



**Report on
Onondaga County's Non-Reimbursable Day Care Expenses
2019-2021
By Onondaga County Comptroller Martin D. Masterpole**

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Section I

Background and Executive Summary

Background

The Audit Division of the Onondaga County Comptroller's office was apprised of a concern involving the increase of program expenditures for day care services that were reported as ineligible for Federal or State reimbursement. As a result, these expenditures were covered by local tax dollars. A review of this activity, reported on the Benefits Issuance and Control Subsystem (BICS) Composite Rolls, indicated an unusually high number of payments to day care providers in 2020 coded as non-reimbursable expenditures as evidenced by the chart below.

Onondaga County					
Non-Reimbursable Day Care Expenditures					
2019-2021					
	2019		2020		2021
January	\$	119.10	\$	1,374.30	\$ 4,380.00
February	\$	-	\$	487.80	\$ 2,557.50
March	\$	569.87	\$	199.00	\$ 6,284.00
April	\$	-	\$	1,199.00	\$ 3,658.00
May	\$	480.00	\$	83,017.55	\$ 4,841.00
June	\$	208.00	\$	139,407.15	\$ 4,188.00
July	\$	-	\$	231,240.41	\$ 4,108.00
August	\$	-	\$	218,952.40	\$ 2,943.50
September	\$	-	\$	191,472.20	\$ 2,568.00
October	\$	1,070.00	\$	25,166.81	\$ 3,450.25
November	\$	2,628.35	\$	4,963.45	\$ 2,280.00
December	\$	2,570.05	\$	2,970.50	\$ 2,581.00
TOTAL	\$	7,645.37	\$	900,450.57	\$ 43,839.25

The Audit Division determined through discussions with management from the Department of Social Services-Economic Security and Financial Operations, the increase in non-reimbursable day care expenditures was directly related to the extraordinary one-time event of the County offering free day care to essential workers as a result of the COVID-19 pandemic.

Onondaga County Executive Ryan McMahon's response to the COVID-19 pandemic crisis included the announcement the County would provide free day care to families of essential workers. This program would be funded by local tax dollars for families of essential workers who did not qualify for any other government subsidized day care programs due to their income level. The objective of the program was to assist with ensuring a sufficient workforce was available to provide the citizens of Onondaga County with essential services for emergencies, health care, and basic services during the pandemic crisis. The Social Services-Economic Security Department-Day Care Unit relied on the New York State Child Care Block Grant (CCBG) guidelines to administer this subsidy.

The County's Essential Workers Day Care program (County's program) covered the period of March 17, 2020 through August 31, 2020. During this time, the program expended local tax dollars of approximately \$856,600 involving about 145 cases for an average of \$5,900 per case.

In order to qualify for the free day care services provided by the County, the following minimum requirements had to have been met:

- One Parent/Legal Guardian must be employed as an essential worker and maintain employment as an essential worker throughout the program period.
- Family income is at a level higher than what would normally qualify for any other day care subsidy program.
- Child must reside with the essential worker.

These eligibility requirements were established to ensure the objectives County Executive Ryan McMahon intended for the program were achieved.

Executive Summary

Based on the findings in this report, it is our opinion the County's Day Care for Essential Workers program was established with a high level of reliance on New York State guidelines (Child Care Block Grant) which were not specific enough to ensure proper administration and oversight. As a result, a program under such circumstances could potentially have an increased risk for misapplication of the program's intended goals and/or misappropriation of funds.

During the course of the audit the following was noted:

- 1) Insufficient administrative oversight or supervisory review resulted in questionable payments made to day care providers with local tax dollars.
- 2) Monitoring of essential workers' employment status was not performed by the Day Care Unit to ensure intended program requirements were met.
- 3) Ineligible cases were provided benefits from this program.

- 4) Errors in case coding resulted in reimbursable Federal/State expenditures being coded as non-reimbursable.
- 5) Cases having missing or illegible documentation needed to determined eligibility for program.
- 6) Inappropriate payments were made to day care providers to reserve day care slots.

Section II

Scope and Methodology

The Comptroller's Office performed an audit of the non-reimbursable day care expenses detailed on the BICS Composite reports for the period of March 17, 2020 through August 31, 2020 (program period established by the County Executive).

The audit objectives were to:

- Identify and review the specific eligibility qualifications of the County's program.
- Identify which cases were approved by the local Department of Social Services Day Care Unit as eligible for the County's program.
- Ensure local dollars expended for the County's program were properly incurred and supported by appropriate documentation.
- Determine if cases approved for the County's program qualified for any other government subsidized day care program.
- Determine if expenditures met the specifications established by the local Department of Social Services-Economic Security Day Care Unit.
- Quantify the local taxpayer dollars expended for the County's program.

Methodology:

In order to complete these objectives, we:

- Reviewed relevant Federal, State, and County programs, policies, and procedures involved with day care subsidies to determine if intended expectations of this program were being met.
- Interviewed various staff responsible for departmental controls and fiscal operations to determine specific practices of these areas.

- Reviewed the monthly summary composite rolls of payments made to day care providers classified as non-reimbursable for 2019-2021 to identify the timeframe for the focus our audit testing.
- Reviewed the activity of monthly composite rolls for payments made to day care providers from 2019-2021 to identify which cases were coded as non-reimbursable.
- Reviewed supporting case file documentation.
- Utilized information from the local department of Social Services-Economic Security Day Care Unit Docuware software system, CCTA (Child Care Time and Attendance)-District Subsidy Application software system, and fiscal records maintained in the NYS Welfare Management system (WMS).
- Reviewed payment activity in WMS after the County's program ended to ensure payments did not continue beyond the program period.
- Reviewed case activity in WMS to determine if appropriate corrections were made.
- Discussed findings with the management of the departments involved with the program and fiscal activities of the County's program.
- Developed and finalized a report of findings and recommendations of the audit.

Section III

Program Procedures

Following the announcement by Onondaga County Executive Ryan McMahon of the County providing free day care for essential workers, the Onondaga County Department of Social Services-Economic Security Day Care Unit established guidelines of eligibility for this program.

The Day Care Unit administration relied on the New York State Child Care Block Grant (CCBG) guidelines to administer the County's program and established the following program requirements for eligibility:

- Properly completed Day Care Subsidy application.
- Parent/Legal Guardian must be considered an essential worker.
- Essential worker is in need of day care in order to continue working.
- Child must be under the age of 13 (up to age 19 in special cases).
- Child resides with essential worker.

- Family income is at a level higher than what would normally qualify for any other day care subsidy program.
- Day care provider is licensed or registered.

The New York State Office of Children and Family Services (OCFS) Application for Child Care Assistance (form OFCS 6025) was required to be completed and signed by the applicant. The completed application provided household information, employment information, income information and day care provider information. Determination of who was considered an essential worker was made by adhering to [New York State Governor Andrew Cuomo's Executive Order 202.6](#) which established the definition of essential workers.

In addition to the OFCS 6025 form, the applicant was required to submit employer verification of job title for proof as an essential worker status, wage information and work schedule. The applicant was also required to submit proof of relationship to the child, age of the child, evidence the child resided with the essential worker and proof of day care.

Applications were reviewed by department case workers to determine eligibility. Once the case worker approved the application for day care subsidy, they completed form OCFS-LDSS 2970 with the proper system coding for the County's program. The LDSS 2970 form was reviewed and approved by the Day Care Unit supervisor and forwarded to the County's fiscal operations unit. The fiscal operations unit followed established standard operating procedures to enter the case information into the necessary software systems to initiate payments to the day care provider.

At the end of each month a BICS Composite Roll report is run from WMS. This report is a detailed listing of case expenses for the month and is used as supporting documentation for the amounts entered on the claiming schedule sent to New York State Office of Temporary and Disability Assistance for Federal and State reimbursement of expenses. Within the report is a claiming category field which specifies whether the expense is reimbursable from the Federal and/or State governments or non-reimbursable (NR). This code is assigned to the case by the Day Care Unit case worker and approved by the Day Care Unit supervisor. When expenses are not reimbursable local taxpayer dollars are used to cover payments.

Section III

Findings and Recommendations

The findings below encompass 30 cases randomly selected from the monthly BICS Composite Roll reports Schedule H reported as DAY-CARE-NR (non-reimbursable).

Typically, payments to day care providers do not involve the use of local dollars. Our audit of non-reimbursable payments determined the majority of the day care non-reimbursable

expenditures pertained to the County's Program. Other non-reimbursable payments to day care providers were made on behalf of Low-Income cases and Child Protective Services cases.

Findings for Essential Workers Day Care Program:

Key Control: Parent/Legal Guardian must be employed as an essential worker for the duration of the program period.

1. Based on a review of documents contained in the case files tested, no evidence was found to support the Day Care Unit verified continuous employment of the essential worker for the period the County paid for day care services. The Day Care Unit supervisor confirmed the unit relied on NYS's program recertification practices. Therefore, it appears the County Executive's requirement of continuous employment was not monitored as intended.

A lack of administrative oversight to establish procedures to monitor the continuous employment of the essential worker increases the potential for risk of local tax dollars not being used as intended.

Recommendation:

It is our opinion the recertification policies pertained to New York State regulated programs and did not apply to the County's Day Care for Essential Workers program therefore this requirement should have been monitored. We recommend the Department of Social Services administration review policies and procedures to ensure all program requirements are met for each specific program managed.

2. 11 of the 30 cases tested were properly identified as eligible for the County's program.
3. 6 of 30 cases tested, which the day care unit determined to be essential worker cases, had missing or illegible documentation. These documents are necessary to properly determine eligibility for the County's program. Payments made to day care providers for these cases totaled \$28,268.60.

Recommendation:

We recommend the Department of Social Services establish a procedure to ensure proper, complete, and legible documentation is included in all case files.

4. We questioned 1 case's eligibility determination with a total of \$6,880.00 in day care payments. The caseworker's notes stated the non-essential parent was unemployed as of 3/16/20. The day care provider was paid for the entire program period even though the child did not attend. The caseworker's notes state payments were made to hold a slot at the day care location. The case notes did not indicate any supervisory approval.

Additionally, we could not find any guidelines regarding this situation. When questioned, the Day Care Unit supervisor stated the department filed waivers with New York State to pay

for absences during the COVID pandemic. It is our opinion these waivers did not apply to the County funded program due to the following:

- I. The waivers are for New York State regulated programs.
- II. The NYS waivers contained the option for payments of absences to childcare providers when a child's parent is no longer employed or is currently furloughed as a result of the pandemic provided the family was in receipt of child care subsidy prior to the termination or suspension. (OCFS-ADM-06 May 21, 2020). The case notes for this case clearly state the payments were made to hold the slot at the day care location. Documentation contained in the case file showed no eligibility for childcare subsidy prior to the parent's termination.

It is our opinion this case should not have been determined eligible for the County's program as the essential worker was not in need of day care in order to continue working.

Recommendation:

We recommend any future County funded program which use local taxpayer's dollars, the program administrators establish clear eligibility requirements and corresponding internal controls to effectively manage the program to achieve its intended results, and thus ensure the appropriate use of funds.

Key Control: The period for the County's program was 03/17/20-08/31/20.

5. 4 out of 30 cases tested had payments coded as non-reimbursable for dates beyond the County's program period. These payments totaled \$800.00.

Recommendation:

We recommend the Department of Social Services administration review past payments coded as non-reimbursable to verify the NR coding was appropriate. All corrections/adjustments should be made within the 2-year look back period in order to maximize the County's reimbursement of expenses.

Findings for other types of cases:

Low Income cases-

6. 8 of the 30 cases tested were eligible for other subsidy programs based on income level. Payments were made to day care providers from the start date of the County's program up to the date the case qualified for a reimbursable subsidy which used local funds. The payments were labeled in the day care systems as COVID-19 Local Funds.

Recommendation:

It is our opinion payments made to day care providers prior to eligibility for reimbursable subsidies was a misuse of local dollars and did not support the objectives the County Executive intended for the County's essential workers day care program.

7. 1 out of 30 cases tested, SDCS74881, contained incorrect coding of retro-active corrections entered in BICS resulting in reimbursable expenses of \$3,621.50 being classified as non-reimbursable. This case was properly coded as low income on the OCFS-LDSS-2970 payment authorization form. The retro-active corrections were entered into BICS incorrectly.

Recommendation:

We recommend the Department of Social Services administration review past payments coded as non-reimbursable to verify the NR coding was appropriate. All corrections/adjustments should be made within the 2-year look-back period in order to maximize the County's reimbursement of expenses.

We recommend the Department of Social Services administration establish procedures going forward to review the monthly composite rolls for all non-reimbursable coded transactions and make corrections prior to submission of reports to the State for reimbursement.

Child Protective Services cases-

8. 5 of the 30 cases tested were determined to be managed by Children and Family Services-Child Protective Services (CPS) unit. These expenses are typically reimbursable to the County. Payments made during the subsidy period represent a \$12,848.00 loss in reimbursement.

A discussion with Financial Operations determined the caseworkers within the CPS unit misunderstood what codes were to be used on the LDSS 2970 form for day care services provided to their clients.

Recommendation:

We recommend supervisors in Child and Family Services use due care when reviewing and approving LDSS-2970 forms containing coding which is of a non-reimbursable type. Supervisors should review coding of services with their caseworkers to ensure the County receives proper reimbursement of expenditures.

We recommend the Department of Children and Family Services administration review past payments coded as non-reimbursable to verify the NR coding was appropriate. All corrections/adjustments should be made within the 2-year look-back period in order to maximize the County's reimbursement of expenses.



COUNTY OF ONONDAGA

Department of Social Services-Economic Security

Child Support ♦ Day Care ♦ Fair Hearings ♦ Fraud ♦ HEAP ♦ Medicaid ♦ SNAP ♦ Systems ♦ Temporary Assistance

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J. Ryan McMahon, II
County Executive

Sarah G. Merrick
Commissioner

To Whom It May Concern:

In March 2020, County Executive McMahon declared a County-wide emergency due to the presence of COVID-19. To respond to this medical emergency, he announced the Essential Workers Child Care Assistance program to eliminate the barrier of lack of childcare for any essential worker. The Department of Social Services – Economic Security was assigned the responsibility to administer this program. Since the County was in the midst of an emergency, the department chose to parallel this program as much as possible to the childcare subsidy program the department administers on behalf of the NYS Office of Children and Family Services (OCFS). The goals of the emergency program were to assist any essential worker by providing financial assistance for childcare and work with Child Care Solutions to ensure the availability of childcare slots for these workers.

In May 2022, NYS Division of Homeland Security & Emergency Services (NYSDHSES) reached out to Onondaga County requesting additional information related to the costs the County incurred for providing child care to essential workers. In this correspondence NYSDHSES stated that FEMA is re-evaluating Onondaga County's appeal regarding child care cost for essential employees. We are now waiting to hear if these costs may be eligible for reimbursement under Disaster Relief 4480.

In fact, Fiscal Operations indicates this program had \$879,464 in total vouchers. The audit indicates that \$16,469.50 was inappropriately charged to local dollars and this error will be corrected with a claim submitted to OCFS for appropriate reimbursement. The audit also indicates an additional \$35,948.60 were inappropriately spent. Below is an explanation of these expenditures and responses to the findings.

1) Comptroller's Recommendation:

It is our opinion the recertification policies pertained to New York State regulated programs and did not apply to the County's Day Care for Essential Workers program therefore this requirement should have been monitored. We recommend the Department of Social Services administration review policies and procedures to ensure all program requirements are met for each specific program managed.

Management Response:

This finding cites the department lacked oversight to monitor the continuous employment of an essential worker. Nothing in the County Executive's program indicated that this was an element of the local plan. We applied the OCFS Child Care regulations criteria of monitoring employment at the 6-month period. This program ended before the six-month review period. If the program had continued past 6 months, all open cases would have been reviewed for employment status. Again, we were operating in a pandemic and did not want to apply any unnecessary burden on the essential workers by requesting monthly verification of employment.

2) Comptroller's Recommendation:

11 of the 30 cases tested were properly identified as eligible for the County's program.

Management Response:

We agree with this finding.

3) Comptroller's Recommendation:

We recommend the Department of Social Services establish a procedure to ensure proper, complete, and legible documentation is included in all case files.

Management Response:

We obtain original documentation (i.e., applications, income verification, employer verification, etc.). Upon review we scan all documentation into Docuware, the electronic case filing system and originals are shredded. In some cases, the scanning process makes documents difficult to read. In 2 out of the 6 cases reviewed; the documentation was sufficient prior to scanning to determine they were eligible. In 4 out of the 6 cases, we used "Good Cause" due to the pandemic and determined an essential worker eligible. Some documents, such as birth certificates, were difficult to obtain since Vital Statistics was closed during the pandemic.

4) Comptroller's Recommendation:

We recommend any future County funded program which use local tax payer's dollars, the program administrators establish clear eligibility requirements and corresponding internal controls to effectively manage the program to achieve its intended results, and thus ensure the appropriate use of funds.

Management Response:

This finding questioned why DSS-ES authorized childcare payments when the non-essential parent was unemployed. DSS-ES determined that the non-essential parent may be called back to work, therefore negatively impacting the ability of the essential worker to guarantee their ability to continue to work. In addition, OCFS authorized paying for absences during the pandemic, so DSS-ES applied the same rule to the local program. This was a departmental judgement to keep the childcare slots viable during the pandemic to reduce negative impact on families and providers.

5) Comptroller's Recommendation:

We recommend the Department of Social Services administration review past payments coded as non-reimbursable to verify the NR coding was appropriate. All corrections/adjustments should be made within the 2- year look back period in order to maximize the County's reimbursement of expenses.

Management Response:

This finding was a reimbursement coding error which will be corrected.

6) Comptroller's Recommendation:

It is our opinion payments made to day care providers prior to eligibility for reimbursable subsidies was a misuse of local dollars and did not support the objectives the County Executive intended for the County's essential workers day care program.

Management Response:

We disagree that local funds were misused. Where applicable if an essential worker was eligible for the Child Care Block Grant funds, we used those funds to pay for care. The eligibility date for CCBG funds is not immediate. We used local funds to cover the days of care an essential worker needed prior to the CCBG case opening. Again, this allowed these employees to go to work during the pandemic.

7) Comptroller's Recommendation:

We recommend the Department of Social Services administration review past payments coded as non-reimbursable to verify the NR coding was appropriate. All corrections/adjustments should be made within the 2- year look-back period in order to maximize the County's reimbursement of expenses.

We recommend the Department of Social Services administration establish procedures going forward to review the monthly composite rolls for all non-reimbursable coded transactions and make corrections prior to submission of reports to the State for reimbursement.

Management Response:

This finding was a reimbursement coding error which will be corrected.

8) Comptroller's Recommendation:

We recommend supervisors in Child and Family Services use due care when reviewing and approving LDSS-2970 forms containing coding which is of a non-reimbursable type. Supervisors should review coding of services with their caseworkers to ensure the County receives proper reimbursement of expenditures.

We recommend the Department of Children and Family Services administration review past payments coded as non-reimbursable to verify the NR coding was appropriate. All corrections/adjustments should be made within the 2 year look-back period in order to maximize the County's reimbursement of expenses.

Management Response:

Child and Family Services staff will be retrained on appropriate coding and any reimbursement coding errors will be corrected.