

CHAPTER 23: ATTACHMENT 1 – CALCULATION OF OVERPAYMENT

EXAMPLE I: CALCULATION OF RECIPIENT OVERPAYMENT

Ms. C., mother of five, applied for child care with the Cumberland County Department of Social Services in April 2002. At the time of application, Ms. C. reported that she was employed full-time with Gotcha Investigative Services with a weekly salary of \$320. Pay stubs verified the salary for the months of January, February, and March 2002. Ms. C. also reported the receipt of child support of \$300 per month from the absent parent, Mr. D. She remarked that Mr. D. lived in another county. The child care social worker verified the amount of child support received with Mr. D. Ms. C.’s countable gross income was calculated as follows:

Salary	\$320 x 4.333 = \$1386.56
Child Support	+ \$ 300.00
Total Countable Income for a Family of Six (6)	\$1686.56
	\$1686.56
	X 8%
Parental Fee for a Family of Six (6)	\$134.92 = \$135.00

The child care social worker received a report on June 3, 2002 that Mr. D. was living in the home and that Ms. C. had received an increase in her salary. An investigation revealed that Mr. D., father of all five children, was living in the home, employed full-time with Southern Construction and earning a weekly salary of \$380.00. It was also discovered that Ms. C. received a raise on April 15, 2002 and was currently making \$360.00 per week. Ms. C. withheld this information during the application process, therefore, the calculation of the income for April was incorrect. The correct countable income for April was \$3033.10 (a total of both Mr. D.’s and Ms. C.’s income for April). The child care social worker calculated the correct countable income for May and June below.

The correct countable income was calculated as follows:

Ms. C.’s Salary	\$360.00 X 4.333 = \$1559.88
Mr. D.’s Salary	\$380.00 X 4.333 = \$1646.54
Total Countable Income for a Family of Seven (7)	\$3206.42
	\$3206.42
	X 8%
Correct Parental Fee for Family of Seven (7)	\$256.51 = \$ 257.00

CHILD CARE OVERPAYMENT SUMMARY					
MONTH	INCOME	INCOME LIMIT	CORRECT PARENTAL FEE	ORIGINAL PARENTAL FEE	AMOUNT OF OVERPAYMENT
April 2002	\$3033.10	\$4584	\$243	\$135	\$108
May 2002	\$3033.10	\$4584	\$243	\$135	\$108
June 2002	\$3206.42	\$4584	\$257	\$135	\$122
Total Overpayment					\$338

Ms. C. must pay the county department of social services \$338.00 and the agency is negotiating a repayment plan with her.

NOTE: The county department of social services can not request a sanction to be imposed on Ms. C. from the Division of Child Development since the overpayment was less than \$1,000.

FRAUDULENT MISREPRESENTATION AND OVERPAYMENTS

10/01/02

EXAMPLE II: CALCULATION OF PROVIDER OVERPAYMENT

K. B. * is receiving child care subsidies and enrolled at Baby Gator Child Care Center. The provider’s charge to private paying parents is \$386.00 per month. Mrs. B pays a monthly parental fee of \$66.00 and the LPA pays \$320 per month. When Mrs. B. picked K. B. up on December 24, 2001, she reported that the family was relocating. Neither Mrs. B. nor Baby Gator Child Care Center reported the change of residence to the local purchasing agency. Baby Gator Child Care Center submitted attendance sheets for the months of January, February and March 2002 indicating that the child, K.B., was in attendance.

CHILD CARE ATTENDANCE FORM									
Facility Name: Baby Gator					Month: January 2002				
Facility Address: 12 Integrity Way Truthville, NC					Telephone: 555-211-1212 E-Mail: babygator1@nc.com				
Days of Week	1 2 3 4 5	6 7 8 9 10 11 12	13 14 15 16 17 18 19	20 21 22 23 24 25 26	27 28 29 30 31	Days Present	Fees Paid		
Name of Child	W T F S S	M T W T F S S	M T W T F S S	M T W T F S S	M T W T F				
D.	4 x x	x x x x x	x x 1 1 1	4 x x x x	x x x x x	18	\$59		
K. B.*	4 2 2	x x x x x	x x x 2 2	4 1 1 1 1	1 x x x x	12	\$66		
M.	4 x x	x x x x x	x x x x x	4 x x 1 x	x x x x x	20	\$75		
F.	4 2 x	x x x x x	x x x x x	4 x x x x	x x x x x	20	\$25		
COMMENTS: <i>January 1 and 20 were holidays.</i>						LEGEND: X = Days Present			
I hereby certify that all information provided on this form is a true and accurate report of absences for the month indicated.						ABSENCE CODE			
A. Gator February 3, 2002						1 Sick 2 Vacation 3 Unknown 4 Other (Please explain.)			
Signature of Provider						Date			

The agency later determined that the family had moved and that the center had received reimbursement for which they were not entitled. The effective date of the overpayment began January 17, 2002 (due to weekend and Christmas Holiday) based on the subsidy policy that the recipient has five (5) workdays to report the change and the child care social worker has ten (10) workdays to send an Action Notice to the parent and a copy to the provider.

The parental fee in the amount of \$66.00 is converted to a daily amount by dividing by 21.67 which equals \$3.04 and rounded to the nearest nickel equals \$3.05, the daily rate. Refer to Subsidized Child Care Rate Calculation Chart and Chapter 8. Part V: Determination of the Fee Amount for more information.

$3.05 \times 10 \text{ days} = \$30.50 \text{ parental fee}$

$320 \div 21.67 = 14.75 \times 10 \text{ days} = \147.50 (Corrected provider payment determined by local purchasing agency).

$320.00 - \$147.50 = \172.50 (January’s overpayment to the provider.)

$172.50 \text{ (Jan)} + 320.00 \text{ (Feb)} + 320.00 \text{ (March)} = \812.50 (Amount that provider must repay local purchasing agency).

The LPA must make corrections for this overpayment in the Subsidized Child Care Reimbursement System (SCCR) at the point of discovery to prevent the error from continuing and must rectify the error with the State. Also, this overpayment must be corrected to the date of occurrence and for all months involved. The child care social worker or designee must print the Child Reimbursement Summary screens and make pen and red ink notations for all of the corrections for each individual child and each service month, and send a copy of the screens to the county finance office and the provider.