



**Report on the Onondaga County
Department of Child & Family Services
Child Care Grant CFDA #93.575
By Onondaga County Comptroller Martin D. Masterpole**

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SECTION I

BACKGROUND AND EXECUTIVE SUMMARY

Background

The Onondaga County Department of Social Services – Economic Security (DSS-ES), in conjunction with New York State (NYS), is the local agency administering the federally funded Child Care program. The Child Care program is designed to provide subsidized child care for certain eligible parents or caretakers to enable them to work.

Eligible parties to receive subsidized child care include:

- People leaving Family Assistance as a result of employment
- Employed individuals not receiving Family Assistance, but qualifying for aid on the basis of income
- Parents who have a temporary incapacity and who are expected to return to work within a short period of time (usually 30 days or less).
- Parents required to be absent from the home due to an emergency situation

State income guidelines for eligibility are set at 200% of poverty. If gross income for appropriate family size equals or exceeds 200% of poverty level, a case is not eligible for daycare. All individuals pay a portion of the child care expense to the child care provider. That payment is called the Parent Fee or Family Share, and will vary according to the family's income.

Caseworkers in the Onondaga County Department of Social Services – Economic Security Unit are responsible for determining program eligibility and authorizing child care payments.

The Child Care program incurred in excess of \$16.2 million in Federal reimbursable expenditures and was selected as part of Onondaga County's annual Single Audit for the year ending 2023. These expenditures not only include payments to recipients but also funding for the administration of all Child Care related program functions.

Executive Summary

During the course of this audit, we noted the following findings:

1. Records and forms were missing from some files.
2. Provider payments were incorrectly calculated due to technical glitches in NYS's automated system Child Care Time and Attendance (CCTA).
3. Documentation to supporting income determinations was lacking in some files.

Our high level recommendations are:

1. *DSS-ES administration should design and implement a system to ensure all required documentation is included in the case file and will support the determinations reached.*
2. *DSS-ES administration should implement periodic supervisory reviews on a sampling of calculations.*

SECTION II

SCOPE AND METHODOLOGY

Scope and Objectives

The purpose of this report is to provide Onondaga County’s Department of Social Services – Economic Security management with information and recommendations on the internal controls and operating effectiveness as it pertains to allowable and eligible payments for the Child Care program. In order to gain an understanding of their current process we analyzed a variety of data during the audit period of January 1, 2023 through December 31, 2023.

Our objectives for the audit were to:

- To determine if expenditures associated with the Child Care program were made on behalf of eligible individuals and for allowable costs.

Methodology

In order to complete our audit objectives we:

- Reviewed previous audit to gain an understanding of their processes, policies, procedures, and internal controls.
- Reviewed applicable laws, policies, procedures and regulations to attain an understanding of the Child Care program.
- Interviewed staff and management responsible for oversight and implementation of the aforementioned laws, policies, procedures and regulations.
- Selected and tested a sample of expenditures in order to determine if internal controls are operating effectively and all payments were allowable and made to an appropriate child care provider on behalf of an eligible individual.
- Gained access to state systems to review documentation used in eligibility determination.
- Discussed draft findings and recommendations with TANF administrators for their input and evaluation.
- Finalized our findings and recommendations and included them in this report.

SECTION III FINDINGS & RECOMMENDATIONS

During the course of the audit, we tested 40 cases and noted the following:

1. In 3 of 40 cases, the wrong day care providers were paid for time and attendance as compared to the listed provider on the payment authorization Form LDSS-2970. We question payments made to the following providers.

<u>Questioned Costs for Finding # 1</u>	
Name of Provider	Amount of Payment in Question
Learn as You Grow Bright Path West Seneca	\$ 908.00
Vernessa Brown	\$ 1,016.00
Jamie Hudson	\$ 1,133.00

***Recommendation:** We recommend program administration inform their case workers and supervisors of the importance of performing their duties as well as implementing data entry review procedures to ensure the entered data is accurate as compared to LDSS-2970 prior to uploading information into WMS/BICS.*

2. In 1 of 40 cases the household income was incorrectly calculated by \$1,700 during the tested service period. This additional income still resulted in a proper eligibility determination. However, the “parental weekly fees” which parents pay towards their daycare may have resulted in a lower weekly Federal subsidy payment.

***Recommendation:** We recommend program administration ensure all caseworkers are properly trained and are of the understanding what income should and should not be included in eligibility determinations.*

3. In 3 of 40 cases Financial Operations, the responsible department based on our understanding of program controls was unable to provide the required daycare provider W9’s. Per IRS regulation, when an entity pays more than \$600 to a non-employee, the entity must obtain a W9 from the payee for reporting purposes.

4. In 1 case Financial Operations was unable to provide a fully executed daycare provider agreement.

***Recommendation:** We recommend Financial Operations administration implement procedures to ensure all required forms and agreements are received from services*

providers prior to any payments being made. This information should also be scanned into Docuware.

5. In 1 of 40 cases the caseworker did not properly differentiate regular and after care hours resulting in an underpayment of \$17.55 to the provider.
6. In 1 case the caseworker did not properly apply the afterhours care rates resulting in an underpayment to the provider of \$ 17.10.

Recommendation: We recommend program administration ensure all caseworkers are properly trained in bill preparation procedures to ensure billing is calculated correctly in CCTA prior to paying the provider.

7. In 1 of 40 cases the LDSS-2970 payment authorization indicated the service period ended on 8/28/23, yet the provider was a weekly rate through 8/31/2023 in the amount of \$204.75 as compared to only receiving a daily rate of \$40.95 for 8/28/23, resulting in an apparent overpayment to the provider of \$163.80. This overpayment was explained to audit as a glitch within the state system that should have not allowed the overpayment to be paid.

Recommendation: We recommend Financial Operations contact the state to address the issue between the state systems so the state may take action.

SECTION IV MANAGEMENT RESPONSE



COUNTY OF ONONDAGA

Department of Social Services-Economic Security

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Management Response to Child Care Grant (8/21/2024)

Over two successive New York State budgets (NYS Fiscal Years 2023 and 2024), the Child Care Assistance program had significant changes. Eligibility increased to 300% State Income Standard (SIS) and then to 85% of State Median Income (SMI), family share was reduced to 1% of income exceeding the federal poverty level (FPL) and eligible increased with expanded household circumstances. (Please see 22-OCFS-ADM-18 and 23-OCFS-ADM-18 for details.)

Finding 1 - In reviewing our files those payments were authorized to those vendors, I believe we may just not have had the correct 2970s on file.

Finding 2 - Reviewed case, SDCS76628, and found that the worker made a data entry error for one of the paycheck entries. The total difference in income used was \$192.94 less. Using the family share calculator the family share would have remained at \$1 per week. Agency will provide training refresher training to staff. |

If the error was found for the period of 8/1/22-7/31/23, the parent fee cannot be increased during the 12-month authorization unless the change in income results in the family being over the 85% SMI. The income used at the 8/1/22 recertification was correct based on the income we had during the opening.

Finding 3 - Financial Operations has reached out to ensure we have copies of these W-9 on file.

Finding 4 - These are not true agreements but rate letters. Fiscal Ops can provide a copy of these letters upon request.

Finding 5 - Program caseworkers cannot change a providers status to differentiate between regular and aftercare hours, this is based on the attendance times entered in CCTA by either the provider or Financial Operations. Program caseworkers do not process bill preparation or payments.

Finding 6 – No response.

Finding 7 - This is a unique instance where the Child/Day Care was authorized through 8/31/23 and the Day Care provider billed through that date and were paid. However, in March of 2024 Childcare Solutions determined the child should have become inactive the on August 28, 2023. There is no real way we could have prevented this in the period we paid. Additionally, it is our belief based on OCFS rules about the County being obligated to pay authorized periods when the child is a participant, we would be required to pay anyways.