



North Central Texas Council of Governments

August 24, 2021

Ms. Katina Prescott
Project Director - Child Care
Equus Workforce Solutions for North Central Texas
1300 Teasley Lane
Denton, TX 76205

Dear Ms. Prescott:

NCTCOG completed its third 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 \$14,861.19 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,

David K. Setzer, CPSM, C.P.M., CWE
Director of Workforce Development

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



FY2021 NCTCOG Child Care Services Review 3

For

Equus Workforce Services

Contract FY21-TWC-01

August 24, 2021

Prepared by the

Workforce Development Quality Assurance Department

North Central Texas Council of Governments

Workforce Solutions for North Central Texas

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Glossary of Acronyms

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 3 Draft 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 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.
 - 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:

- Appeal packet review
- Equus Quality Assurance (QA) validation review
- Activity interruption review
- 3-month Continued Care process review
- New child care provider review
- Redetermination eligibility 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. Equus QA validation monitoring used Equus' monitoring tools to compare Equus' completed reviews versus NCTCOG reviews.

OVERVIEW OF RESULTS

Appeal Packet Review

The scope of the review was limited to packets received by Equus between February-March 2021 and sent to the NCTCOG for an Appeal Hearing. A total of 12 Appeal packets were reviewed. An improvement was seen in the Appeal Packet Review from the previous quarter with a 97% accuracy rate* overall, compared to a 92% accuracy rate in the previous quarter. Appeal process errors found in this review included:

- CSM (Customer Satisfaction Meeting) note did not include whether a phone call attempt was made or not.
- Repeat issue regarding ADR's (Alternative Dispute Resolution) not including TWIST Counselor notes/Sequence of Events that present a clear explanation of the adverse action and policy.
- Eligibility Calculator did not include all pay stubs submitted.

Non-Appeals staff issues noted:

- The CCA (Child Care Advisor) did not properly counsel the customer about how to complete self-employment documentation, according to TWIST Counselor notes.
- A Customer was on medical leave and placed on a 3-month activity interruption, however, they are not required to be placed in one as this is a temporary interruption.
- An Appeal was not uploaded timely (into the Child Care Appeal box) but was processed timely by the Child Care Services Representative.
- In two cases reviewed, the Appeal Request form (when initially generated) gave the customer the option to continue care during the appeal review, however, this was a new applicant and could have possibly and inadvertently allowed a new applicant to continue care.

Positive Notes:

1. 100% timeliness was seen from Appeal staff from date that Appeal was received by Appeal staff to uploading to NCTCOG.
2. Multiple CSM/ADR calls were well documented and reflected clear and concise explanations.

In conclusion, process gaps remain regarding documentation of clear and concise CSM and ADR calls and timely assignment of Appeals to the Appeals Representative. The purpose of the CSM and ADR calls is to ensure the customer is provided clear and thorough information regarding their Appeal process, including the reason of the adverse action and possible outcomes, such as owing recoupment costs at the end of the process. Additionally, forwarding the Appeal to the Appeals representative late could adversely affect the customer's amount of recoupment. Process issues to be addressed include additional training on the timeliness of Appeal processing for line staff and ensuring that protocols are followed regarding documentation of clear and thorough CSM/ADR notes. Additional training could possibly prevent error occurrences on future monitoring reviews.

Quality Assurance (QA) Validation Review of Equus' QA Staff Monitoring Results

A random sample of 20% of cases were chosen and reviewed from the Equus' QA Quarter 2 monitoring review of Client Services Eligibility. Validation is done by NCTCOG staff using the Equus' QA tool then comparing the results to Equus QA staff findings.

The overall accuracy rate* for all elements reviewed was 89%. Errors include but are not limited to:

- 93% accuracy rates for both eligibility and for TWIST Counselor notes indicate all actions taken. Note: an ineligible customer was determined eligible due to a transcript that shows spouse is a graduate student was missed by Client Services, QC (Quality Control) and QA staff. Improper payment for 1 year of care due since care cannot be ended per rule.
- 71% accuracy rate for income calculation errors.
- 93% PSOC accuracy rate, with an incorrect PSOC assigned due to an income calculation error, and an improper payment for difference in the PSOC amount.
- 86% on documentation accuracy of form 2050 Eligibility for Certification for Child Care Services, PSOC Agreement, and TWIST tabs completed correctly for referrals.
- 80% accuracy rate for both form 2450 Authorization for Child Care Enrollment referral

- information and Laserfiche Redetermination dates set.
- 64% accuracy rate of timeliness of redetermination/new application processing.

Positive notes: there was 100% accuracy found between NCTCOG and Equus QA staff for the following elements reviewed:

1. Applications in file.
2. Residence verification.
3. Absences reviewed.
4. Income below 85% SMI.
5. Eligibility documentation log.

This was the first review for a new Equus QA staff member so most errors, except for the error in timeliness of processing applications, were new errors found in this validation monitoring. The areas of primary concern are data validation, eligibility, and income errors, which can lead to findings with funding agencies (TWC/DOL) or, alternatively, to improper payments, two of which were found in this review.

The NCTCOG validation review of the Equus QA review of Client Services eligibility for the Child Care program did not meet the minimum 95% accuracy rate, therefore, the monitoring conducted by Equus QA staff cannot be validated at this time. The lack of recognition of timeliness, income and other errors creates additional vulnerability for Equus management and staff and limits confidence that NCTCOG may rely on Equus' QA staff to report to Equus about current deficiencies and highlight potential problem areas to be addressed. NCTCOG staff ensure Equus staff can participate in the Quality Assurance Network (QAN) and have access to helpful materials. Additional training of QA staff may be necessary to align findings with policy and rule and technical assistance can be made available when new QA staff are onboarded, or at any time, to help them to adjust to the different function and role.

Activity Interruption Review

The current Child Care Rules require an Activity Interruption tab to be opened in TWIST for processing of 3 months of continued care for child care customers who are experiencing a permanent change in work or training, or who are homeless and not working. Cases were reviewed for work items opened from January 1 through May 24, 2021. The overall accuracy rate* for all elements reviewed was approximately 76%. Errors included:

- Of all cases, only 82% of the customers had experienced a permanent change in work or training.
- The accuracy rate for the completion of all processing actions was 33%.
- Late processing was the most common error and led to improper payments due to late closure of the 3-month Activity Interruption period and exceeding the 3 months or time to redetermination whichever is sooner according to rule.
- The accuracy rate for sending denial paperwork was 33% and for ending care timely was only 22%.
- There was a 40% accuracy rate for processing homeless customers according to rule in this review, which is a repeat finding. Homeless customers were not started timely, were required to send in unnecessary documents and some were placed on an Activity Interruption period after showing they were working, indicating staff still do not

understand the homeless policy, the urgency and priority status of homeless customers, nor when to open an Activity Interruption and when not to. Several homeless customers were required to provide proof of residency at shelters prior to proceeding, rather than only completing the required form per rule.

Finally, an inconsistency in the treatment of customers was observed. Some customers were ended after a return to an activity prior to care end date due to exceeding the 3-months allowed, but others were kept in care. Conversely, two customers were incorrectly denied care after returning to an activity prior to the end of redetermination or 3-month continued care. These customers had to be reinstated as a result. Equus must ensure the Rules are applied consistently to all customers. Since the sample consisted of both completed and incomplete 3-Month Continued Care Activity Interruptions cases, with the number of errors found on the date of review in the completed work items, the concern is that the opened Activity Interruptions that had not yet been completed may continue to have the same errors, possibly leading to more improper payments.

On a positive note, the highest accuracy rates were seen for correct documentation of actions and timely entry in TWIST counselor notes with a 95% accuracy rate for both accuracy and timeliness of entry. These have both been problematic areas in other reviews, so this is an improvement in both documentation and timeliness of TWIST counselor note entry, indicating that corrective actions are having a positive impact.

3-Month Continued Care (Activity Interruption) Process Review

As a result of the findings in the above Activity Interruption Review, Equus' Standard Operating Procedure (SOP) for 3-Month Continued Care was requested and reviewed to see if the issues stemmed from the process or training issues or both.

Positive note: a detailed process was outlined in the SOP and covered many different scenarios that require an Activity Interruption tab to be opened. Parts of the process that may require clarification include:

- The SOP states the CCAF indicates an end of participation in WF program and that an Activity Interruption for three months continued care should be opened. However, no Activity Interruption should be opened if the customer stopped receiving benefits but was already working or training (no permanent change).
- Homelessness alone is not enough to open an Activity Interruption, rather it is homeless and not meeting requirements with work or school (this is stated further down in the process, but not initially which could be confusing to staff).
- Step 16 does not indicate that staff should verify the Employment/Income verification form.
- Step 21 has a correct process but does not indicate if staff are notified, or how staff are notified, 20 days prior to the end date to send out the denial paperwork.
- No step was seen to close out the Activity Interruption work item for customers that fail to return to an activity within 3 months.

In the previous case review, staff did not always complete the following parts of the process as outlined in the SOP including:

- Step 1 d) Homeless Initial - New Application/no activity, Redetermination- homeless and lost employment. Staff opened Activity Interruptions even for homeless parents that were in an activity.
- Step 17 staff did not always update the Activity Interruption tab with the return to activity date.
- Step 21 was not followed, with most paperwork being sent late and without calls to customers to remind them prior to their end date that paperwork is due.
- Step 24 care was not ended timely for all children if no proof of return to employment/school received.
- Step 39 staff were requiring both the residency form and other acceptable documentation, so they were requiring more documentation than was needed.

Another positive note is that the SOP clearly outlines that loss of work for 1 parent in a 2-parent family is not considered a permanent change based on rule, therefore does not require the opening of an Activity Interruption. This may be why there were no errors found for this point in the previous review.

The review of the SOP for 3-Month Continued Care revealed a very good process appears to be in place. A few clarifications could be made to assist staff with following the policy better. Recommendations for process improvement would include further clarification for Workforce program participants that do not need Activity Interruptions opened, verification of EVFs received once a work activity resumes, and an examination of if or how staff are notified to meet the SOP's stated 20 days prior to the end of the Activity Interruption to send out the denial and Appeal paperwork. However, staff do not appear to be following the policy as outlined, which led to significant error rates in the previous Activity Interruption review. Further training of staff on how to process Choices and homeless customers could eliminate future errors. It may also help homeless customers to receive care sooner. Training on when it is required to open an Activity Interruption and when it is prohibited could also be beneficial. Lastly, determining the root cause for delay in ending care could irradicate any future improper payments.

New Child Care Provider Review

A 100% sample of new providers was selected from May 1 through June 9, 2021. The overall accuracy rate* for this quarter's review improved from 90.38% to 95%. The errors found included:

- Effective date backdated prior to provider agreement and/or provider rate sheet signed by all parties (repeat finding).
- Incorrect start date entered in TWIST.
- Calculation error found in provider rate calculations but was noted only due to out of county Board area rates were used instead of the incorrectly calculated rates.

Positive note: 100% timeliness accuracy rate.

Backdated or incorrect start dates entered in TWIST is a data validation issue and could lead to a provider being paid for dates prior to the date of completion of all eligibility documentation. Rate calculation error was a repeat issue in this review. Babel notices and/or EO taglines need to be added to all vital documents to comply with rule and is a repeat finding. This was not

noted as an individual error for each case for provider services staff as this is a senior management error that has not been addressed to date.

Redetermination Eligibility Review

A review of redeterminations was conducted, which included a sample of redetermination work items closed in April 2021. Highlighted below are several of the repeat errors found:

- Untimely processing of denials which caused incorrect denial dates (Denial was not sent 15 days prior to eligibility end date).
- Untimely processing of redeterminations.
- Incorrect prorated PSOC when ending the previous referral or denying a case was found in multiple cases.
- Incorrect income calculations, (particularly other pay), including incorrect amounts entered in the calculator, one of which resulted in an underpayment of the Parent Share of Cost.
- Incorrect eligibility dates were assessed in several cases, due to the dates were previously extended for Covid 19 circumstances, which caused the eligibility end date to be several days off.

This review revealed that process gaps remain, regarding timely processing of redetermination and denial cases, causing them to be out of compliance with Rule. Processing and/or denying cases late leads to improper payments for customers who are ineligible and whose referrals continue past the eligibility end date. Neglecting to prorate a PSOC when denying care or ending/continuing a referral for redetermination could also result in an improper payment. Additionally, incorrect income calculations could result in an ineligible customer being determined eligible or an underpayment/overpayment of Parent Share of Cost. Particular attention should be paid regarding analyzing pay-check stubs and when to prorate the Parent Share of Cost. Overall, ensuring that additional training processes are provided to staff, with a particular focus on income and PSOC calculation, could help improve overall scores and decrease the number of improper payments from future monitoring reviews.

Positive note: Improvements were found in the documentation of TWIST Counselor notes.

**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

Improvements were seen in the Appeal Hearing Packet, New Provider, and Redetermination reviews with overall accuracy rates going up for these three reviews compared to prior reviews this fiscal year. There were also improvements in the Redetermination review of eligibility and the Activity Interruption review in the documentation of TWIST Counselor notes. For redeterminations, however, other issues were observed, such as failing to deny services timely at redetermination and neglecting to properly prorate the PSOC, which resulted in improper payments for Equus. Processes and/or failure to follow processes by caseworker staff, indicate a need for process review and/or training. Periodic refresher training, particularly in timeliness

issues, parent share of cost and income calculations, is recommended. The Activity Interruption review for 3-month continued care given to child care parents who are no longer working or in school, along with the process review, revealed that further clarification may be needed, as staff do not appear to be following the process as outlined. The Activity Interruption review also indicates that problems with untimely processing are systemic and are not found in the eligibility reviews alone. These timeliness issues with care continuing beyond what is allowed led to improper payments. Since TWC has just released guidance that they will be extending the 3 months of care for job searching, even to initial applicants and at redetermination, it becomes imperative that the processing of these Activity Interruptions is undertaken with timeliness being of primary importance to not violate child care Rule and continue care beyond the allowed 3-month period.

Finally, new Subrecipient Quality Assurance staff's work could not be validated in this review cycle since it fell below the 95% requirement. This may indicate a need for further training or technical assistance to increase the accuracy of the reviews which are needed for management to have a more accurate picture of staff's work. Accurate monitoring informs management of areas of improvement as well as areas requiring corrective actions, such as training or process improvements, when necessary.

FINDINGS

Repeat Finding 1: A total of 145 data integrity and case management errors were identified out of 1,092 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.
- Additional training for Equus' QA staff is recommended to increase the accuracy rate for detection of errors in cases reviewed.
- For the Activity Interruption review, opened but not yet completed cases in the review sample should be reviewed and a plan implemented to ensure all work is completed timely to avoid more improper payments going forward. Further training of staff including when to open Activity Interruptions for Choices and homeless customers.
- Babel notices and/or EO taglines need to be added to all vital documents for providers to comply with rule (repeat finding).
- Regarding the Redetermination review, being up to date on all case management and training processes with staff, with a focus on income calculation, may help improve overall scores and decrease the number of improper payments from future monitoring reviews. The improper payments are to be calculated, documents uploaded and added to all improper payments found during this 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 3 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 going 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.

Appeal Packet Review

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

Quality Assurance (QA) Validation Review of Equus' QA Staff Monitoring Results

We will continue to provide coaching and training to the new QA staff, specifically in the areas of income calculation and data integrity. The new QA staff will complete income calculation refresher training and shadow QC staff eligibility reviews by 8-31-21. Equus QA Manager also coached QA staff to ensure they conduct file reviews from the perspective of if they were the advisor completing the work. This allows QA staff to put all the pieces together that present in the case file and TWIST vs. only auditing advisor actions as they document them. Approaching file reviews from this perspective reduces the possibility of QA staff oversight of case documentation.

Activity Interruption Review

We have thoroughly reviewed our 3-Month Continued Care/Activity Interruption processes and training materials. We have addressed the identified gaps within the processes and training materials. Efforts to improve include revising the SOP, creating a desk aid for staff, reviewing training materials to ensure it aligns with the revised SOP and providing an intensive training on the improved process. In addition, our Performance Analyst has identified a report to run daily, that will provide all case with return activity date within the month and those that are pass due. 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 for the activity interruption cases, Equus is responsible for a disallowed cost in the amount of \$11,829.57.

New Child Care Provider Review

As our process and training revisions have demonstrated improvement with timeliness and accuracy for new provider agreements, we will continue work towards sustainable improvement. Upon completion of a meeting with Equus and Board QA, it was agreed to ensure proper documentation is noted to explain any difference of dates. In the event, a ELP agreement is submitted to Equus after normal business hours, Equus will process and sign the agreement on the next business day. Staff will utilize the TWIST note template to explain the reason for dates being different as agreed.

Redetermination Eligibility Review

We will continue to provide coaching and training to all staff who demonstrate a need for improvement with income calculations. Management is working with the training department to reinstate the calculations in service training.

Due to staff income calculations errors, Equus is responsible for a disallowed cost in the amount of \$90.18

Appendix A

Child Care Review 3 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
Client Services	Appeal packet Review	February-March 2021	12	4/130	97%
Quality Assurance	QA Validation Review	Quarter 2 Client Services Eligibility (Jan-Feb)	15	22/196	89%
Provider Services	New Provider	May 1 – June 9, 2021	10	5/102	95%
Client Services	Activity Interruption Review	January 1 – May 24, 2021	61	94/392	76%
Client Services	Redetermination Eligibility Review	April 1- April 30, 2021	20	20/272	93%
		Total	118	145/1,092	87%

Area	Overall Accuracy Rate	Timeliness Elements	Accuracy Elements
Appeal packet Review	97%	100%	96%
QA Validation Review	89%	N/A	89%
New Provider	95%	100%	95%
Activity Interruption Review	76%	69%	78%
Redetermination Eligibility Review	93%	88%	94%