

Report in Brief

Date: November 2017

Report No. A-07-15-04226

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

Subsidized childcare services are available to assist low-income families, families receiving temporary public assistance, and families transitioning from public assistance to obtain child care so that family members can work or attend training or education. The services are funded partly by the States and partly by the Child Care and Development Fund (CCDF) Federal program and are administered by the States.

Previous audits and evaluations revealed vulnerabilities in several States' administration of the CCDF program. For the current audit, we reviewed Missouri's Child Care Subsidy program for State fiscal years (SFYs) 2014 and 2015.

Our objective was to determine whether Missouri complied with Federal and State requirements when making payments to licensed childcare centers (providers) under its Child Care Subsidy program for SFYs 2014 and 2015.

How OIG Did This Review

We reviewed a stratified random sample from 8,112 provider service months with childcare payments totaling more than \$102 million (which included both Federal and State funds) for SFYs 2014 and 2015. (A provider service month includes all childcare claims paid to a provider for a single month of service.) We selected 128 provider service months and reviewed client attendance records.

Not All of Missouri's Child Care Subsidy Program Payments Complied With Federal and State Requirements

What OIG Found

Missouri did not always comply with Federal and State requirements when making payments to providers under its Child Care Subsidy program for SFYs 2014 and 2015. Client attendance records were not adequately documented for 124 of the 128 provider service months in our statistical sample; childcare payments made for claims in those 124 provider service months were therefore unallowable.

Missouri did not exercise sufficient oversight over its Child Care Subsidy program. Specifically, Missouri relied on attendance records that were maintained by providers and whose completeness and accuracy were not always verified by the client's parent or adult designee, did not have sufficient policies and procedures to ensure that it obtained attendance records from providers that were no longer in business, and had only recently implemented an additional mechanism to conduct reviews and recommend training to providers found to have inadequate documentation practices.

On the basis of our sample results, we estimated that at least \$19.1 million (Federal share) of CCDF Child Care Subsidy program payments that Missouri made did not comply with Federal and State requirements.

What OIG Recommends and Missouri's Comments

We recommend that Missouri refund the estimated \$19.1 million (Federal share) of Child Care Subsidy program payments to the Federal Government. We also recommend that Missouri strengthen its controls and oversight activities to ensure that providers maintain required attendance documentation to support the childcare payment amounts that they claim for reimbursement, and that it develop policies and procedures to ensure that it obtains attendance records from providers that are no longer in business.

Missouri concurred with our second recommendation and described corrective actions that it had taken or planned to take. Missouri did not concur with our first and third recommendations. Based on additional documentation that Missouri provided after issuance of our draft report, we revised a portion of the discussion of our finding and the associated dollar amounts for this final report. Otherwise, though, we maintain that our findings and the associated recommendations remain valid.