

Report in Brief

Date: April 2020

Report No. A-07-18-04111

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



Why OIG Did This Audit

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 identified vulnerabilities in several States' administration of the CCDF program. For the current audit, we reviewed Mississippi's Child Care Payment Program for Federal fiscal years (FYs) 2016 and 2017.

Our objective was to determine whether Mississippi complied with Federal and State requirements when making payments under its Child Care Payment Program for FYs 2016 and 2017.

How OIG Did This Audit

We reviewed a simple random sample from 165,368 child service months with childcare payments totaling more than \$45 million (which included both Federal and State funds) for FYs 2016 and 2017. (A child service month includes all days paid to a provider for a single month of service.) We selected 200 child service months and reviewed client attendance records.

Mississippi Needs To Improve Oversight of Its Child Care Payment Program

What OIG Found

Mississippi did not always comply with Federal and State requirements when making payments under its Child Care Payment Program for FYs 2016 and 2017. Client attendance records were not adequately documented for 186 of the 200 child service months in our random sample; childcare payments made for claims in those 186 child service months were therefore unallowable.

Mississippi did not exercise sufficient oversight over its Child Care Payment Program. Specifically, Mississippi relied on attendance documentation that was maintained by providers and whose completeness and accuracy were not always verified by the client's parents or guardians or by the parent's authorized representative. In addition, Mississippi did not have sufficient policies and procedures to ensure that it obtained attendance records from providers that were no longer in business.

On the basis of our sample results, we estimated that at least \$22.3 million (Federal share) did not comply with Federal and State requirements.

What OIG Recommends and Mississippi's Comments

We recommend that Mississippi refund the estimated \$22.3 million of Child Care Subsidy Program payments to the Federal Government. We also recommend that Mississippi strengthen its controls and oversight activities to ensure that providers maintain required attendance documentation to support the amounts that they claim for reimbursement, and that it develop policies and procedures to ensure that attendance documentation is maintained and provided to the State when a provider closes.

Mississippi concurred with our second and third recommendations and described corrective actions that it had taken or planned to take. Mississippi did not agree with our first recommendation and said that it is unreasonable to extrapolate the sample errors to all of the State's childcare payments for the 2 FYs in our audit period.

We acknowledge the corrective actions that Mississippi said it has implemented or initiated to address our findings and recommendations but maintain that all of our findings and the associated recommendations remain valid. Federal courts have consistently upheld statistical sampling and extrapolation as a valid means to determine overpayment amounts in Medicare and Medicaid.