

**North Central Texas Council of Governments**

November 3, 2020

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

Dear Ms. Prescott:

NCTCOG completed its FY2020 Child Care Year End Report for Contract # FY20-TWC-01, between Equus and NCTCOG, for the provision of Child Care Services for Workforce Solutions for North Central Texas.

The attached report summarizes the monitoring conducted in FY2020. No response is required for this report.

If you have any questions, please contact Debra Kosarek (7179), Debra Reyna (7473), or Kathy Oleszkowicz (7262).

Sincerely,

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

Cc: Lisa Boyd  
Moneisa Downs  
Carlton Tidwell

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



# **FY2020 NCTCOG Child Care Services Year End Report**

For

**Equus Workforce Services**

**Contract FY20-TWC-01**

**November 3, 2020**

*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
DFPS	Department of Family and Protective Services
Equus	Equus Workforce Services (formerly ResCare Workforce Services)
ECM	Enterprise Content Management
HHSC	Health and Human Services
Infomaker	Tool for querying databases and creating custom reports of data
Laserfiche	ECM software for management and sharing of documents and content as well as to automate document-driven processes to enable a digital workplace
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
WSNCT	Workforce Solutions for North Central Texas

**North Central Texas Council of Governments**  
**Workforce Solutions for North Central Texas**  
**FY2020 NCTCOG Child Care Services Year End Report**  
**for**  
**Equus Workforce Services**  
**North Central Texas Child Care Services Contract - # FY20-TWC-01**

## **BACKGROUND**

Following a brief transition period, ResCare Workforce Services, currently known as Equus Workforce Services, became the provider for the delivery of Child Care Services for Workforce Solutions for North Central Texas on October 1, 2015. The fourth one-year extension of the initial contract began on October 1, 2019. NCTCOG conducted a Fiscal and Programmatic pre-award review prior to this extension. During this fiscal year, ResCare Workforce Services changed its name to Equus Workforce Services.

## **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.

These risks took on added significance starting October 1, 2016 due to the implementation of new Federal legislation and the new Texas Administrative Code Rules governing Child Care Services. As a result of the new legislation, any improper payment due to staff error in calculating eligibility or parent share of cost has a greater financial impact on the service provider. 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. While the inherent risks have stabilized due to the full deployment of TWC guidance by the end of FY2017, a new program update went into effect on August 1, 2018, so service provider control risks remain high until the guidance is fully implemented. This includes the need to use TWIST case notes to document all case actions and customer contacts.

On April 17, 2018, NCTCOG issued an *Intent to Sanction* letter and imposed a structured corrective action plan designed to address significant process issues impacting ResCare's ability to meet their contractual obligations including performance. ResCare (Equus) ended FY2019 with

an unresolved finding and remain on a structured corrective action plan until these issues are resolved. On February 25, 2020, TWC placed the Workforce Development Board and ResCare Workforce Services on a Technical Assistance Plan (TAP) to ensure successful management and program oversight to meeting the Board's Child Care Performance Target proportionate to their Board Contract Year 2020 allocation. TWC lifted the TAP in September of 2020.

## OBJECTIVE

NCTCOG conducts program and fiscal monitoring throughout the year 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

No formal reviews were conducted for the Year End Report. This report is an overview summary of the monitoring results, conclusions, and gap analyses from the 4 previous monitoring cycles conducted during FY2020.

The reviews throughout the fiscal year focused on Data Integrity, Data Security and Customer Service processes, procedures, and practices, by testing random or judgmental samples of:

- *Income Exception Report* and *Early Warning Report* cases sent by TWC,
- *Too Old for Care Report* cases reviewed,
- eligibility of new applications/denials, including timeliness,
- eligibility and timeliness of redeterminations/terminations,
- new providers,
- referrals,
- fraud/fact-finding cases,
- Appeal timeliness, Appeal reversal processing, and Appeal packet reviews,
- excessive absence letters and terminations review,
- eligibility for COVID stabilization grant review,
- COVID parent share of cost (PSOC) review,
- fiscal reviews, including low income eligibility and COVID essential worker cases, and COVID payments to providers, and
- subrecipient quality assurance (QA) monitoring

## METHODOLOGY

During FY2020, desk reviews used reports generated from Infomaker and Laserfiche. Data was obtained from The Workforce Information System of Texas (TWIST) and Laserfiche file management systems. In addition to TWIST and Laserfiche data, case summaries from cases uploaded to the Program Integrity Reporting Tracking System (PIRTS) by Equus and summarized by the WSNCT investigator were used in the fact-finding case reviews and the SharePoint Appeal Log and Appeal Hearing packets were used in the Appeal reviews.

## OVERVIEW OF RESULTS

### **Year-End Monitoring Analysis of Reviews of FY2020 Reports 1-4**

Case management, process and procedure issues remain, as evidenced by performance as well as monitoring results throughout the year. The following is a summary of reviews conducted throughout the fiscal year:

#### **Over Income Exception Report Review**

All case actions taken in response to the TWC *Child Care Income Exception Report* 1st Quarter 2019 cases were reviewed for accuracy. Due to extensions given by management, delays in processing the cases on this report were not included as an element in this review.

Some areas of improvement were evident when reviewing the actions taken on this current report compared to the *Income Exception Reports* reviewed during the previous fiscal year. However, there were a lack of process improvements and a lack of conformity to all procedures required to be followed by TWC rule and policy. Not attempting to obtain pay history from the employer when a customer fails to respond to a request for paystubs was a repeat error found for all cases reviewed. Error rates were still high and resulted in some improper payments, with care continuing for customers that were over the income limits and either not ended timely or, due to errors in two cases, customers were determined eligible when they were ineligible. Due to a temporary suspension in processing these reports due to COVID, no further *Income Exception Report* reviews were conducted this fiscal year.

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

All children in care for the review period were eligible to receive care on their eligibility start date. However, the process for ending referrals for voluntary withdrawals needs review to determine why care is not being ended timely for these children. Currently, the process assigns voluntary withdrawals to Management and these are not being forwarded timely to a caseworker to end care. A new or updated process is recommended to ensure voluntary withdrawals are ended timely to avoid improper payments issues in the future.

#### **Appeal Timeliness Reviews**

There were two Appeal timeliness reviews completed this fiscal year. Both reviews had two sources of delays in processing Appeal requests received from customers. This first source of

delay was by caseworkers who failed to send the Appeal to the Equus staff who processes Appeals led to significant delays in customer's Appeal Hearings being scheduled. A secondary source of delay was the Appeals staff then taking longer than the 20 days allowed to process once received. Since customers are charged for child care received in Appeals if the decision is upheld by the Hearing Officer, the delays in caseworkers sending Appeals to the appropriate staff to process adds to customer amounts for recoupment for any customers who opted to continue care. Since these extra days should not be charged to the customers, as this unnecessary delay is beyond the parent's control, there were improper payments assessed to Equus throughout the year for late Appeals. For customers that continued child care during these dates of delay, recoupment amounts were adjusted by Equus in the response for the improper payments calculated and paid to NCTCOG for cases with excess time in Appeal due to staff not following procedures for sending Appeals to Appeal staff within 1 business day. There were Appeal Hearings that surpassed the 60 days required by rule to issue a decision letter due to the lack of timeliness by Equus.

### New Providers Review

A review of the new providers was conducted to test for the presence of all eligibility documents, rate calculations and other data integrity issues. While there were no incorrect rates found for the provider type, including TRS providers, errors made in entering holidays correctly for providers and missing updated rate agreements or other data integrity issues were seen in this review for the first time. While the overall accuracy rate for this review was only 87%, some errors could be attributed to a need to update communication processes with out of county providers when rate changes occur with out of county managing Boards. Additionally, in Equus' response, new staff were re-trained and made aware of the need to update the holiday schedules.

### New Application Eligibility Review

Only one new application eligibility review was conducted in FY20 due to COVID suspension of new application processing for the low-income program beginning in March 2020 as required by TWC, and to allow for processing of Essential Workers' children through the CARES Act funding.

In this review, there were many instances of mislabeled documents, as well as instances of caseworkers re-requesting documentation that was already in the case file, both of which hindered eligibility determination and significantly slowed the eligibility determination process down. Incorrect income calculations were a repeat finding causing an incorrect parent share of cost and an improper payment. Lack of TWIST Counsellor note documentation and data integrity issues remain. Additionally, timeliness of application processing was a known issue. This and other systemic issues in timely processing of documents violated rule that requires parents be informed of eligibility within 20 days. Fixing the process and/or training issues that are causing this duplication of effort would speed up the eligibility determination and assist in helping meet performance measures.

### Referral Review

Workforce Development Data Management staff prepared a report of 7-day referrals without a variable schedule entered in TWIST. A review of these cases was conducted to determine if parents needed a 7-day a week referral as documented in TWIST Counselor notes. For 7-day



referrals that also had FT and PT or Blended and PT referrals, a check to see if these additional referrals were also warranted based on the parent's schedule was conducted. Client Services staff granting 2 referrals when only 1 referral could be justified, or in authorizing extra days as required by a parent's work schedule, resulted in improper payments on Equus. In addition to the improper payments for days or referrals not needed by the parents, the effect to customers of having more referral days than needed, particularly with no variable schedule attached, is additional Z days which are accrued as absences when the children are not at the daycare. These absences also needed to be adjusted back to the parent's actual days worked to avoid early termination for excessive absences accrued for days the child did not attend due to parent was off work.

### Fraud/Fact-Finding Case Reviews

Reviews of fraud/fact-finding cases occurred as needed throughout the fiscal year. Errors included employers not being contacted when customers failed to return income documents for the *TWC Income Exception Reports*, and in one case a customer's care ended using UI tax wages alone, which is not allowed. Other cases continued care beyond the determination of the customer's over income status, which is also a rule violation. As a result, there were multiple instances of improper payments on Equus' fraud/fact-finding cases for continuing care beyond the correct care end date required by rule.

### Timeliness of Redeterminations Overview

A large data review of a sample of redeterminations processed between January 1, 2020 through April 15, 2020, showed an average time to process of 36.5 days. Cases are to be processed within a maximum of 20 days. Most cases were processed within 60 days of the redetermination end date. Untimely processing of redeterminations leads to improper payments for customers that are determined ineligible after their eligibility end date, so the cost of processing redeterminations late could have a significantly negative financial impact. The percentage of eligible versus ineligible redetermination applications during this period was approximately sixty three percent.

### Redetermination of Eligibility and Denial/Termination Reviews

A sample from the large data review was monitored for eligibility. Repeat findings included but were not limited to: untimely ending of voluntary withdrawals, ineligible customers processed late leading to improper payments, documentation issues, and one customer ended who was eligible for care. Process gaps remain, with timeliness to process still being out of compliance with Data Management's Board policy. Processing redeterminations late leads to improper payments for all customers that are determined ineligible as of their redetermination date. Lack of attention to correcting previous issues resulted in many repeat errors seen in this review and suggests a lack of determination of the root cause of the errors.

### Appeal Reversal Review

Process gaps remained with timeliness to process still being out of compliance with Data Management's Board policy. Appeals customers and the Hearing Officer rely upon timely and accurate response to Appeal reversals, which are time sensitive and could affect customer's

ability to retain work and/or school when not completed timely in cases where care was ended during Appeal or not started yet for new customers. Process issues, including proper training on the timeliness of Appeal reversal processing for line staff, are a repeat finding. This demonstrates a failure of previous processes and/or training provided to have the desired effect.

### Fiscal Review

A sample was selected from the new applications referrals from the FY2020 Child Care Cycle 2 review. From the sample of 10 families, NCTCOG utilized the TWIST 245 Report to identify one child from each family. NCTCOG validated TWIST 245 Report data for one payment made during FY2020 2Q attendance for each selected child by tracing through to the general ledger. No exceptions were noted.

### QA Validation Review

Monitoring sample size, timeliness of feedback to frontline staff and management, and the ability to validate the current Equus monitoring all need improvement to ensure that processes, staff, and other issues are discovered and corrected timely. Failure to adequately address these issues could leave Equus vulnerable to unknown errors or misunderstandings for both caseworkers and monitoring staff, particularly in the rapidly evolving environment of COVID changes that have occurred over the last 6 months.

Previous Equus QA staff had demonstrated an almost 100% accuracy with one area of exception being timeliness of processing applications with only a 50% correlation with the 20 days to process documents. New staff hired had not yet completed the quarterly monitoring to be tested in fiscal year 2020.

### Excessive Absence Letters and Terminations Review

Due to a problem with the sending of the mandatory letters not being fixed until January 2020, and a freeze on attendance tracking due to COVID starting in March, February attendance was the only month that could be reviewed to determine if ResCare had reimplemented tracking attendance in late January through February. These changes would need to have included resetting the absence counts to 15 absences and sending the required letters to customers, then executing timely terminations for excessive absences after the first and second letters were sent, and 40 absences were reached.

This review found no cases or evidence that Equus had a process in place or attempted to comply with the Rules for sending the minimum 2 letters for customers with excessive absences once the letter issue had been resolved. Several of the random cases pulled went through redetermination, at which point absences were adjusted to zero, but only 1 noted why the absence adjustment was made, the others stated an adjustment was made without noting why. Of the sample, most customers did not have a provider services work item for CCAA absences despite numerous 5 consecutive and over 10 days in a month of absences accrued, but in one case that did, the work item opened by Provider Services staff was closed without any documented contact with the customer in TWIST or LF by the Client Services staff, and no absence adjustments were made.

There were no instances of multiple attempts at counselling, letters sent, or children terminated for excessive absences in the sample chosen. Due to two unusual circumstances, the first being the technical issues with the letters from TWIST and the second being the COVID

changes to attendance, the likelihood of any of these children ending in February for excessive absences was minimal, and due to the fact that post COVID, all absences will be returned to zero for all customers. Therefore, there were no improper payments assessed due to the technical issue and the COVID change to the absence policy. However, had the COVID change not occurred, there would have been significant improper payments for failing to implement a protocol to follow rules to counsel customers and send 2 letters about the mandatory termination for children with 40 or more absences.

#### Appeal Packet Review

Process gaps were identified regarding timeliness, data integrity and customer communication. Appeals customers and the Hearing Officer rely upon timely and accurate responses to Appeal requests, which are time sensitive and could affect customer's amount of recoupment. Process issues to be addressed include proper training on the timeliness of Appeal processing for line staff and completion of the Alternative Dispute Resolutions (ADR). Improved training could possibly mitigate 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 be able to answer customer's questions about why they were terminated and policy. This could also reduce the number of Appeal customers that do not know why they were terminated prior to the Hearing. This monitoring suggests a failure of previous processes and/or training provided to line staff. Late denial of a case and failing to end care at the 12-month eligibility end date for two 13-year old children due to late processing resulted in improper payments for Equus.

#### Eligibility for Stabilization Grant Review

A sample of providers that applied for stabilization grants for June 2020 were reviewed. Only 3 of the 5 providers were determined eligible. One never received the grant, while the other four did. Confirmation was received that the other ineligible provider returned the funds they received. Of the 3 eligible providers, only 1 had returned their refund amounts for money not used in June on the date the report was finalized. Due to Equus not having a process in place for the recoupment of Stabilization Grant funds, Equus must continue to pursue recoupment of these funds granted from the Stabilization Grant.

#### Essential Workers (EW) Eligibility Review

A random sample review of the eligibility for Essential Workers was conducted for 5 providers selected from EW payments in April. All were determined eligible once it was clarified documentation of citizenship was only required for non-citizens per guidance Equus received from TWC. One error was found where there was no documentation that the parent's social security number was solicited, which is important so that no duplicate customer files are entered into TWIST.

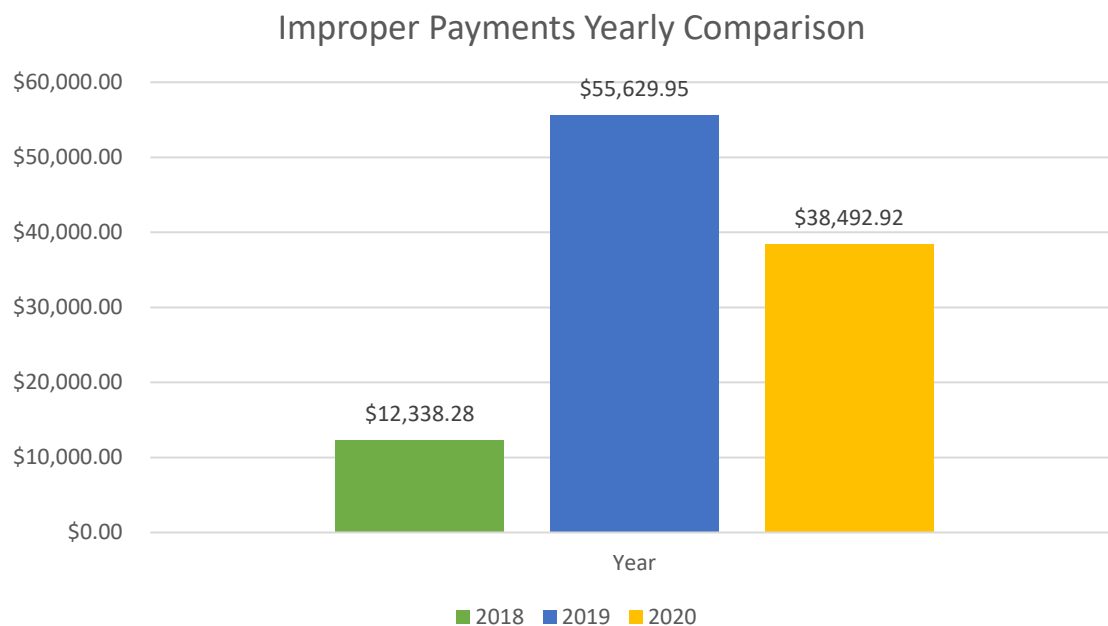
#### COVID Parent Share of Cost (PSOC) Reimbursement Review

There was a 60% accuracy rate in the PSOC payment for April for the 5 providers chosen from the payment reviewed. There were improper payments found post draft report issuance. These improper payments were due to Equus being behind in processing referral corrections sent by Provider Services to Client Services, one in November of 2019, and the other in January of 2020.

## CONCLUSION-GAP ANALYSIS

On April 17, 2018, NCTCOG issued an *Intent to Sanction* letter and imposed a structured corrective action plan designed to address significant process issues impacting ResCare's ability to meet their contractual obligations including performance. On February 25, 2020, TWC placed the Workforce Development Board and ResCare Workforce Services on a Technical Assistance Plan (TAP) to ensure successful management and program oversight to meeting the Board's Child Care Performance Target proportionate to their Board Contract Year 2020 allocation. The TWC lifted the TAP in September of 2020.

FY2020 had late processing issues all the way through the final quarterly review where it was discovered that COVID parent share of cost payments had been affected by late referral correction processing. Late processing in almost any area can and did result in improper payments throughout FY2020, as shown below in a comparison chart. Per Equus' management responses throughout the year, processes have been updated by Equus to address the underlying issues.



## FINDINGS

**Unresolved/Repeat Finding 1:** Equus ended the year with an unresolved, repeat finding as detailed in the reports through the year located on SharePoint.

**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/Workflow2 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 (ResCare) Workforce Services, North Central Child Care Services Contract # FY16-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.*

## Appendix A

### Year End Summary

Area of Review	Area of Testing	Period of Review	Number of Records Reviewed	Number of Errors tied to Number of Applicable Elements Reviewed
Client Services	Too Old for Care Review (13-year old children in care)	10/1/19	19	6/57
Client Services	Income Exception Report Review	Quarter 1, 2019	89	113/290
Client Services	Appeal Timeliness Review	10/1/19 through 1/6/20	33	15/33
Provider Services	New Provider Review	1/16/20-1/24/20	12	16/119
Client Services	New Application Eligibility Review	2/13/20-2/27/20	10	17/151
Client Services	Referral Review	2/10/20-2/27/20	5	11/11
Client Services	Fraud/Fact-Finding Review	1/23/20-2/17/20	4	8/26
Client Services	Appeal Timeliness Review	1/7/20-3/24/20	42	7/55
Client Services	Redetermination/Denial Eligibility Review	1/2/20-3/31/20	24	54/235
Client Services	Appeal Reversal Review	1/31/20-3/31/20	14	20/54
Client Services	Fraud/Fact-Finding Review	1/23/20-5/26/20	3	8/13
Provider Services	Provider Payments Review	Q2 (Jan-Mar) 2020	10	0/70

Quality Assurance	QA Validation Review	December 2019	6	3/62
Client Services	Excessive Absence Letter and Termination Review	February 2020	21	61/64
Client Services	Appeal Packet Review	May 2020-July 2020	17	39/187
Provider Services	Eligibility for Stabilization Grant Review	June 2020	5	2/31
Client Services	Essential Worker Review	April-May, 2020	5	2/30
Provider Services	PSOC Review	April 2020	5	2/30
		Total	324	384/1518
			Accuracy Rate (all elements reviewed in FY20)	74.7%