

Department of Children and Family Services - Processes to Prevent, Identify, and Recover Improper Payments in the Child Care Assistance Program

April 2012

Audit Control # 40100022



Report Highlights

Why We Conducted This Audit

We focused on this program because it has historically had improper payments and the Department of Children and Family Services (DCFS) has recently implemented an electronic attendance system called Tracking of Time Services (TOTS) designed to reduce improper payments. We reviewed the sufficiency of DCFS' processes to prevent, identify, and recover improper Child Care Assistance Program (CCAP) payments.

The **Childcare Assistance Program (CCAP)** helps low-income families pay for child care while parents are working or attending school. In FY 2011, CCAP provided approximately \$89 million in benefits to recipients.

What We Found

Prevention of Improper Payments

Although TOTS has reduced the number of improper payments in the program, we identified the following issues with the current system:

- Some providers cared for children who lived with them. We identified approximately \$27,000 in improper payments to 15 providers. This occurred because DCFS caseworkers did not sufficiently verify addresses.
- Some providers were authorized to scan children who attended their day care in and out of care. We identified 116 providers who were the household designee for 251 children, which is against DCFS policy.
- Some providers were paid twice because DCFS policy allows providers to receive manually authorized payments outside of the TOTS automated process. As a result, we identified approximately \$19,000 in duplicate payments to providers.
- DCFS policy allows parents to scan in children for previous days' attendance, which increases the risk of improper payments. Approximately 22% of parents "back-scanned" their children 50% or more of the time.

Identification of Improper Payments

DCFS has not developed a sufficient system to identify improper payments in the CCAP program. DCFS' Fraud and Recovery Unit does not proactively conduct data analysis to help identify potential improper payments. In addition, DCFS' process of monitoring caseworkers is insufficient at detecting all potential errors with CCAP cases.

Recovery of Improper Payments

DCFS does not have a comprehensive system to investigate and recover improper CCAP payments. DCFS was unable to provide us with complete and accurate data on its cases. In addition, DCFS paid 11 providers \$266,828 in FY 2011 even though these providers owed a total of \$15,846 in outstanding balances due to improper payments.

View the full report at la.la.gov.

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