

# ULSTER COUNTY COMPTROLLER'S OFFICE

Elliott Auerbach, Comptroller



October 17, 2016

## Childcare and Development Block Grant Follow Up Review

*The mission of the Ulster County Comptroller's Office is to serve as an independent agency of the people, to protect the public interest by monitoring County government and to assess and report on the degree to which its operation is economical, efficient and its financial condition sound.*

# ULSTER COUNTY OFFICE OF THE COMPTROLLER

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***October 17, 2016***

Dear County Officials:

We have conducted a follow up audit on the findings contained in our previously issued report regarding the review of internal controls over the Department of Social Services Childcare ("DSS" or "the Department") and Development Block Grant from May 2013. Our follow up review sought to evaluate the status of the "Management Action Plans" outlined in response to our previous audit and to determine if there are adequate controls in place presently to govern the administration of the program.

Based on our follow up, it is our determination that all of the "Management Actions Plans" outlined by the Department in response to our initial audit have been fully implemented, and adequate controls exist to govern the program's administration.

The reports issued by this Office are an important component in accomplishing the development and promotion of short and long-term strategies to achieve reduced costs, improved service delivery, accountability, and protection for the County's assets. These reports are expected to be a resource and are designed to identify currently emerging fiscally related problems and provide recommendations for their improvement.

The Office of the Ulster County Comptroller conducted this audit and produced this Report in accordance with the Comptroller's authority as set forth in Article IX, Section 57, first paragraph, and Sections 57(A) and (G) of the Ulster County Charter, as well as applicable State laws, rules and regulations.

If we can be of assistance to you, or if you have any questions concerning this Report, please feel free to contact us.

Respectfully submitted,

Ulster County Comptroller

## Background

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The Comptroller's Office released its review of the administration of the Child Care and Development Block Grant in May of 2013. The original report's objective was to evaluate the effectiveness of internal controls over payments made to providers and to verify that such payments accurately reflected child care services rendered.

At the close of our initial review of the program, the Comptroller's Office made five recommendations for improvement in controls over the program's administration. DSS staff subsequently outlined their "Management Action Plan" in response to each finding and recommendation. For more information regarding our original findings, recommendations, and the "Management Action Plan" outlined in our previous audit, please find it available at <http://ulstercountyny.gov/comptroller/child-care-and-development-block-grants-report-may-2013>.

## Objectives

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The objective of our follow up review was:

- To determine with reasonable assurance that the "Management Action Plans" outlined in response to our previous recommendations were fully implemented; and
- To determine whether sufficient internal controls now exist to provide reasonable assurance that payments to providers accurately reflect child care services rendered.

## Summary of Recommendations and Management Action Plans

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### **Recommendation #1**

#### **Finding: Paying Provider that is no Longer Active**

In response to finding payments to providers that were no longer active within the system, we recommended that DSS contact Family of Woodstock ("FOW") – the contracted agency for Day Care Council – to investigate the lack of notifications regarding provider closings and inactive status updates.

#### **Current Status – Fully Implemented**

FOW now receives copies of all case closings and openings from DSS as part of the regular procedure to process such openings and closings. In addition to this real time notification, FOW and DSS employees communicate via email regularly to verify provider Client Identification Numbers ("CIN"). The communication between these two organizations has greatly improved, and they now have an ideal relationship.

In April 2013, DSS gained access to the NYS Child Care Facilities System (“CCFS”) and the welfare database, which allows DSS workers to search up-to-date provider information for enrollment purposes and grants access to background check information for providers. The system gives DSS workers real time access to this essential information for providers both inside and outside the County. This access to the CCFS database allows DSS employees to receive updated information regarding status changes and openings for providers on a daily basis, which greatly improves the program’s controls over provider payments and the verification of services provided.

The information contained in the CCFS system includes:

- Authorization dates
- Enrollment status
- Duplicate authorization in regard to opening and status dates
- Location of care provided
- Relative status
- Phone number
- Provider mailing address
- Provider physical address
- Confirmation of authorization dates
- Client authorization
- Child authorization

## **Recommendation #2**

### **Finding: Calculation of Invoices Submitted by Providers**

It came to our attention during our initial audit that the integrated computer systems available to assist in the administration of this program would likely improve the accuracy of invoice calculations. At the time of our review, DSS was just beginning to transition to the use of these computer integrated software systems. At that time, we encouraged the continuance of the current implementation initiative to improve controls over the calculation of invoice payments.

### **Current Status – Fully Implemented**

As of June 6, 2013, DSS has fully implemented the Child Care Tracking Attendance (“CCTA”) system. In an effort to improve usage rates of the system, DSS has initiated onsite meetings with providers to inform users and encourage the program’s use and further encouraged enrollment via mailed letters to providers. DSS has far exceeded the Office of Children and Family Services’ required utilization rate of 25%, with an approximate current usage rate of 80% (usage rates fluctuate throughout the year). Moreover, the majority of the program’s top providers are currently on the CCTA system, and there are 31 new providers pending enrollment at this time.

### **Recommendation #3**

#### **Finding: Calculation of Family Share**

Our previous report included a recommendation to automate the calculation of family share payments by developing an excel spreadsheet or utilizing another form of automated software to reduce the frequency of miscalculations caused by human error.

#### **Current Status – Fully Implemented**

On April 25, 2013, DSS staff met with Information Services (“IS”) to discuss the implementation of this recommendation. As a result of the meeting, IS was able to create a “Case Budget Sheet” within excel to verify provider market rates and perform family share calculations.

As noted previously, the usage rate of the CCTA system has improved dramatically since our previous audit. The system allows for market rates to be scanned and automatically updated, further reducing susceptibility to error in these calculations and ensuring that correct market rates are used.

### **Recommendation #4**

#### **Finding: Market Rate Differences**

Our previous recommendation was that DSS maintain *Provider Rate Verification* forms for all providers, as opposed to paying the market rate when provider rates were otherwise absent.

#### **Current Status – Fully Implemented**

All provider market rates sheets were updated after our initial review in 2013. Further, all rate sheets are updated regularly every two years in the system unless a provider submits a rate change.

New rates set by the State on an annual basis are automatically integrated to the CCTA software, ensuring that accurate and up-to-date rates are used in all calculations.

Lastly, the provider market rate sheets that are scanned by IS into the system provide further ease of access allowing employees to quickly verify that the rates used in calculations are up to date and reflect the correct applicable rates.

### **Recommendation #5**

#### **Findings: Altered Files after Payment and Lack of Separation**

Associated with the finding of altered files, the Comptroller’s Office suggested that DSS implement a policy to prohibit any alterations to invoices that have been paid.

Our previous report also suggested that DSS and the Executive branch consider moving the responsibility of billing calculations to the accounting department within DSS to improve internal controls through greater segregation of duties.

### **Current Status – Fully Implemented**

Before the close of the audit, the Department ended the practice of altering invoices after original payment.

Additionally, DSS now sends all CCTA payment calculations to the accounting staff where all invoice information is checked for accuracy against calculated line items and provider payments. The Comptroller's Office was provided the written procedure to govern the Day Care Bill Request Process, outlining the responsibility of each department and the general procedures by which the payments are processed. With the current system, any recoupments that are currently owed to DSS from the provider are automatically deducted from any future payments. This practice ensures that any monies owed to the Department are considered before any future payments are made.

### **Scope**

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The scope of this follow up review focused on the recommendations made in our initial report and sought to determine the implementation status and effectiveness of the "Management Action Plans" set forth by the Department of Social Services in response to those recommendations.

To accomplish this initiative, our testing began with an interview of essential personnel to discuss the program, the status of the "Management Action Plans" previously provided, and whether there had been any changes to those plans or to the program since our last review.

We also selected a sample of 15 cases processed in the month of July and paid in August 2016 in order to review the effectiveness of current procedures governing the payment of providers and to ensure that those actions taken by management have been fully implemented.

### **Conclusion**

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All of the five recommendations made at the conclusion of our last review have been fully implemented by DSS staff. Further, we feel that the changes made to the program have significantly improved internal controls over payment processing.

We would like to commend DSS staff for their responsiveness to our previous review. As the audit process is intended to improve understanding and controls, we appreciate that the staff was able to address each of our concerns and diligently implement the

“Management Action Plans” to improve internal controls and the administration of the program.

During our interview, DSS staff presented us with detailed information on each recommendation and the associated management action plans, described the changes brought about by each, and provided detailed examples of their implementation. Their attention to detail and motivation to improve all aspects of the program were noted by the Comptroller’s office and their work was exemplary. We can only describe their response to our follow up inquiry as optimal, and we appreciate their extreme professionalism and diligence during both our initial audit and during the course of our follow up review.

Please see **Appendix** for Management’s Response.

# Appendix

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Management's Response



**COUNTY OF ULSTER**  
**DEPARTMENT OF SOCIAL SERVICES**  
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**MEMORANDUM**

To: Alicia DeMarco, Director of Internal Audit & Control

From: Michael A. Iapoce, Commissioner UCDSS  
Cynthia Beisel, Deputy Commissioner UCDSS

Cc: Ken Crannell, Deputy County Executive Elizabeth Weredyck, Senior Auditor, Elliott Auerbach, Comptroller, Marijane Knudsen, Director of Economic Supports, Maria Ruffner, Senior Social Welfare Examiner, Daycare Unit

Date: October 14, 2016

Re: Response to Childcare and Development Block Grant Follow Up Review

Thank you for your follow up review of the Childcare and Development Block Grant and for the opportunity to respond to the draft.

We appreciate your acknowledgement of our staff's attention to detail, commitment to improving all aspects of the program and their exemplary work. We are also pleased by your recognition and appreciation of their professionalism and diligence during the audit.

We are extremely proud of our staff for their administration of such a complicated and essential program.

We would also like to take this opportunity to recognize the professionalism of the follow up review team.