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State of Wisconsin
Governor Scott Walker

TO: **Income Maintenance Supervisors**
Income Maintenance Lead Workers
Income Maintenance Staff
Training Staff
Child Care Coordinators

FROM: Junior Martin, Director
Bureau of Program Integrity
Division of Early Care and Education

DECE/BPI OPERATIONS MEMO

No: 19-02

DATE: 01/04/2019

Wisconsin Shares Child Care

**SUBJECT: Updates to Wisconsin Shares Child Care Policy and Process
Handbook Chapter 4**

CROSS REFERENCE: *Wisconsin Statute Chapter [49.155\(7m\)](#), [49.151\(2\)](#),
Administrative Rule DCF [201.04\(5\)](#), DCF [101.23\(1\)\(g\)](#), Operations Memo [18-33](#).*

EFFECTIVE DATE: 01/04/2019

PURPOSE: This Operations Memo introduces revisions to Chapter 4 of the Wisconsin Shares Child Care Policy and Process Handbook related to program integrity and fraud prevention.

BACKGROUND: Chapter 4 of the Wisconsin Shares Child Care Policy and Process Handbook has been revised to include updates related to the implementation of Phase 3 of the Child Care and Development Block Grant ([CCDBG](#)) Act of 2014.

UPDATED POLICY:

PART A: CLIENT PROGRAM INTEGRITY

4.2.1.2.1 Required Error Prone Profile (EPP) Criteria

The list of criteria that are required to be on a local agency's EPP has been updated to include three or more hardship requests in a year, and three or more Approved Activity Search periods (ACTS), or Temporary Break periods (TBRK) in a year.

4.2.1.5.2 Subsidy Funds Utilization

An authorization may be adjusted if a parent informs the local agency that the parent wishes to have fewer authorized hours because the child will be attending fewer hours than originally authorized. The parent may choose to have a reduction in authorized hours in order to avoid overpaying the provider in situations where a child is attending less hours than originally authorized.

4.2.4 Technical Assistance

Additional examples have been added to the list of requests that local agencies may submit to the BPI Technical Assistance (TA) Mailbox:

- Development of local agency policies and procedures
- Requesting BPI Subject Matter Expert for investigation assistance
- Request resources for the [Child Care Program Integrity Resource Library](#)
- Request access to BPI Fraud Plan and [Child Care Program Integrity Resource Library](#)

Local agencies may submit technical assistance requests to BPI by accessing <https://dcf.wisconsin.gov/progintegrity/bpi-technical-assistance-form>, or by email to DCFBPITArequest@wisconsin.gov.

When requesting technical assistance using the [online BPI Technical Assistance form](#), local agencies must include:

- All contact information
- Select a request type from the drop down list
- Compose the request in the Question/Request text box
 - Include the name of any Bureau or individual that has also been contacted and/or individuals to be copied with the inquiry response
 - Always include case number(s) and/or the provider number and provider location number with the request
 - Any relevant documents may be attached at the bottom of the form. Select Choose File and upload the document

All submitted technical assistance requests will receive an automated confirmation message. A member of the BPI Technical Assistance Team will reach out to the sender within 4 business days.

4.2.5 Child Care Program Integrity Resource Library

BPI provides a variety of resources to local agencies through the online [Child Care Program Integrity Resource Library](#). If unable to log in, please contact the BPI Technical Assistance Mailbox to obtain assistance (<https://dcf.wisconsin.gov/progintegrity/bpi-technical-assistance-form>, or DCFBPITArequest@wisconsin.gov). BPI encourages all local agency workers who complete child care program integrity related activities have access to the [Child Care Program Integrity Resource Library](#).

4.3.1 Referrals

The following items have been added to the list of client fraud referrals to submit to the Child Care Fraud Mailbox (DCFMBCHILDCAREFRAUD@wisconsin.gov):

- 3 or more Approved Activity Search periods (ACTS) or Temporary Break periods (TBRK) in a year
- Client overstates child care need in order to avoid paying a copayment or parent share
- Parent approved activity is questionable (see [Chapter 1.5.11](#)) due to:
 - Failure to respond to a request for verification following a report of a change in employment
 - Questionable EVF-E
 - Fraud report
- Parent is not in their approved activity, and ACTS or TBRK period has expired
- Report of parent and provider colluding to commit fraud (including kickbacks)
- Confidential case
- Conflict of interest

4.3.2 Data Exchanges

Additional information has been added to the section on State Wage Income Collection Agency (SWICA) matches:

When a SWICA match is received for a case, the local agency should review the case to determine if the parent failed to report an increase in income that would have affected the subsidy amount or copayment amount.

- If the parent reported the increase in income timely, there will not be an overpayment
- If the parent failed to report an increase in income that would not have affected the subsidy amount or copayment amount, there will not be an overpayment
- If the parent failed to report a change in income that would have put the family over 85% of the State Median Income (SMI) for two consecutive months, an overpayment may be assessed if the parent received subsidy that the parent was not eligible to receive and made payment to the provider
- If the family was not in copayment stabilization, and the parent failed to report an increase in income that would have put the family above the next 5% FPL, an overpayment may be assessed if the parent received a higher level of subsidy than the parent was eligible to receive and made payment to the provider

If a parent fails to return verification of earned income within 7 days that has been requested by the local agency in order to process the SWICA discrepancy, for a time period prior to November 1, 2018, the local agency should take action to manually fail the case for a lack of verification.

4.3.4 Public Assistance Reporting Information System (PARIS) Report

Additional information has been added to the section on the PARIS report.

- In Wisconsin, the PARIS report matches individuals who are receiving FoodShare, Wisconsin Shares Child Care, BadgerCare, and/or TANF with individuals receiving public assistance in other states.
- A parent who is convicted in a Federal or State court of receiving benefits simultaneously in two or more states can also be denied assistance in all states for a period of 10 years (see Wisconsin Statute s.[49.141\(7\) \(c\)](#)).
- PARIS referrals will be assigned via BRITS, the state match will be indicated under the BRITS PARIS drop down. Please note that the local agency will only need to work CC portion; DHS OIG (office 5373) and W2-Fraud (9173) offices will investigate PARIS match for FoodShare, Medical, and/or W2.

4.4.2.1 Questionable Employment

Additional information has been added to the section on questionable employment.

If a parent's approved activity is questionable due to failure to respond to a request for verification following a report of a change in employment, questionable EVF-E, or fraud referral, the following steps must be taken by the local agency (see [Chapter 1.5.11](#))

- Pend the case for Approved Activity on the Child Care Activity Status page in CWW
- The system will generate a Notice of Proof Needed
 - The local agency must add a note to the Notice of Proof Needed asking the parent to contact the local agency if the parent intends to continue to utilize child care while engaging in an approved activity search period
- If the parent indicates they do not need the approved activity search period, or if the parent does not respond, the Approved Activity status must be changed to "No" and the Assistance Group must be closed for lack of an approved activity

If the referral was created due to notification that the client is no longer participating in their approved activity and the client was not in an approved activity search period, or temporary break period, verify that the client's wages reflect this for the referral period.

If a client who is in an Approved Activity Search period (ACTS), or Temporary Break period (TBRK) fails to report within 10 days that they have begun a new approved activity, or resumed an approved activity, the client may be responsible for an overpayment if the subsidy or copayment amount would have changed based on the client's updated income.

If a client informs the local agency that the client intends to utilize child care at the same level as previously authorized during an ACTS or TBRK, and subsequently fails to notify the local agency within 10 days when a child has been absent for 20 days, or fails to report a change in child care need when a child has significantly underutilized care, the client may be responsible for an overpayment.

An investigation must be conducted to determine the reason for the child's absence, or underutilization before an overpayment could be established. Overpayments for underutilization may be assessed in egregious cases of underutilization in which a parent failed to report a change in child care need and continued to overpay the provider for multiple months (per Wisconsin Statute s.[49.155\(1m\) \(a\)](#) and [Administrative Rule DCF 201.04\(5\) \(a\) \(2\)](#)).

4.4.2.2 Questionable Household Composition

Additional information has been added to the section on resources investigators may utilize to verify household composition.

1. Verify with other programs if the members listed in their household are the same as in the Child Care AG.
2. Conduct a client interview (preferably recorded).
3. View public records such as voter registration, social media, Department of Transportation records, Child Support records, probation and parole records, and CCAP.
4. Request a copy of the utility bill.
5. Request a copy of the lease.
6. Conduct surveillance.
7. Conduct a home visit.

4.4.2.3 Questionable Need for Child Care

Additional items have been added to the resources investigators may utilize to verify the need for child care.

- Conduct interviews with the parent and the provider to confirm consistency of attendance.
- Conduct surveillance to confirm attendance of children.

4.5.1 Retractions

Additional information has been added to the circumstances in which funds may be retracted (removed) from a Parent's MyWICChildCare EBT card:

- Provider closures of more than one week in a calendar year, or permanent closure
- Cases of agency error (if the client was not eligible for the amount of subsidy received)
- Parent ineligible for funds (such as)
 - Not participating in their approved activity (including ACTS or TBRK)
 - Change in Assistance Group (AG) (if the change affects eligibility or authorization)
- Child not attending the provider location
- History of expungements
- Midmonth change in provider – the funds to previous provider may need to be retracted (requires parent interview to confirm)

4.5.2.2.1.1.2 Unreported Income Change

The following information has been added to the section on unreported income change:

If an Assistance Group (AG) is at or below 185% of the Federal Poverty Level (FPL) and the parent fails to report an increase in income that is \$250 or more per month, and the change affects eligibility, subsidy, or copayment, the parent is responsible for an overpayment of any subsidy issued and paid to the provider that the parent was not eligible to receive (see reporting requirements in Section 1.8.1).

If an AG is above 185% FPL and the parent fails to report an increase in monthly income that exceeds a dollar amount that will bring the AG above the next 5% FPL increment, and the change affects eligibility, subsidy, or copayment, the parent is responsible for an overpayment of any subsidy issued and paid to the provider that the parent was not eligible to receive (see reporting requirements in Section 1.8.1).

Workers must enter the new income in the Post-Load Benefit Correction (PLBC) module of CSAW to see if the new income would have changed the copayment and resulted in a decreased subsidy amount.

4.5.2.2.1.1.3 Adverse Action

The following information has been added to the section on adverse action:

When eligibility is run after adverse action for any situation not listed in Section 1.8.4, the change will take effect in the recurring month (the month after the immediately following month). Local agencies must run eligibility without dates, and then run eligibility again with dates when processing income changes to ensure that the income change is applied to the correct month. Local agencies must confirm eligibility after running eligibility each time eligibility is run in order for CSAW to use the new income in determining copayments and copayment periods (see 1.5.12).

4.5.4.1.1 Administrative Errors that Affect Eligibility

The following information has been added to the section on administrative errors that affect a client's eligibility:

A client may be responsible for an overpayment that was due to an administrative error if the client should not have been determined eligible at the most recent eligibility determination, and the client received subsidy which the client was not eligible to receive.

In addition, a client may be responsible for an overpayment that was due to an administrative error if the local agency failed to act on a reported change that would have resulted in the client being ineligible, and the client received subsidy which the client was not eligible to receive.

4.5.4.1.1.1 Incorrect Entry of Client Information that Affects Eligibility

The section on administrative errors affecting eligibility in which a local agency enters a client's information incorrectly has been updated to provide guidance on assessing for positive or negative adjustments.

- If a local agency enters incorrect client information in CWW and this information affects eligibility, it is an administrative error.
- Assess for a positive or negative adjustment in PLBC for all impacted months.

Example: The local agency entered Mark's income information incorrectly in CWW at the initial eligibility determination. If income had been entered correctly, Mark would have been above the initial income limit of 185% FPL for his family's AG size and not eligible for

Wisconsin Shares Child Care. When the error is discovered, all authorizations must be ended as of the last day of the current month and a negative adjustment must be assessed using PLBC for each month that Mark received subsidy funds for which he was not eligible. This amount must then be entered in BV. This should be entered in BRITS with reason code Earned Income. Reason code EU should be checked on the client investigation form.

4.5.4.1.1.2 Failure to Enter a Timely Reported Change that Affects Eligibility

The section on administrative errors affecting eligibility in which a local agency fails to enter a client's timely reported change has been updated to provide guidance on assessing for positive or negative adjustments.

- If a client timely reported a change in their case that affects eligibility, and the local agency failed to enter the change timely, this is an administrative error (see [Section 1.8.1](#) for reporting requirements).
- Assess for a positive or negative adjustment in PLBC for all impacted months.

Example: Marco calls the local agency on March 21 to report that his family will be moving to Minnesota on March 24. The local agency does not enter the information in CWW until April 2. Marco is responsible for an overpayment of any subsidy funds issued and paid to the provider when he was no longer eligible as of April 1. This amount must be calculated in PLBC and entered in BV.

4.5.4.1.2 Authorization Administrative Errors that Do Not Affect Eligibility

The section on authorization administrative errors that do not affect eligibility has been updated with the following information:

Administrative errors that affect authorization(s) but do not affect a client's eligibility will not generally result in client overpayment.

When an administrative error that affects authorization(s) is discovered, the authorization(s) should be ended as of the last day of the current month and a new authorization should be created based on the corrected information.

The policy in section 4.5.4.1.2 applies to the following sections on authorization related administrative errors:

- **4.5.4.1.2.1 Incorrect Entry of Authorization Information**
- **4.5.4.1.2.2 Incorrect Provider or Provider Location Authorized**
 - If a payment was made to the incorrect provider, complete the [Voluntary Repayment Agreement \(VPA\)](#) process (see Section 4.12.1.1), and submit a Technical Assistance request to BPI to retract any remaining funds for the inaccurate provider that remain on the card using PLBC by accessing <https://dcf.wisconsin.gov/progintegrity/bpi-technical-assistance-form>.
 - If payment was not made, submit a Technical Assistance request to BPI regarding requesting a retraction (see Section 4.5.1) by accessing <https://dcf.wisconsin.gov/progintegrity/bpi-technical-assistance-form>.
- **4.5.4.1.2.3 Incorrect Entry of an Adjustment**
- **4.5.4.1.2.4 Inappropriate Authorization of Hardship**
 - An overpayment and IPV for the client will be assessed if the client intentionally submitted false or fraudulent documentation in order to receive the hardship authorization.

4.5.4.2.2 Untimely Reported Changes that Affect Eligibility

The section on client errors due to untimely reported changes that affect eligibility has been updated with the following information:

Untimely reported changes that affect a client's eligibility will result in a client error and may result in an overpayment if the client was not eligible for the subsidy that was received and payment was made to the provider.

4.5.4.2.2.1 Loss of Approved Activity Not Reported Within the Activity Search Period

The section on loss of approved activity not reported within the activity search period (ACTS) has been updated with the following information:

If a parent fails to report a loss of approved activity for more than three months, and the loss is discovered after the ACTS ended, the client is responsible for an overpayment of any subsidy issued after the ACTS ended that the client was not eligible to receive.

If a parent informs the local agency that the parent intends to utilize child care during the ACTS period, and subsequently fails to report within 10 days when a child was absent for 20 days, or fails to report a change in child care need within 10 days when a child significantly underutilized care for multiple months, the parent may be responsible for an overpayment of any funds paid to the provider for care not provided (per Wisconsin Statutes s.[49.155\(1m\) \(a\)](#), Administrative Rule [DCF 201.04\(5\) \(a\) 2](#), [Section 1.8.1](#)).

4.5.4.2.2.2 Income Change that Exceeds Eligibility Limit

The section on income change that exceeds eligibility limit has been updated with the following information:

This error occurs when a client experiences a change in income that places them above the eligibility limit of 85% State Median Income (SMI) for their assistance group (AG) size and the change is not reported timely.

Example: Tom's family is at 180% FPL and his AG consists of himself and his son James. When Tom gets married to Ann on March 17, their combined income places the family over the income limit of 85% SMI for the AG size. Tom does not report the assistance group change or the new income to the local agency until August 5. Because Tom's family was over the income limit as of March 17, Child Care should have closed as of March 31. Tom and Ann are both responsible for an overpayment of any funds issued and paid to the provider on or after April 1 (per Administrative Rule [DCF 101.23\(3\) \(a\)](#)). This is calculated in PLBC, and then entered in BV.

4.5.4.2.2.4 Temporary Break from Approved Activity Not Reported Within the Temporary Break Period

The section on Temporary Absence from Employment has been renamed Temporary Break from Approved Activity Not Reported Within the Temporary Break Period (TBRK), and includes the following information:

Parents are eligible for Wisconsin Shares Child Care authorizations while being temporarily absent from their approved activity for up to three months, if the parent continues to meet all financial and non-financial eligibility requirements (See Section 1.3.9.3.1).

If a parent fails to report a temporary break from approved activity for more than three months, and the break is not discovered until after the TBRK period ended, the parent is responsible for an overpayment of any funds issued and paid to the provider after the TBRK period ended if the client had not resumed their approved activity, or begun a new approved activity by the end of the TBRK period.

If a parent informs the local agency that the parent intends to utilize child care during the TBRK period for the same number of hours as previously authorized, and subsequently fails to report within 10 days when a child has been absent for 20 days, or fails to report a change in child care need when a child has significantly underutilized care and the parent continued to overpay the provider for multiple months, the parent is responsible for an overpayment of any funds paid to the provider that the parent was not eligible to receive (per Wisconsin Statutes s.49.155(1m) (a), Administrative Rule DCF 201.04(5) (a) 2, Section 1.8.1).

4.5.4.2.4.2 Change in Approved Activity

The following information has been added to the section on a parent's change in approved activity:

Parents must report within 10 calendar days if anyone in the household has a change in approved activity including changing employment, permanent loss of approved activity, or temporary absence from approved activity that is expected to last one month or more (see Section 1.8.1).

Failure to report a change in approved activity will result in a client error. The parent may be responsible for an overpayment if the change in approved activity resulted in a reduction of child care need that was not reported, and the reduction in child care need led to egregious underutilization for multiple months (see Section 4.5.4.2.4.5).

4.5.4.2.4.3 Change in Income

The following information has been added to the section on a parent's failure to report a change in income:

If the household is at or below 185% FPL, the parent is required to report an increase in income of \$250 or more per month. If the household is above 185% FPL, the parent is required to report if the household's gross monthly income exceeds a dollar amount that will bring the household above the next 5% FPL increment (see Section 1.8.1). This may include a failure to report any additional income such as commission, bonuses, or alimony.

If the unreported change of income would have brought the family above 85% SMI, or a family who is above 185% FPL over the next 5% FPL, an overpayment must be assessed for any subsidy received by the parent and paid to a provider when the client was not eligible for the amount of subsidy received.

For situations where the client has received an increase in income that affects subsidy or copayment, the overpayment should begin the first of the month where the income received put the family above the \$250, or 5% FPL reporting requirement.

4.5.4.2.4.5 Change in Child Care Need

The section on unreported changes in child care need has been updated with the following information:

This error occurs when there is an unreported change in child care need of care. This may occur due to a change in approved activity loss of employment, change of hours, addition, or misrepresentation of another parent to the assistance group, etc. This may also include changes in shared placement that are unreported.

Parents are required to report within 10 calendar days after the change if someone in the household has a change in child care need (see Chapter 1.8.1). Changes in child care need include:

- An increase of child care hours

- Parents are required to verify the need for an increase in hours before additional hours are authorized (see Chapter 2.4.2.2)
- A decrease of child care hours
- A child has not attended for 20 days
- A child no longer needs child care

If an investigation uncovers that a change in child care need was not reported and this resulted in an egregious underutilization, the client is responsible for an overpayment if the underutilization continued for more than one month, and the parent continued to make payments to the provider for more hours of care than the child attended.

4.5.5.4 Issuing Payment for Child Care Not Provided

The section on issuing payment for child care not provided has been updated with the following information:

An overpayment may be assessed if the parent paid the provider for care not provided after failing to report within 10 days that a child had been absent for more than 20 days, or if a parent continues to make payments to a provider for multiple months after failing to report a change in child care need when a child significantly underutilized care. An investigation would need to be conducted to find out the reason and severity of the underutilization before an overpayment can be established.

4.5.6 Criminal Prosecution

The section on criminal prosecution has been updated with the following information:

BPI should be notified of any cases referred for criminal prosecution through the BPI Technical Assistance Mailbox [https://dcf.wisconsin.gov/progintegrity/bpi-technical-assistance-form, or DCFBPITArequest@wisconsin.gov](https://dcf.wisconsin.gov/progintegrity/bpi-technical-assistance-form_or_DCFBPITArequest@wisconsin.gov). When notifying BPI, include the client name, case number, violation type, and other programs that are involved with the charges. Agencies may determine the appropriate timeframe to alert BPI.

4.6.2.5 Delinquency Collections Appeal Process

The delinquency collections appeal process for clients has been updated with the following information:

PACU prepares exhibits and defends delinquency collection actions (see Operations Memo [18-J5](#)). Certain circumstances will require PACU to seek local agency assistance in obtaining documents to support the collection action that are not readily available.

It is not uncommon for a client to raise issues relating to the underlying merits of the overpayment. While these issues are not properly considered at collection hearings, ALJs sometimes allow them to be discussed. Moreover, by the time a debt is considered delinquent, time limits for raising the merits of the overpayment have likely passed.

When issues related to the merits of an overpayment are introduced at a delinquency hearing, PACU will request that DHA reschedule a separate merit hearing. PACU will alert the client and the ALJ that time limits for appealing the merits have likely passed. DHA will notify local agencies via email of the merit hearing. The local agency is required to follow the current procedure for merit hearings, including filing motions to dismiss if the appeal was filed untimely. Information regarding the appeal process can be found in Section 4.5.7 for clients and Section 4.11.4 for providers.

If a merit hearing or departmental review already occurred, PACU will provide that information at the time of the delinquency hearing and will request no additional hearing to be scheduled.

When a merit hearing or departmental review results in the need to address a delinquency collection action, the local agency should request to reschedule the merit hearing to a separate delinquency hearing. Local agencies are not expected to defend collection actions; PACU is not in a position to defend local agency decisions and overpayments.

4.6.2.5.1 LIEN AND LEVY DELINQUENCY COLLECTION ACTIONS

PACU will prepare all exhibits, and defend all lien and levy collection actions at delinquency hearings.

When a client appeals a lien or levy collection action through DHA, PACU and the local agency that established the claim will continue to receive the hearing notice via email. The local agency does not need to take any action. PACU will take the following actions:

- Prepare and provide DHA with all exhibits;
- Appear at the hearing and defend the lien and/or levy collection action;
- Review decisions for policy adherence;
- Comply with the hearing decision; and
- Provide the certification of compliance to DHA.

4.6.2.5.2 Tax Intercept Delinquency Collection Actions

When a client appeals a tax intercept action through DHA, Office of Legal Counsel (OLC) will appear and defend the tax interception delinquency collection action. DHA will notify PACU of the request via email and PACU and OLC will take the following actions:

- OLC will prepare and provide DHA with all exhibits;
- OLC will appear at the hearing and defend the tax intercept action;
- PACU will assist OLC with gathering documentation for exhibits;
- PACU will provide testimony to support the collection action;
- PACU will comply with the hearing decision action; and
- PACU will complete and provide a certification of compliance to DHA.

PART B: PROVIDER PROGRAM INTEGRITY

4.8.1 Local Agency Refusal to Authorize to a Child Care Provider

The list of circumstances in which a local agency may refuse to authorize to a child care provider has been updated with the following information:

- The provider currently has 2.5 authorizations per regulated slot (see Operations Memo [18-33](#))

Local agencies are prohibited from issuing authorizations to a provider if the provider is at or above 2.5 authorizations per regulated slot (See Operation Memo [18-33](#)).

4.8.3 Prohibited Actions by a Provider

The following information has been added to the section on prohibited actions by a provider:

If a report or referral is received indicating that a provider or unauthorized individual may be in possession of MyWICChildCare EBT card(s), account number(s), PIN(s), authorization notices, and/or any representation of these items, immediate action must be taken including confiscating the EBT card(s) or making a referral to the Child Care Fraud Mailbox at: DCFMBchildcarefraud@wisconsin.gov (see Operations Memo [17-12](#) for the procedure for compromised MyWICChildCare EBT cards and confiscation).

4.8.4 Requirement for Providers to Notify the Local Agency

The following information has been added to the section on the requirement for providers to notify the local agency if the child of a parent who receives subsidy for child care has not attended within the previous 30 days (see Administrative Rule [DCF 201.038\(8\)](#)).

Any facility, license, or staffing changes must be reported to the provider's licensor or certifier; and price changes for licensed providers must be submitted to the local child care agency. Timely notification by the provider will decrease the chances of an overpayment or other sanction being issued to a provider. Untimely reporting of changes may result in various sanctions.

Providers must report all facility closures to the local agency and the Bureau of Early Care Regulation (BECR). Unexpected or unplanned closures may be subject to provider overpayment.

If a local agency worker is notified by the provider of a child's absence, the worker should make multiple attempts to contact the parent to determine the cause of the absence. The child may have been absent for various reasons including family vacation, change in child care need, or authorization to the incorrect provider. The local agency worker may assess for an overpayment if the situation meets overpayment criteria described in Section 4.5.2.

If a provider fails to report to the local agency when a child has not attended for 30 consecutive days, the provider may be responsible for an overpayment.

4.8.5 Provider Record Keeping System and Attendance Documentation Method

The following information on provider record keeping and attendance documentation has been added:

Providers are required to maintain accurate attendance records, as established in DCF [202.08\(5\) \(i\)](#), [250.04\(6\) \(b\)](#), [251.04\(6\) \(b\)](#), and [252.41\(4\) \(c\)](#). The attendance records must contain the children's exact daily arrival and departure times. These times should never be rounded. These records must be made available to the Department upon request.

The provider's attendance records must be retained on site for the length of time the child is enrolled in the program, and for three years after a child's last day of attendance at the child care facility. Providers that discontinue their participation in the Wisconsin Shares program must also adhere to this policy. Not completing and/or retaining these records may result in an assessment of an overpayment to the provider, and/or a permanent suspension from the Wisconsin Shares program.

It is recommended that providers maintain records of all payment transactions including Wisconsin Shares, Parent Share, and YoungStar payments. Providers receive monthly notices and have access to the ebtEDGE Provider Portal, and the Child Care Provider Portal to verify transaction information. The information provided is real-time payment information.

4.9.1 Referrals

Provider Investigation Referrals

Information on provider investigation referrals has been moved from Section 4.3.1 to Section 4.9.1.

Additional items have been updated in the list of child care provider fraud referrals to submit to the Child Care Fraud Mailbox.

- Certified provider holding outside employment during the facility's hours of operation
- Payments are being made to the provider for children who have not attended for 30 or more consecutive days (see Administrative Rule [DCF 201.038\(8\)](#))
- Payment made to a provider for a child who has never attended the provider location
- Full payments are being made to a provider for a child who has significantly underutilized care, and the parent failed to report the change in child care need
- Improper Payment Practices
 - Provider does not have a written payment agreement with each family receiving Wisconsin Shares (see section 4.8.2 and Administrative Rule [DCF 201.038\(5\)](#))
 - Providers are required to retain a copy of each current written payment agreement at the location where child care is provided
 - Providers are required to retain a copy of an expired written payment agreement for at least 3 years after the child's last day of attendance. The agreement must be kept at a location where it can be made available to the Department within 24 hours.
- Provider overcapacity message received in CSAW (reference Operations Memo [18-33](#) and Operations Memo [17-54](#))
- Temporary and permanent closures of a provider location or locations
 - Includes frequent closures for provider "vacations"
 - Includes frequent unexpected or unannounced closures
 - Provider receiving payment for closure(s) of more than one week in a calendar year (see [Section 2.4.10](#))
- Reports of a provider offering a discounted price to children of employees, but the provider denies offering discounts
- Reports of provider offering discounts to all employees except for employees receiving subsidy
- Charging subsidy families more than private pay families
- Report of parent and provider colluding to commit fraud (including kickbacks)
- YoungStar Concerns
 - Teacher that is listed as the lead teacher is not providing the majority of care between 6:00 a.m. and 6:00 p.m.
 - Director(s) and/or Lead Teacher(s) do not have the required certificates or level of training for their position
 - Director(s) does not perform the duties required by a YoungStar listed Director

4.9.4.2 Red Flags for Site Visits

The following additional recommended red flags for provider visits have been added:

- Missing Provider/Parent Written Payment Agreements
- Operation at an unauthorized location
- Unauthorized individual providing care

4.10.1.4 Monitoring Visits

The following information has been added to the section on provider monitoring visits:

Providers are expected to cooperate with Department and local agency staff during all monitoring visits. Providers must provide accurate information and any documents requested. Common documents requested include (but are not limited to):

- Original attendance records and/or printed attendance program reports
- Employee information (i.e. work schedules, punch times, payment method, etc.)

- Transportation records
- Payment practices and/or policy
- Provider/Parent Written Payment Agreements

4.10.2.1 Provider Explanation Letter (7m Letter)

The following information has been updated in the section on the provider 7M letter:

Wisconsin Statutes s.[49.155\(7m\) \(a\)](#) requires that a child care provider must be given an opportunity to provide to the Department an explanation of any false, misleading, or irregular information submitted to the Department or if a child care provider fails to comply with the terms of the program.

The Provider Explanation Letter (also referred to as the 7M letter) outlines all violations discovered and is sent out upon completion of an investigation or audit. The 7M Letter provides details regarding the violated rules and policy(ies), and requests the provider respond or provide an explanation for the violations within 15 days. The provider's response may be verbal (an arranged meeting or via telephone), or in writing. It is encouraged that the providers give an explanation in person (also known as a provider meeting). The 7M letter is sent via regular and certified mail.

If a provider has not responded within 10 days of the letter, the investigator should attempt to contact the provider again to confirm delivery and understanding of the letter. The investigator should also encourage the provider to submit a response to the Department, as an explanation. Explanation is not required, but is strongly encouraged. It is beneficial to document all attempts to gather a response from the provider. An overpayment cannot be established before the 15 days if the provider has not responded.

Note: The 7M letter should be sent by certified and regular mail.

4.10.3 YoungStar Investigation Referrals

The following information has been updated in the section on YoungStar investigation referrals:

BPI conducts provider YoungStar Investigations. If a local agency encounters a situation where a provider may not have an accurate Registry Program Profile that is linked to YoungStar, submit a fraud referral to the BPI Fraud Mailbox (dcfmbchildcarefraud@wisconsin.gov).

Indicators of YoungStar fraud include (but are not limited to):

1. During a site visit, lead teachers listed on the Registry are not in attendance
2. The teacher listed as the lead is not providing the majority of care during the day
3. The person listed as the Director is not fulfilling the duties required to be a YoungStar listed Director
4. Lead teachers do not have the required certificates, etc. to be ranked that high
5. Director and/or teacher does not have wages reported from the center
6. Director and/or teacher has wages reported from outside employment during the time they are registered as providing care on The Registry
7. Director, teacher, or provider does not meet minimum licensing requirements to be in the position they are listed
8. The Registry has not been regularly updated to reflect current staff and roles

Note: For additional information on The Registry Program Profile and its connection to YoungStar, please visit <http://www.the-registry.org/>.

4.11.1.2.2 Provider Error(s)

The list of provider errors has been updated to include the following information:

- Inaccurate or missing records
- Displaying Incorrect Information on the Registry Program Profile linked to YoungStar rating
- Failure to Report a Child Who Has Not Attended Within the Previous 30 Days
- Missing records

4.11.1.2.2.1 Over Billing/Reporting

This section has been removed.

4.11.1.2.2.4 Contradictory Records

The following examples have been added to the list of contradictions on provider attendance records:

- The provider recorded the child as attending on attendance records when the child was not in attendance
- The provider marked the child as attending on the attendance records but did not list times the child arrived or departed
- The provider received payment for times when the child was not listed on the attendance records

4.11.1.2.2.7 Failure to Report a Child Who Has Not Attended Within the Previous 30 Days

The following information has been added regarding a provider's failure to report to the local agency when a child has not attended within the past 30 days:

An overpayment may be assessed if a provider fails to notify the local agency when a child has not attended within the previous 30 days (see Administrative Rule [DCF 201.038\(8\)](#)). If a provider is found to have received payment for a child who has not attended for 30 or more days, an investigation should be conducted to determine the specific circumstances involved. The provider may be responsible for an overpayment of any payments received for a child after the child has been absent for 30 days.

4.12.3.2 Delinquency Collections Appeal Process

The following information has been added to the delinquency collection appeal process for providers:

PACU prepares exhibits and defends delinquency collection actions (see Operations Memo [18-J5](#)). Certain circumstances will require PACU to seek local agency assistance in obtaining documents to support the collection action that are not readily available.

It is not uncommon for a provider to raise issues relating to the underlying merits of the overpayment. While these issues are not properly considered at collection hearings, ALJs sometimes allow them to be discussed. Moreover, by the time a debt is considered delinquent, time limits for raising the merits of the overpayment have likely passed.

When issues related to the merits of an overpayment are introduced at a delinquency hearing, PACU will request that DHA reschedule a separate merit hearing. PACU will alert the provider and the ALJ that time limits for appealing the merits have likely passed. DHA will notify local agencies via email of the merit hearing. The local agency is required to follow the current procedure for merit hearings, including filing motions to dismiss if the appeal was filed untimely. Information regarding the appeal process can be found in Section 4.11.4.

If a merit hearing or departmental review already occurred, PACU will provide that information at the time of the delinquency hearing and will request no additional hearing to be scheduled.

When a merit hearing or departmental review results in the need to address a delinquency collection action, the local agency should request to reschedule the merit hearing to a separate delinquency hearing. Local agencies are not expected to defend collection actions; PACU is not in a position to defend local agency decisions and overpayments.

CONTACTS

For any questions regarding material in Chapters 3 and 4 of the Wisconsin Shares Policy Manual, please contact the Bureau of Program Integrity (BPI) at:

DCFBPITArequest@wisconsin.gov.

For Wisconsin Shares Child Care policy questions outside of Milwaukee County contact your Bureau of Regional Operations (BRO), Child Care Coordinators at

<https://dcf.wisconsin.gov/files/regionaloperations/pdf/bro-contacts.pdf>

For Child Care CARES/CWW, CSAW and CCPI Processing Questions statewide and policy questions in Milwaukee County contact the Child Care Subsidy and Technical Assistance Line at: childcare@wisconsin.gov or (608) 264-1657.