

I. CHAPTER OVERVIEW

Both the State and the local purchasing agencies (LPA) have a responsibility to assure proper administration of state and federal funds that pay for child care services for children and to take steps to prevent and deter [fraudulent misrepresentation](#). This responsibility depends on the efficiency, thoroughness, and integrity of the processes by which initial and continuing eligibility is determined and payments for child care services are issued by the LPA. A recipient or a child care provider may receive services or payments for which she is not eligible due to several factors. These factors are described in this Chapter. The steps to correct an underpayment/overpayment depend upon the nature of the error and are described later in this Chapter.

II. FRAUD

A. Fraudulent Misrepresentation

Fraudulent misrepresentation constitutes an intentional program violation of the Subsidized Child Care (SCC) Program and can result in a criminal conviction and loss of services or payments as described in this section.

1. Definition of Fraud

Chapter 110 of the General Statutes, Section 110-107, defines child care subsidy as the “use of public funds to pay for day care services for children” and person as an “individual, association, consortium, corporation, political body, partnership, or other group, entity, or organization.” The law also states that a provider or recipient of child care subsidies, or someone claiming to be a provider or recipient of child care subsidies, commits the offense of fraudulent misrepresentation when the following occurs:

A person makes a false statement or representation regarding a material fact, or fails to disclose a material fact that results in obtaining, attempting to obtain, or continuing to receive child care subsidy funds for himself or herself or for another person.

The person who has intentionally committed fraud and has received child care subsidy funds of one thousand dollars (\$1,000) or less, can be convicted of a Class I misdemeanor. When the receipt of subsidy funds totals more than one thousand dollars (\$1,000), a conviction of a Class I felony may occur. Any person convicted of fraudulent misrepresentation will be permanently ineligible to participate in the Subsidized Child Care Program. In addition to criminal convictions, the LPA must impose sanctions on recipients and providers who received child care subsidy funds for which they were ineligible. These sanctions are described in [Section II. C.](#)

NOTE: A recipient must be at least age 18 or older at the time of the overpayment in order for the LPA to pursue repayment that occurred as a result of fraudulent misrepresentation.

2. Intentional Program Violation (IPV)

An **intentional program violation (IPV)** exists when it can be proven that the recipient or provider intentionally misrepresented or withheld information. Intentional program violations occur when an individual does one or more of the following:

- a. Misrepresents information by making a false statement either orally or in writing to obtain or attempt to obtain services or payments for which the individual is not eligible.
- b. Conceals information to obtain services or payments to which the individual is not eligible.
- c. Withholds information needed to determine eligibility.
- d. Fails to report a change in a timely manner or does not report a change in order to continue services to which the individual is not entitled.
- e. Falsifies or alters authorization documents to obtain services or payments to which the individual is not entitled.
- f. Misrepresents private paying rate information.

B. Responsibilities of the LPA Staff

Each LPA determines whether fraud has occurred and designates staff to handle fraud cases. Some agencies may have Program Integrity staff who handle fraud investigations. If an agency does not have a Program Integrity Unit, the child care worker or other staff may be designated to handle the fraud investigations. All instances of fraud must be investigated by the LPA. Program Compliance staff of the Division of Child Development and Early Education (DCDEE) must be notified by the LPA of any investigations initiated for suspected fraud or misuse of subsidy funds. When the LPA determines that fraud has occurred, all child care payments which were paid improperly must be entered into the Subsidized Child Care Reimbursement System (SCCRS).

1. Responsibilities of the Child Care Unit

When there is an indication that a recipient or provider obtained or attempted to obtain SCC payments to which the individual was not entitled because of a possible inadvertent error (Refer to [Section](#)

III.A. Definition of Inadvertent Error) or an intentional program violation, the child care worker must conduct a preliminary assessment. The child care worker will review the recipient's record or the provider's file with the child care supervisor to assess if staff determined eligibility and documented information obtained according to current policy. In addition, the child care worker must gather related information from other agency records if available, review provider claims, and document reasons for suspected fraud.

When child care fraud is suspected, it is critical that the child care staff communicate with the program integrity investigator and complete a thorough and accurate referral in order to build the case. The child care worker in the LPA completes a referral to the Program Integrity Unit (Refer to Attachment 2 below.) that is signed by the child care supervisor and sends it, along with all pertinent information and documents, to the Program Integrity Unit in the county department of social services. (The Program Integrity Unit investigates to determine if fraudulent misrepresentation occurred.) This referral should include, but is not limited to, the documentation below for the time period in question, if applicable:

- a. Child Care Referral to Program Integrity (Chapter 23, Fraudulent Misrepresentation and Overpayments, Attachment 2).
- b. Application for Child Care Services (DCD-0456).
- c. Child Care Voucher (DCD-0446).
- d. Child Care Action Notices (DCD-0450).
- e. Documentation of income.
- f. Recipient Responsibilities for Subsidized Child Care Services Form (DCD-0106).
- g. Case Narrative.
- h. SCC Child Demographic screens from the Subsidized Child Care Reimbursement System (SCCRS).
- i. SCC Reimbursement Summary (The summary which reflects payments.)
- j. Narrative documentation, income information and attendance sheets.

- k. Subsidized Provider Reimbursement Summary.
 - l. Child Care Provider Rates.
2. Responsibilities of the Program Integrity Unit.

After the Child Care Unit of the LPA conducts a preliminary assessment of suspected non-compliance with the SCC Program, the case may be referred to the local Program Integrity Unit. The Program Integrity Unit conducts an interview, examines the documents, investigates the case, determines whether fraud has occurred, sets up the payment agreements and collections process, and takes legal action when necessary. The Program Integrity Unit is also responsible for submitting the required documentation to the Child Care Unit in the LPA to impose a sanction, as described in [Section II.D.](#)

- a. Recipient or Provider Interview

The program integrity investigator schedules an interview with the recipient or the provider to discuss the issue. The investigator will discuss inadvertent errors and fraud, the recipient's or provider's rights and responsibilities as listed on the application and the information in the child care case record or provider file. If the recipient or provider admits wrongdoing, the county department of social services may ask her to sign and date a written statement to that effect. It is recommended that the statement also be notarized (by a third party witness who is not involved in the investigation).

If the recipient or provider refuses to cooperate by not coming in for an interview within ten (10) workdays of the request, the Program Integrity staff can take action by recommending that subsidy services be terminated for failure to provide information to determine eligibility. This may involve the current or past receipt of subsidy services or funds. (Refer to [Chapter 11: Responding to Eligibility Changes and Redetermination](#) for more information.)

If the preliminary investigation does not establish any possible wrongdoing, no further action is needed. However, if there is reason to believe that fraudulent misrepresentation has occurred, the Program Integrity Unit will conduct a full investigation until sufficient information is obtained to warrant legal action, to recoup the overpayment, or close the case because of insufficient evidence.

If the program integrity investigator has established that fraudulent misrepresentation has occurred but is uncertain as to how to determine the overpayment amount, then the Division's Program Compliance Consultant assigned to that county should be contacted for guidance and consultation. Local program integrity staff must also communicate investigative findings with the Child Care Unit.

The program integrity investigator will consult with the agency's legal advisor or county attorney as needed in this process. The director of the county department of social services or a designee shall review each case after the staff's evaluation. If an overpayment for a recipient or provider is established by the Program Integrity Unit, then the overpayment must be recouped. Overpayments can be collected by voluntary repayment, involuntary repayment by pursuing court action or wage garnishment as permitted by law.

b. Determining the Amount of the Overpayment

For information about calculating the amount of an overpayment, please refer to [Section III.B.](#) and [Attachment 1.](#)

For Recipient: The amount of the overpayment must be calculated to the date of occurrence and include all service months with errors. If the recipient was initially ineligible, calculate overpayments from the first day of service provision. A recipient is allowed five (5) workdays to report a change affecting eligibility and ten (10) workdays for the worker to take action on the change. When the recipient fails to report a change within the allowable time period, the recipient related overpayment must be calculated beginning with day 16, i.e., the first service day following the expiration of this 15 day period.

For Provider: When the overpayment is provider related, determine the time period in which the overpayment was made and calculate the LPA's overpayment(s) to the provider during that period. The calculations must start with the date of occurrence and include all of the service months with errors. The child care worker can assist in the calculation of the amount of the overpayment based on the circumstances that led to the overpayment.

All corrections for recipient or provider errors must be corrected in the SCCRS from the point of discovery and rectified with the State within 60 days from the time that overpayment is substantiated by the LPA staff.

c. Repayment Agreement

The program integrity investigator should contact the recipient or provider to come into the agency to discuss repayment options. If possible, the child care worker or supervisor or program integrity investigator should negotiate a repayment agreement with the recipient or provider for the amount of the overpayment. The Program Integrity Unit should track the payments, if the child care worker or supervisor develops a repayment agreement with the recipient or the provider.

All repayment agreements must be in writing and the original must be maintained by the program integrity investigator or designated staff person of the LPA and a copy given to the recipient or provider. The agency must develop a reasonable repayment plan based on the recipient or provider's ability to pay.

The LPA must develop and maintain a repayment register to track the payments made by the recipient or provider that includes the following:

- (1) Recipient's name, address and case number.
- (2) Provider's name, mailing and location address, and license number.
- (3) Recipient's or provider's telephone number.
- (4) Date and amount of payment.
- (5) Type of payment (check, money order, etc.).
- (6) Balance of account.
- (7) On time or delinquent.
- (8) Date of follow-up (if applicable).
- (9) A comment area.

The LPA must give the recipient or provider a receipt for each payment made that denotes the reason for the payment, and indicates the remaining balance.

If the recipient or provider refuses to set up scheduled payments, then the program integrity investigator may pursue the issue with their county attorney.

When a recipient or provider enters into a repayment agreement and fails to comply with the terms of the agreement, eligibility to participate in the SCC Program must end. The LPA must issue a ten (10) work day notice to terminate participation in the SCC Program. The recipient or provider cannot participate again until repayment is made in full or the recipient or provider and the LPA agree to modify the repayment agreement.

d. Collections

Each LPA has its own established procedures for collecting repayments from recipients or providers. Until child care claims become a part of a state on-line tracking system, it is necessary for each county to develop a form to track child care collections that are the result of inadvertent error or fraud. Refer to the sample tracking form ([Attachment 2](#)). The tracking form must be available for review by staff of the Subsidy Services Section of DCDEE.

C. Legal Action and Sanctions

Imposing a sanction on a recipient or provider is the LPA's responsibility. A criminal conviction or a written admission of guilt from the recipient or provider is not required in order for a LPA to impose a sanction. A sanction follows an individual throughout the State of North Carolina. If the individual leaves the county where the first sanction occurred and a sanction is imposed by another county, it is considered a second sanction.

Sanctions must be imposed by the LPA on a provider or recipient in addition to requiring repayment of the amount of the child care subsidy for which they were ineligible. The following sanctions must be applied to a recipient or provider when the LPA determines that there have been one or more instances of fraud.

1. Recipient Sanctions

The recipient is defined as the parent(s) or responsible adult(s) approved for SCC services. When a sanction is imposed on the recipient, it applies to the person who applied for services. In two-parent households, it applies to both parents. The person who applied for services is accountable for any fraudulent act and/or payback for overpayment. The recipient will be permanently ineligible to participate in the SCC Program when the amount of the fraud is more than ten thousand dollars (\$10,000). If the

amount of fraud is less than ten thousand dollars (\$10,000), the LPA must impose one of the following sanctions:

- a. With the **first** incidence of fraudulent misrepresentation by a recipient, the recipient is ineligible to receive SCC services in any county until the overpayment is recouped in full or the LPA must enter into a repayment agreement with the recipient if the recipient makes the request.
- b. With the **second** incidence of fraudulent misrepresentation by a recipient, the recipient is ineligible to receive SCC services for **three (3) months** in any county. The recipient is also required to repay the overpayment in full or the LPA must enter into a new repayment agreement with the recipient if the recipient requests it.
- c. With the third incidence of fraudulent misrepresentation by a recipient, the recipient is **permanently ineligible** statewide to participate in the SCC Program and is required to repay the overpayment in full.

NOTE: Exceptions must be made for child care to support Child Protective Services (CPS) or a crisis situation which requires child care to support Child Welfare Services (CWS) as described in [Chapter 5: Establishing Need and a Plan of Care](#).

When the recipient is no longer receiving child care to support CPS or CWS, the child care worker must review the case record to determine the date that the sanction will end. Child care services can continue under another need category if the sanction end date has passed. If the sanction end date has not passed or the recipient has been sanctioned permanently, the sanction must be reinstated.

2. Provider Sanctions

The provider is defined as the owner of a child care facility that is enrolled in the SCC Program. If management of the child care facility is delegated to another employee other than the owner, the owner is held responsible for any fraudulent act and/or payback for overpayment. The provider will be permanently ineligible to participate in the Subsidized Child Care Program when the amount of the fraud is more than ten thousand dollars (\$10,000). If the amount of fraud is less than ten thousand dollars (\$10,000), the LPA must impose one of the following sanctions:

- a. With the first incidence of fraudulent misrepresentation by a provider, the provider will not receive subsidy funds from

any county for any **new** children who enroll in the provider's program for **12 months**. The provider must also repay the overpayment in full or the LPA must enter into a repayment agreement with the provider if the provider requests it.

NOTE: The provider can continue to receive payment for children currently enrolled receiving subsidy.

- b. With the second incidence of fraudulent misrepresentation by a provider, the provider is **permanently ineligible** statewide to participate in the SCC Program. The provider must repay the overpayment in full and will not be paid for any services provided to children enrolled in the provider's facility from the date of notification of the sanction.

NOTE: If a provider has been permanently disqualified, children receiving subsidy funds must be relocated to a new facility without adversely affecting the families. Families choosing to remain at the facility will be responsible for child care payments.

D. Process for Imposing a Sanction

The North Carolina Administrative Code that governs the SCC Program gives the LPA the responsibility to oversee sanctions for fraudulent misrepresentation. It is the function of the Child Care Unit to review fraudulent cases and apply a sanction based on the information submitted to the Child Care Supervisor. When the LPA imposes a sanction, the following steps are followed:

1. The supervisor of the Program Integrity Unit of the LPA (or other designated staff) submits a request to impose a sanction when there has been **one (1) or more instances of fraud**. The request must include all of the supporting documentation.
2. The Child Care Unit reviews the information packet and may request additional information.
3. A certified letter with return receipt is mailed by the LPA staff to the recipient or provider within 30 calendar days regarding the sanction. The letter must provide the process for requesting an appeal.
4. The LPA staff verifies that the letter has been received by the recipient or the provider.
5. The LPA must give the recipient or provider a ten (10) workday written notice regarding the implementation of the sanction.

NOTE: The sanction cannot begin until the individual has been properly notified and the LPA has a notice verifying the receipt of the letter. Even if the recipient or provider chooses to appeal the decision, the LPA proceeds with implementing the sanction.

Recipients and providers may appeal the decision to impose a sanction made by the LPA and must be made aware of their right to appeal by LPA staff via a certified letter. See [Chapter 24: Appeals and Hearings](#).

E. Required Documentation

When the LPA imposes a sanction on a recipient or provider, the sanction must be accompanied by the documents listed below. This list is not all inclusive of the documents that may be needed to support the sanction.

1. Sanction documentation must include:
 - a. Child Care Referral to Program Integrity (county form).
 - b. Investigative Interview Letter, including date letter was mailed.
 - c. Summary of investigation and supporting attachments.
 - d. Signed admission statement, if available.

NOTE: The **summary of investigation** must be detailed, clear and informative. The summary must include a description of the fraudulent act that attests to how and when the fraud occurred, who committed the fraudulent act, and any repayment agreement established.

2. Recipient documentation must include the following:
 - a. Verification of Income and Work Schedule, if applicable.
 - b. Copy of recipient's signed Application for Child Care ([DCD-0456](#)).
 - c. Copy of recipient's signed Recipient Responsibilities for Subsidized Child Care form ([DCD-0106](#)).
 - d. Child Care Agreement between parent and county, if applicable.
 - e. Copy of signed Child Care Voucher ([DCD-0446](#)), if applicable.

- f. Copy of Child Care Action Notice ([DCD-0450](#)), if applicable.
 - g. Case Narrative.
3. Provider documentation must include:
- a. Copy of signed Application for Enrollment to Be a Provider of Subsidized Child Care ([DCD-0451](#)).
 - b. Copy of signed Child Care Provider Agreement ([DCD-0452](#)), including any attachments.
 - c. Copy of Child Care Reimbursement Summary.
 - d. Copy of Child with Special Needs Additional Expense Documentation ([DCD-0454A](#)), if applicable.
 - e. Copy of Provider Information Form ([DCD-0454B](#)), if applicable.
 - f. Copy of Private Paying and Other Fees form ([DCD-0458](#)).

F. Reporting Fraud that Occurs Within the LPA

LPA staff is responsible for reporting suspicion of child care fraud to the director of the county department of social services when an LPA staff is involved. The director must report it to the Program Compliance Manager in the Subsidy Services Section of DCDEE at 1-800-859-0829 or 919-662-4561. If the LPA staff is a recipient or provider, the appeals process for recipients or providers must be followed. See [Chapter 24 Appeals and Hearings](#).

III. ADMINISTRATIVE AND INADVERTENT ERRORS

A. Definitions of Errors

An *overpayment* or *underpayment* can occur as the result of an *administrative* error on the part of the LPA, or as an *inadvertent* error on the part of the recipient or provider. All errors resulting in an overpayment must be corrected at the point of discovery and to the date that the errors occurred. Contact your Program Compliance Consultant for guidance regarding the correction of underpayments that exceed 30 days. (Refer to [Section III.B.4.](#) below for more information on correcting errors.) The list below represents examples only **and** is not all inclusive of inadvertent errors.

1. Administrative Error (AE)

An *administrative*, or *agency error* exists if one of the following occurred:

- a. Policies, rules or statutes were not applied correctly.
- b. Staff responsible for administering the SCC Program failed to take action on a change when notified by the recipient, provider, other agency staff, or other interested party.
- c. The LPA failed to take appropriate action such as termination or reduction of services.
- d. A policy requirement was not met.
- e. An ineligible recipient received services or an ineligible provider received payments.
- f. An eligible provider received an underpayment or overpayment.

2. Inadvertent Error (IE)

An *inadvertent error* exists if one of the following occurred:

- a. The recipient of child care subsidy funds unintentionally failed to provide the LPA with correct or complete information.
- b. The recipient unintentionally failed to report changes to the LPA.
- c. A provider unintentionally failed to notify the LPA within **30 calendar** days of temporary operational changes or of circumstances which affect payments for children receiving subsidies. For example: as a result of a natural disaster, a home provider moves without notifying the LPA.
- d. A provider submitted information, such as an attendance report, that has unintentional errors.

Overpayments that are the result of inadvertent error may be referred to the county department of social services' Program Integrity Unit for collection after a preliminary assessment of the error has been completed internally.

B. Correction of Errors

North Carolina Administrative Code (10A NCAC 10.0309) requires the correction of errors for child care subsidy funds that were not spent in accordance with state or federal regulations. Errors due to *administrative* or *inadvertent* error and fraudulent misrepresentation are rectified by following the guidelines in this section.

1. Responsibility of LPA to Correct Overpayments Due to Administrative Errors
 - a. The local purchasing agency makes corrections for all errors through the SCC Reimbursement System.
 - b. Overpayment to a provider due to administrative error must be corrected in DCDEE's SCC Reimbursement System by the county department of social services or the contracting agency (such as a child care resource and referral agency or state level contractor) at the point of discovery and to the date of occurrence.
 - c. Contracting agencies that manage the SCC Program for county departments of social services are responsible for correction of errors to the SCC Reimbursement System and paybacks, unless the contract with the county stipulates otherwise.
 - d. The contract between the two agencies should also stipulate which agency is responsible for correcting and repaying administrative errors, such as errors that may be made determining eligibility by the county department of social services or when the contractor pays providers.
 - e. County departments of social services or contracting agencies (if stipulated in the agency's contract) must recoup overpayments from providers in instances where the overpayment resulted in a provider receiving more than the DCDEE approved rate. If the amount of the overpayment is substantial, then a timely payment plan should be established with the provider. (Refer to [Section II.B.2.](#) and [Section III.B.3.](#) for information regarding repayment plans and correcting errors.)

LPA's should direct their questions regarding corrections to the SCC Provider Reimbursement Summary to their Program Compliance Consultant.

2. Correction of Underpayment Due to Administrative Error

All underpayments will be processed through the SCC Reimbursement System. The LPA must pay the provider within 30 days for any underpayments reported within 30 calendar days of receipt of the SCC Reimbursement Summary. Some examples of provider underpayment due to agency error are provided.

- a. Failure by the LPA to reimburse the provider for days that a child (ren) was absent and the provider reported this to the child care worker.
- b. Failure by the child care worker to implement **approved rate increases**.

3. Responsibility of LPA to Correct Underpayments/Overpayments Reported by the Provider

As stated in the Child Care Provider Agreement ([DCD-0452](#)), the LPA provides a copy of the SCC Provider Reimbursement Summary each month to providers participating in the SCC Program for their review to determine if the amount paid is correct. The provider is required to report underpayment and overpayment errors within **30 calendar** days of the receipt of the monthly SCC Provider Reimbursement Summary Report.

The LPA **must correct** any underpayment error that is reported within **30 calendar** days through the SCC Reimbursement System but **is not required** to correct underpayments reported more than **45 calendar** days after the payment date.

The provider is required to pay back overpayment errors to the LPA or to compensate the parent or responsible adult for errors made in the parental fee if the overpayment is due to provider error. Overpayment errors not reported by the provider within **30 calendar** days may be considered an intentional program violation and may be referred to the Program Integrity Unit for determination. Refer to [Section II.A.2](#) above for more information about Intentional Program Violations.

The LPA must work with the provider to recoup the child care subsidy funds through voluntary repayment. The provider may want to repay the child care subsidy funds monthly over a time period deducting the funds from future payments or the provider may agree instead to one lump sum. If repayment is over a period of time, then the LPA must develop a timely repayment plan with the provider. Refer to [Section II.B.2.c](#) for more information.

4. Procedures for Correcting Errors in the Subsidy Reimbursement System

According to federal and state regulations, all errors by the recipient, provider, or agency that involves federal or state funds must be corrected. LPA's must rectify corrections with the State within 60 days of the determination that fraud has occurred.

Whenever the LPA has detected an intentional or inadvertent error by a provider or recipient, the error must be corrected for the entire amount in the SCC Reimbursement. This may involve months of corrections if the error occurred for a long period of time.

Local purchasing agencies must make these corrections in the SCC Reimbursement System at the point of discovery and to the date that the errors occurred. The corrections are for errors that were funded with state and federal subsidy funds.

The LPA must determine if the recipient or provider is active/non-active or terminated in the SCC Reimbursement System. If the case is active, the error must be corrected for the current service month in order to prevent the error from continuing. Also, the LPA must determine the date of occurrence for the error, and the amount of the error (underpayment/ overpayment). At this point the LPA can make arrangements to collect the subsidy funds owed from the recipient or provider which become county funds. Refer to [Section II.B.2.](#) and [Section III.B.](#) above.

The child care coordinator or their designee must process these corrections for all errors and must ensure that all of the following steps are completed.

- a. Step 1: Discovering Errors
 - (1) At the point of discovery of the recipient or provider error, correct the errors in the current pay period for the current service month in the SCC Reimbursement System to prevent the continuation of the errors.
 - (2) Based on the reason for the errors, the LPA will terminate the payment in the current service month if a child was not eligible, change the parent fee, correct the child's(ren's) record, and change other incorrect information.

- b. Step 2: Determining the Time Frame and Amount
- (1) Determine the period of time for the errors which requires starting with the date of occurrence for the errors. Review all of the applicable reports and records for the service months involved and include the following:
 - (a) Who is responsible for the error.
 - (b) All of the months that must be corrected up to the point of discovery.
 - (c) The amount of the errors.
 - (2) All corrections must be made in the SCC Reimbursement System. Refer to the Subsidized Child Care Reimbursement Manual for the process to make the corrections in the SCC Reimbursement System.
 - (3) The provider is held responsible for overpayments made by the LPA due to the provider's intentional or inadvertent errors. Also, the provider is held responsible for repaying an overpayment due to an administrative error if the provider received more than the DCDEE approved rate. Refer to [Section III.B.1.e.](#) and [Section III.B.3.](#) for more information.

NOTE: Errors must be corrected in the SCC Reimbursement System even if the facility is no longer active in the subsidy program.

- c. Step 3: Making Corrections in the SCC Reimbursement System
- (1) Process all of the child related information for the current pay period into the SCC Reimbursement System before processing the entries for the **prior** month corrections. It is recommended that the Provider Summary and the Child Reimbursement Summary screens be printed before processing the correction of errors. **NOTE:** This process will provide the LPA the **total payment** due to the provider and individual child payments due, prior to correcting the errors in the SCCRS.

- (2) Send a copy of the Provider Summary screens (and the Child Reimbursement Summary screens, if required by the county finance office) to the county finance office and the provider **OR** follow the process designated by the county finance office.
- (3) These screens will provide the LPA and provider with a clear report that lists individual child payments and the total provider payment.

OR

- (4) Process **all** of the corrections and the current pay period.

AND

- (5) Close out the pay process for the month in the SCC Reimbursement System.
- (6) Print the Provider Summary screens (and the Child Reimbursement Summary screens, if required by the county finance office) for the county finance office and the provider.
- (7) Manually indicate the corrections of all errors with an **asterisk (*)** and **pen and red ink notations** on the Child Reimbursement Summary, which is received from DIRM (Division of Information Resource Management). To determine the provider's correct payment, the child care worker or designee must total the earmarked entries and add the total to the printed facility total (and provider total if the provider operates more than one facility) on the Provider Summary and the Child Reimbursement Summary. **NOTE:** The corrections entered on these summaries are due to recipient, provider or agency errors. The provider may or may not be held responsible or the LPA may recoup the funds from the recipient or provider through a repayment plan at another time.
- (8) The above process will provide the total amount that the county finance office will pay the provider.

- (9) The Purchaser Total on the Provider Reimbursement Summary, less the corrections, is the amount the State reimburses the LPA.

d. Step 4: Providing Documentation for Payment

The county finance office will send the provider payment for the current payment period with the applicable print screen in order for the provider to reconcile their records. The agency must provide this information in one of the formats described below.

- (1) The provider must be sent a copy of the Child Reimbursement Summary screen with the **total** due recorded on the report and payment from the county finance office. Please refer to [Step 3.2.](#) for more information.

OR

- (2) The provider must receive a copy of the Child Reimbursement Summary report with an asterisk (*) and “pen and red ink” notations beside the corrections that were recipient/provider/agency errors. Please refer to [Step 3.7.](#) for more details.

The LPA’s Subsidy Services Consultant or Program Compliance Consultant can answer additional questions regarding the correction process for subsidy errors.