



**North Central Texas Council of Governments**

November 2, 2021

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 fourth FY2021 review of the Contract # FY21-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 and includes your Management response to address the repeat finding. The improper payment for this report in the amount of \$2,785.69 was received and the individual error corrections on case files and Management response are now resolved as outlined in the final responses and supporting documents uploaded to SharePoint.

We appreciate your cooperation in providing us with the necessary data to complete the review. If you have any questions, please contact Debra Kosarek (7179), Debra Reyna (7473), Kathy Oleszkowicz (7262) or Nicole Nelson (7183).

Sincerely,

Phedra Redifer  
Executive Director of Workforce Development

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



## **FY2021 NCTCOG Child Care Services Review 4**

For

**Equus Workforce Services**

**Contract FY21-TWC-01**

November 2, 2021

*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)
CCS	Child Care Services
COVID	Coronavirus Disease
DFPS	Department of Family and Protective Services
DOL	Department of Labor
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
QA	Quality Assurance
R&C	Risk and Compliance (NCTCOG Fiscal Monitors)
ResCare	ResCare Workforce Services (now Equus)
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

**North Central Texas Council of Governments**  
**Workforce Solutions for North Central Texas**  
**FY2021 NCTCOG Child Care Services Review 4 Report**  
**for**  
**Equus Workforce Services**  
**North Central Texas Child Care Services Contract - # FY21-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 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
- Customer Service

Equus' control risks remain high until such time as Equus meets accuracy standards as set out in a new profit matrix accompanying the contract year.

## **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.
- Verification of the accuracy of payments made to providers.

## SCOPE

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

- New application eligibility review
- Appeal packet review
- COVID enhanced payments review
- "Too old for care" review
- New child care provider 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. In addition, the NCTCOG SharePoint Appeal Log was used in the Appeal packet review and the Equus Provider Services Master Tracking Sheet for the New Provider Review to select samples.

## OVERVIEW OF RESULTS

### New Application Eligibility Review

A full eligibility review was conducted of all at-risk new applications processed and closed in Laserfiche from July 1-6, 2021. The overall accuracy rate was 82% (53 errors out of 290 elements reviewed). The following were repeat findings:

- 13 out of 18 customers were not notified within the required 20 days of their eligibility, with some cases taking up to 2 months after all documents were received to begin processing the application. For 3 timeliness areas reviewed, there were 17 errors out of 45 elements for a 62% timeliness accuracy rate.
- Staff continue to send out denial notices for documents already in the Laserfiche case file. Eligible customers were denied for no Child Care Choice (CCC) paperwork when it was already in the file and there were incorrectly labelled documents uploaded into the file.
- Denials were processed without a proper customer contact or response.
- One case was determined eligible by QC but was sent denial paperwork in error stating they were not meeting hourly requirements.
- Some referrals were entered with less than the full 12 months of care required by rule.
- Several cases had errors that may have led to improper payments, such as not using all jobs sent with the application and a possible spouse living in the household without accounting for spouse's income. After more documentation and information was collected, these were cleared from improper payments prior to issuing this final report.

Timeliness issues remain with many applications not processed until 2 months after all documents were received. One case took more than 20 additional days from the QC approval date before the customer was called and informed of their eligibility. Customer service remains a high-risk issue for the program. The lack of timeliness in processing applications risks customers moving, changing their email or phone number, or losing their jobs during the long waiting period. Rule requires customers be informed within 20 days of eligibility.

### Appeal Packet Review

A review of Appeal Hearing packets sent to the NCTCOG for an Appeal Hearing from August 1 through August 19, 2021, was conducted. A total of 13 Appeal packets were reviewed. There were 6 errors out of 130 elements reviewed, for an overall accuracy rate of 95%. Other statistics and observations:

- 100% timeliness of CSM calls.
- 4 out of 13 Appeal Hearing packets had no Alternative Dispute Resolution (ADR) call made, which reduced overall timeliness for all elements to under 90%.
- When timeliness is excluded, there was an accuracy rate for other elements reviewed of 97.8%.
- One case where the customer was eligible did not have a clear and concise reason why the case was being denied.
- Several observations outside of the scope month of review included:
  - A customer who voluntarily withdrew in December 2020 was not sent denial paperwork and Request for Appeal form until July and was incorrectly sent an application which they were not eligible to receive.
  - A 15-month extension was incorrectly granted to a customer.
  - All possible documentation was not requested from a customer to determine household size.

#### Positive Notes:

1. The accuracy rate remains over 95%.
2. 100% of CSM calls were made timely.
3. There were no instances of the Request for Appeal form sent late to Equus' Appeal staff from caseworkers in this review cycle.

In conclusion, process gaps remain regarding timeliness and documentation of ADR calls, which are required by the Texas Administrative Code Chapter 823. It was further noted that the changes to Chapter 823 in January 2021 had not yet been fully incorporated by Equus in their process. However, the staff have maintained the timeliness of sending up Appeal Hearing packets within the required 20 days.

### COVID Enhanced Payments Review

A sample of 26 providers that received enhanced payments was selected by fiscal from payments made for the two-week period from 4/18/21 through 5/1/21. Providers who received enhanced payments were reviewed for eligibility. Eligibility criteria reviewed included having a current rate agreement and no closure for licensing issues during the period in question. All providers on the sample selected were eligible to receive payments based on the criteria, no exceptions were noted. The overall accuracy rate for this review is 100%.

### Too Old for Care Review

The Too Old for Care report was pulled on September 1, 2021. All cases were reviewed to determine if the children were under 13 years old at the time of determination or redetermination. Rule allows children to continue in childcare if they turn 13 during the 12-month eligibility period.

The accuracy rate for whether children were 12 at the time of initial or redetermination was 100%. However, there were 3 errors observed out of 32 elements reviewed for an overall accuracy rate of 91%. The errors found in the review included:

- One parent requested care to end (voluntary withdrawal), but care was not ended, which resulted in an improper payment for continuing care beyond the date the parent requested care to end.
- TWIST Counselor notes incorrectly document that NCTCOG monitoring required Equus to increase a parent share of cost (PSOC). An incorrect amount was given to the customer and provider by Equus and entered in TWIST initially. Increasing a PSOC during the 12-month eligibility period is not allowed by rule. The parent must be reimbursed for the increase in PSOC and Equus must pay an improper payment for 12 months for the difference in PSOC.
- TWIST Counselor notes do not match information documented in the Laserfiche case file, and documents were requested that were already in the file.

Positive note: There were no exceptions to the children being 12 at the time of eligibility determination or redetermination found in this review cycle.

### New Child Care Provider Review

A sample of new providers was selected from the months of August 2021-September 2021. The overall accuracy rate for this quarter's review was 93% (7 errors out of 100 elements reviewed), which is a slight decrease in the overall accuracy rate from the previous quarter. The errors found included:

- In a Relative Provider case, the THHS/DFPS Report was not found in the Laserfiche file.
- Rates were indicated for Infant ages in TWIST for one provider, though the provider is not licensed to accept infants.
- In one provider case, the reimbursement rates could not be validated because the published rates and the excel rates spreadsheet were not found in Laserfiche.
- A timeliness issue was found in one Provider file; however, it did not result in an Improper Payment.

Positive note: 8 elements reviewed had a 100% accuracy rate.

Adding an additional rate for infants (or any other age group that is not authorized) in TWIST, could lead to a provider being improperly paid, should that referral be added by mistake; Reimbursement rates for a licensed or registered provider cannot be validated without their listed rates and Excel rate calculations uploaded in Laserfiche file.

*\*NOTE: The overall accuracy rate includes every element read for all cases and excludes not applicable elements. The accuracy rates for individual errors are per element. Not all of the errors are included in the summary portion of the draft report.*

## **CONCLUSION-GAP ANALYSIS**

The new application eligibility and denial review had a decline in accuracy rate, in part due to repeat findings, as well as a new finding of customers being denied care with no actual contact accomplished. Timeliness of processing eligibility applications also remains an issue. These gaps



indicate management has not been able to solve these errors with past corrective actions. Instituting stronger internal controls and repetitive training in the areas that staff fall short in performance could improve these outcomes in the future.

There were no instances of the Request for Appeal form sent late to Equus' Appeal staff from caseworkers in this review cycle. A decline in timeliness of Alternative Dispute Resolution calls caused the timeliness accuracy rate to fall below the standard 95% accuracy rate and the 99% rate required in the profit matrix instituted this year by WSNCT management.

The *Too Old for Care Report* review had a 100% accuracy rate for children being 12 at the last eligibility determination. However, there were other accuracy errors found including 2 improper payments. On a positive note, the COVID payments review found no errors in enhanced payments paid to child care providers.

## FINDINGS

**Repeat Finding 1:** A total of 69 data integrity and case management errors were identified out of 630 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 # 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.
- For the new application review:
  1. For all eligible customers that never had a valid contact prior to being denied despite their eligibility, Equus should reach out to these customers to see if they still need care and have a valid provider choice.
  2. Referrals that were entered with less than 12 months need to be corrected to give the full 12 months required by rule.
  3. There are several possible improper payments, one for a spouse possibly in house, another for incorrect documentation and calculation of hours, and one case where a possible 2nd job was missed. Any improper payments, after reviewing the cases where further action is needed to determine if an improper payment occurred, need to be calculated and sent from non-Federal funds and included with the total of all CC report improper payments found this cycle with the response to the draft report.
- Alternative Dispute Resolution calls are required by the Texas Administrative Code. Equus to provide a process to ensure these calls are completed timely.
- For the Too Old for Care review, improper payments need to be calculated once care ends for the voluntary withdrawal, and once the increased PSOC is reimbursed to the customer for the months after the increase.
- 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 4 Report*.

### **Equus Management Response:**

EQUUS Child Care Services continues to work diligently with staff to address repeat findings. We understand the importance of improvement and the elimination of repeat findings. Our efforts to address the noted areas will continue to include ongoing coaching and training; both group and individually as deemed necessary.

Staff accountability will be enforced as necessary to address trends of poor performance. For this monitoring report, staff have made corrections where possible and according to the child care guide, TWC guidance and/or local policies. Errors unable to be corrected due to timeliness, data entry error, or misinterpretation were addressed with staff.

### **New Application Eligibility Review**

The Project Director and Operations Manager is partnering with the Equus QA Manager to implement strategies to improve the quality of staff work. As we have an increased number of staff with less than 1 year experience, we recognize the need to provide additional training and support for improvement. First plan of action is to review all quality scores and findings to create a list of staff who could benefit from group and/or individual training. In addition, we are developing a plan to implement the “buddy system” by partnering tenure and new peers for support when released from training. All staff will continue to submit their cases to QC for review prior to completing a case.

To address the timeliness of customer eligibility notification and application timeliness concerns, the Project Director and QA Manager are researching Laserfiche reports to determine if there are options to manage case timelines. This would allow Operation Managers the ability to identify cases in jeopardy of exhausting the 20-day determination of eligibility timeline and manage appropriately. In the interim, the Operations Manager will work with the Performance Analyst to update the current new application and redetermination spreadsheets used to track case status. The update will include adding two columns; one column is for entering the date the case was prepped and the second column will be formulated to populate the 15<sup>th</sup> day. Which will serve as an alert for Operation Supervisors to know the case must be determined within the next 5 days.

The Standard Operating Procedure for denials, desk aid and counselor scripts are under review to ensure there are no gaps that contributed to the elements identified in the monitor review. Operations Manager and Trainers will schedule a refresher training for all advisors and knowledge check activity by 11.1.2021.

Equus has recognized newly trained staff need additional support and individualized training to include the focus on accurately creating authorization referrals. Operations Manager and Trainers will determine a date to schedule a refresher training for all advisors and knowledge check activity.

### **Appeal Packet Review**

As our process and training revisions have demonstrated improvement with appeal timeliness and accuracy, we will continue work towards sustainable improvement.

Equus has reviewed the Standard Operating Procedure for Local Appeals, desk aid and training materials. We are confident the materials are sufficient to what is needed to properly process an appeal. Equus will provide refresher training on ADR requirements with staff and reiterated the importance of reassigning the ADR work item in Laserfiche to the designated staff completing the ADR which will provide a reminder to staff with the due date. Management is taking a specific accountability oversight of reviews to reinforce documented procedures.

### **COVID Enhanced Payments Review**

Accuracy rate is 100%. Equus will continue to monitor procedures to ensure ongoing success for managing COVID payments.

### **Too Old for Care Review**

Equus will continue to provide coaching and training to all staff who demonstrate a need for performance improvement and best practices for managing cases. In addition, our Performance Analyst has identified a report to run daily, that will provide all case with children who will be turning 13 years of age. This will be added to the Daily Reports received by leadership effective Monday, October 25, 2021. The data from this report will be provided to the PD, Ops Manager and Ops Supervisor to review and act as needed. Due to staff not ending care timely per a parent request to withdraw a child who was too old for care and an incorrect calculation of PSOC, Equus is responsible for a disallowed cost in the amount of \$2,785.69

### **New Child Care Provider Review**

Under new leadership Equus is currently in process of restructuring the Provider Services Unit. This will include merging staff responsibilities, cross training of all job duties and creating a provider caseload assigned to staff by alpha. The purpose is to improve the management of all provider related tasks such as new agreements, rates, billing, outreach efforts and technical assistance. The Program Manager has developed a cross training structure and timeline. The 4-week training is scheduled to start November 1, 2021. The training components will focus on billing claims, direct provider tasks and technical support.

To address the need to improve data integrity, the Program Manager will implement the use of a QC checklist. The QC checklist will be used by the unit supervisor when reviewing the data entry of new provider agreements and rates.

## Appendix A

### Child Care Review 4 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 Number of Applicable Elements Reviewed	Overall Accuracy Rate
Client Services	Customer (New Application Eligibility Review)	July 1-6, 2021	19	53/290	82%
Client Services	Appeal packet Review	August 2021	13	6/130	95%
Provider Services	Child Care Program (New Provider)	August 2021-September 2021	10	7/100	93%
Provider Services	COVID Enhanced Payments Review	April 18-May 1, 2021	26	0/78	100%
Client Services	Too Old for Care Review	September 1, 2021	11	3/32	91%
		<b>Total</b>	<b>79</b>	<b>69/630</b>	<b>89%</b>

## Child Care Review 4 Performance Matrix Target Summary Table

NOTE: This chart has been added by request for items monitored that pertain to the Profit Matrix for FY2021. 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	FY21 Performance Target	Period reviewed	Number of records reviewed	Numerator = number of errors, Denominator=all elements reviewed	Quarter 4 results (% correct)
<b>Timeliness</b>					
Eligibility	99.00%	July 1-6, 2021	19	17/45	62.2%
Appeals	99.00%	August 2021	13	4/39	89.7%
<b>Accuracy Rates</b>					
Customer	95.00%	July 1-6, 2021	19	36/245	85.3%
Child Care Program	95.00%	August-September 2021	10	7/100	93.0%
Appeals Application Packets	95.00%	August 2021	13	2/91	97.8%

<b>Legend:</b>
Eligibility= New application or Redetermination review
Appeals= Appeals Review
Customer= New application or Redetermination review
Child Care Program= New Provider review
Appeals Application Packets= Appeals review