Equus Workforce Services, formerly ResCare Workforce Services, became the provider for the delivery of Child Care Services for Workforce Solutions for North Central Texas on October 1, 2015. After four one-year extensions of the initial contract a Request for Proposals (RFP) was sent to solicit bids. 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, endorsing 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 executed a new one year contract, with options for renewal, fully effective on October 1, 2020.

RISK

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

- Data Integrity,
- Data Security, and
- Customer Service.

With the implementation of the new Federal legislation and the new Texas Administrative Code Rules governing Child Care Services effective October 1, 2016, and the updated guidance received August 1, 2018 the risks of staff errors that result in improper payments from program funds increased significantly. A staff error, even if identified soon after the child is placed in care, does not constitute a valid reason to terminate care for any customer prior to receiving a full 12 months of subsidized Child Care or to increase the parent share of cost during the 12-month eligibility period. As the continuing service provider, Equus' control risks remain high, until such time as Equus meets accuracy standards as set out in a new profit matrix accompanying the new contract.

OBJECTIVE

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

- information to the Child Care Services operator 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, and
- verification of the accuracy of payments made to providers.

SCOPE

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

- new child care provider review, and out of county provider SOP review,
- provider rate agreement update review,
- Appeal packet review,
- redetermination eligibility review,
- DFPS referral processing review, and
- fraud review.

METHODOLOGY

Desk reviews were conducted from The Workforce Information System of Texas (TWIST), Infomaker reports, and using data found in Laserfiche file management systems. Additionally, the SharePoint Appeal Log was used in the Appeal packet review.

OVERVIEW OF RESULTS

New Provider Review

A review of all new child care providers added in October 2020 was conducted. While all providers were eligible to become child care providers in the WSNCT region, there were repeat findings including rate errors with rates not entered in TWIST causing a discrepancy between TWIST and the signed rate agreements, holidays not entered or not entered as paid. Out of county managing Board's rates were being used without documentation that providers were told to report their rate changes to the managing Board area, despite documentation in the provider's file of different published current rates. When data in the file does not match data entered in TWIST, this could result in a data integrity finding with TWC or DOL. This is a repeat finding. The current Standard Operating Procedure (SOP), supplied December 7 for review, does not adequately address the need to discuss updating their rates with their managing Boards to be addressed with the providers, along with documentation in TWIST. Instead, Equus continues to use rates placed in TWIST by other Board areas without verifying the accuracy of those rates when possible, or to request updated provider published rates to check the accuracy of the rates or communicate those changes with other Board areas. The overall accuracy rate for the new provider eligibility review was 95.3%.

In addition, several other process errors were identified that were not counted in the accuracy rate. First, there was no process to update provider forms and vital documents with EO tag lines or Babel notices. Second, there was no process to update the company name when it changed from ResCare to Equus. This resulted in contracts being signed with providers with the wrong company name of the Subrecipient on the contract, potentially making those contracts invalid. Equus was notified of the deficiency through Operations when discovered during the review, and their lawyers confirmed this should have changed from the date of the name change onward. Neither of these two process errors was counted as an error against the provider service staff processing the paperwork since it would be up to senior management to put a process in place in response to major changes, but they are mentioned here as errors in processes.

Provider Rate Agreement Review

New maximum rates for providers for all Board areas were mandated by TWC through Workforce Development (WD) letter 25-20. This was issued on October 8, 2020 in its final form but was retroactive to October 1, 2020. The WD letter outlined all rate agreements must be updated and in the provider's file no later than November 30, 2020. Starting December 2, 2020, a slant review of a sample from all 2020 providers was conducted to see if the letters were sent to each provider, and whether the signed agreement was returned and uploaded into the provider's file.

Errors found included:

- the rate agreements were not sent to providers within 5 business days,
- illegible rate worksheets found in some files,
- data integrity errors, some rates in file do not match rates in TWIST or old rates, rather than new published rates, were used to update rate agreements with no explanation documented,
- published rate sheets missing for some providers with rate changes,
- providers with updated rates were not all input at the new published rates,
- 43% with no signed updated rate agreement in file by the deadline of Nov. 30, and
- some rates not updated within 5 days, or even on date of review, which might have affected payments to these providers if there were children in care.

The low number of updated rate agreements returned timely suggests an adjustment may need to be made to the process of obtaining these agreements in future. The known process issues include no cover letter went with the updated agreements, no deadline given to return the agreements initially, and no request for updated rates sent to ensure that the most up to date provider published rate could be entered for the providers. These issues may have impacted obtaining the rate agreements back, since there appears to have been no initial incentive for these providers to send these in timely, nor an adverse action for failing to do so. Another issue was the data mismatch between rates due to 2 different agreements found in the file with no documentation why one rate was used over the other and entered in TWIST. Other data discrepancies involved newly updated provider rates not having documentation of the published

rate sheet in the file to back up the rate calculated and entered. This could be a data integrity finding with either federal or state agency reviews.

Appeal Packet Review

A sample of Appeals were selected from 8/2020-9/2020 for this review. There were 10 cases selected for this review. Multiple, repeat errors were found, which resulted in an overall score of 75.73%, including:

- 40% accuracy rate for a timely attempt of an Alternative Dispute Resolution,
- 40% accuracy rate for a timely attempt of a Customer Satisfaction Meeting,
- 40% accuracy rate for timely uploading of the Appeal Packet (22 calendar days from CCS receipt of Appeal), and
- 80% accuracy rate for the Sequence of Events/Evidence based conclusion providing clear, concise, and sufficient evidence to support the action taken by CCS to deny care.

Process gaps were discovered regarding timeliness, data integrity and customer communication. Customers who appeal and the Hearing Officer rely upon timely and accurate responses to Appeal requests, which are time sensitive and could affect the customer's overall amount of recoupment. Process issues to be addressed, include sufficient training on the timeliness of Appeal processing for line staff and timely completion of the CSM (Customer Satisfaction Meeting) and ADR (Alternative Dispute Resolutions) calls. Improved training could possibly prevent future error occurrences on monitoring reviews. Training for CSM and ADR calls/attempts should include that they only be conducted after a review of the case. Conducting a review of the case prior to the call will allow staff to sufficiently answer customer questions about policies, why they were denied and therefore, possibly reduce the number of appeals. This monitoring reveals a failure of previous processes and/or training provided to line staff. However, an improvement was seen in the categories/elements of “The Sequence of Events/Evidence based conclusion provided clear, concise and sufficient evidence to support the action taken by CCS to deny care” and “Documentation mentioned in the Administrative Hearing Brief was included in the Appeal Packet”.

Redetermination Review

For this review, a sample of redetermination work items closed in October or November were selected. New errors due to COVID and repeat findings included:

- Incorrect income calculations, particularly bonuses or other income, including using paystubs that should not have been used or an incorrect amount entered in the calculator, one of which caused an improper payment due to lower parent share of cost was given,
- No 2450, PSOC letter or no 2050 found in file, others filed in wrong folder, and 2050 and 2450 with wrong dates on them, no denial reason on 2052 form sent to customer, incorrect denial dates (less than 15 days) and/or no record of Appeal form sent,
- Untimely processing of redeterminations, including late closure of work items or failing to remove redeterminations for customers whose care ended early, a potential problem if sent a redetermination after a customer is ended for a valid reason,

- Multiple customers who lost their jobs due to COVID were not given the full extra 4 weeks in WD 26-20 and care ended prior to the 11/27/20 date,
- Lack of documentation of all actions in TWIST Counselor notes,
- Customer previously documented as unemployed was processed using the old paystubs, if customer was ineligible at redetermination this will be an improper payment on Equus,
- Care denied incorrectly for failing to turn in school transcript, but customer's paystubs indicate she was meeting with work hours, no contact with customer to discuss prior to termination, and customer's care may need to be reinstated as a result, and
- An out of county transfer without documentation in TWIST if customer's employment had changed.

This review was completed with cases post rollout of a new Laserfiche file system and indicate there may be training that needs to be addressed following this change. For example, some staff are placing 2450s in authorization folder and some are placing these in the correspondence folder. It is not known which process was taught to staff, but staff retraining may need to be done to ensure that documents are not missed by other staff looking in the wrong folder.

A new issue due to COVID was a high number of cases where the extra 4-week extension was not granted to customers looking for work as provided for in the policy suggests this information was either not given to staff or indicates a lack of understanding of how to incorporate this into current procedures. A lack of communication with customers during redetermination processing may have resulted in otherwise eligible customers being denied care. Failing to process some cases timely resulted in otherwise ineligible customers becoming eligible during the delay, giving them an advantage over customers processed timely. Finally, following proper case closure procedures, including closing out the redetermination work items once a case closes early due to over income, fraud, withdrawal or other allowed reasons, need to be reinforced so that customers are not incorrectly sent redeterminations when they are ineligible to receive these and must apply to the waitlist.

Both untimeliness and income calculation issues resulted in improper payments, which is a repeat finding.

<u>DFPS Referral Review</u>

At the fall 2020 QAN zoom meeting, TWC Subrecipient monitoring mentioned they would be looking at DFPS referrals in two areas that the Department of Labor found errors in their review for the state of Texas. The first was for errors in failing to process DFPS referrals within the required 3 business days. The second area was in data integrity errors, with documentation on the form 2054 referral sent from DFPS not being entered correctly into TWIST. As a result, this review focused on these two areas, and discovered related errors in lack of proper actions or documentation of actions taken regarding these two areas. The scope of the review was a 20% sample from all DFPS referral work items opened and completed in October in Laserfiche. Errors included:

- 89% accuracy rate for timeliness of referrals entered, one of which resulted in a less than 12- month eligibility period from start date of referral.
- 89% accuracy rate of data entered from DFPS form into TWIST.

- 89% accuracy rate for other errors included: no 2450 in file, no documentation of referral received and entered in TWIST Counsellor notes, no attempt to follow policy to contact DFPS about late entry and change of referral start date causing a data mismatch with authorized start date/TWIST Counselor notes start date and actual referral start date in TWIST, and one case from August with documents not entered in the case file until 10/21/20.

The overall accuracy rate was 89% for this review. Local procedures may need to be reviewed to see if the correct actions are included to assist staff when the processing of DFPS referrals exceeds the required 3 days. These procedures need to include the process to follow to obtain a new referral form with the correct start date from DFPS.

Fraud Review

Two fraud cases were reviewed during the review period. Process issues identified included:

- Failing to end care during an Appeal and redetermining an ineligible customer as eligible resulted in improper payments,
- Placing customer on "immediate mailout" on waitlist while under investigation for fraud – however, new applications were closed due to COVID, so this did not result in care re-starting of care, but this easily could have occurred under other circumstances,
- Redetermination work item left open on a customer whose care was correctly terminated and who owed fraud recoupment,
- No recoupment checked on intake common, which could have allowed this customer to reapply for care and be approved, while not eligible, and
- No call to educational institution to verify the accuracy of customer's statements prior to sending for investigation.

The above process errors could lead to improper payments. For instance, by placing someone on the waitlist with an open investigation for fraud, or without checking the recoupment box, care could start again improperly. Failing to remove work items for redetermination for customers whose care has ended could accidentally cause someone to be "redetermined" and bypass the waiting list or, as in this review, someone ineligible for care to be sent a redetermination long after their care was terminated for both over income (and fraud) with recoupment pending. Lack of timely ending of care resulted in improper payments on Equus. These are repeat findings.

CONCLUSION-GAP ANALYSIS

Process gaps remain, with failing to end care or untimely processing of cases causing improper payments for Equus. This monitoring suggests either a failure of previous processes and/or training provided to line staff, or a failure to follow the processes by staff. Initial processes for updating the provider rate agreements either were absent or not followed, however, the deadline for the agreements was a new requirement this year by TWC, so they may not have had a process modification before the agreements were sent. An SOP for rate agreement updates may be needed to avoid delays in receiving these agreements back from providers. An update to the current SOP for out of county new providers should be considered to ensure that new published rates are communicated with out of county Boards to reduce data integrity errors.

Failure to abide by the contractual requirements to follow the Federal, State, and Board rules and policies can lead to significant improper payments and impacts to customer service and

satisfaction. Documentation of both adherence to policy, as well as reasons for deviating from a policy, are required to minimize the risk to data integrity issues that remain.

FINDINGS

Repeat Finding 1: A total of 84 data integrity and case management errors were identified out of 595 elements reviewed. The errors, including improper payments to be calculated, are outlined in the attachments provided in SharePoint with the draft 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 # FY21-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.

- Management will need to provide an updated procedure (SOP) to address the deficiencies in communication and coordination with out of county managing Boards when new provider published rates do not match what the out of county Boards have entered to reduce or eliminate the data integrity issues found in this review.

- All provider contracts signed after the date of Equus' name change earlier this year will need to be corrected with Equus' name, signed by providers and placed in provider files. Please upload the corrected contracts with the response to SharePoint.

- Babel notices and/or EO taglines need to be added to all vital documents to comply with rule.

- All provider published rate calculations should be in the Laserfiche file in a legible format, along with all other itemized corrections noted on the new provider review rate sheet and uploaded to SharePoint with the supporting documents to the response.

- Explanation of any processes or procedures implemented by Equus to resolve the issues seen in the review regarding the updating of provider published rates and the changing of the maximum reimbursement rates to avoid data integrity errors in the future.

- For the Appeal review, it is recommended that additional training is provided to line staff, particularly in the areas of timely CSM and ADR calls. Improved training could possibly prevent future error occurrences on monitoring reviews. Training for CSM and ADR calls should include that they only be conducted after a review of the case to allow staff to sufficiently answer customer questions about policies, the denial reason and therefore, possibly reduce the number of appeals.

- For the redetermination reviews, process gaps found on the spreadsheet need to be addressed, to include repeat findings as well as new findings including retraining staff on where documents should be stored with the new Laserfiche folders and rollout of policy changes to staff with some way to monitor their understanding and implementation of those changes. Untimely processing of redeterminations, despite a lower number of redeterminations being processed due to COVID-19, was a repeat finding indicating there is still an issue in this area that leads to improper payments.

- Training of staff that process DFPS to increase the accuracy rate of data entered, timeliness and other errors found in this review. Processes should be reviewed to confirm they address the deficiencies noted and assist staff to correct them.

- Updating the current process or training is needed to mitigate and/or eradicate the errors found in the fraud reviews, particularly regarding timeliness of processing. The improper payments are to be added to all improper payments found during this 1st review cycle.

- 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 *FY2021 NCTCOG Child Care 1 Report.*

Equus Management Response:

EQUUS Child Care Services continues to work diligently with staff to address repeat findings. Although, we are recognizing improvement; we understand ongoing training and staff accountability is necessary as an effort to eliminate repeat findings. For this monitoring report, staff have made corrections where possible and according to policy. Errors unable to be corrected due to timeliness, data entry error, or misinterpretation were addressed with staff.

Appeals

Based on the FY20 QTR 4 Appeals and Appeal Packet review findings, Equus revised the SOPs and supporting documents for the overall appeal process. The revisions were necessary to ensure the process is more efficient, meets timelines and produces accurate appeal packets. Revisions were implemented effective September 2020 and include the following:

- Developed a checklist to ensure all required documents are included in the appeal packet. I
- An appeal email for initial requests sent to ccappeals@dfwjobs.com
- Requests are solely reviewed and uploaded to Laserfiche by the local appeal officer.
- Removed the responsibility of the advisors to forward appeal requests to the local appeal officer.
- Correspondences related to appeals were revised to reflect the updated submission information.
- Staff involved in the appeals process attended a refresher training October 29, 2020.

Improper Payment Amount: NONE
Appeal Review Accuracy Rate: 76%

DFPS Referral Review

Equus will continue to implement strategies to improve data integrity and timeliness. Staff who have repeat findings will be expected to attend a counselor note refresher and referral refresher training. Continued quality concerns may result in formal disciplinary actions.

Improper Payment Amount: NONE
DFPS Accuracy Rate: 89%
Provider Rate Agreement Review

In compliance to the WD letter 25-50, Equus immediately sent correspondence to child care programs. The correspondence included the new rates and request for signatures for new rate agreement to be returned by due date. In addition, Equus sent two additional correspondence and made phone contact on two separate occasions. Unfortunately, despite the continued effort to encourage child care programs to comply, we moved forward with an SIA pending termination of agreements. Equus is held responsible for those rate agreements not being signed by due date.
Improper Payment Amount: NONE
New Rate Agreement Accuracy Rate: 81%

New Provider

Equus has shown improvement with establishing new provider agreements.
Improper Payment Amount: NONE
New Provider Agreement Accuracy Rate: 95%

Redetermination Review

Equus will continue to implement strategies to improve data integrity and timeliness. Staff who have repeat findings will be expected to attend refresher training specifically on the elements identified in the monitor review. Continued quality concerns may result in formal disciplinary actions.

Improper Payment Amount: $1224.60
Redetermination Accuracy Rate: 90%

Fraud Review

Equus identifies the need to revise the fact finding and fraud procedures. Leadership will work with the training department on this task as well as develop training materials. A training will be scheduled and a knowledge check developed. Staff will be expected to successfully complete the knowledge check upon completion of the training. In addition, leadership will cross train designated staff to assist with fact finding to improve timeliness and data integrity.
Improper Payment Amount: $1,848.47 (final amount to be calculated and paid once investigation is complete)
Redetermination Accuracy Rate: 56%

Appendix A

Child Care Review 1 Summary

Area of Review	Area of Testing	Period Reviewed	Number of Records Reviewed	Number of Errors tied to Number of Applicable Elements Reviewed	Overall Accuracy Rate
Provider Services	New Provider	October 2020	12	5/108	95.4%
Client Services	Appeal packet Review	May 2020-July 2020	10	24/103	76.7%
Provider Services	Provider Rate Agreement	October 2020	16	9/47	80.9%
Client Services	Redetermination/ Denial Review	October - November 2020	24	33/264	87.5%
Client Services	DFPS Review	October 2020	19	6/57	89.5%
Client Services	Fraud Review	October 2020	2	7/16	56.25%
		Total	83	93/603	84.6%

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