

Highlights of [GAO-20-227](#), a report to the Republican Leader, Committee on Education and Labor, House of Representatives

## Why GAO Did This Study

The CCDF is administered as a block grant to the states by OCC, an agency within the Department of Health and Human Services (HHS). Recent reports by the HHS Office of the Inspector General show that OCC's monitoring of CCDF state program-integrity efforts remains a challenge. CCDF has also been designated as a program susceptible to significant improper payments, as defined by the Office of Management and Budget.

GAO was asked to review CCDF program-integrity efforts. This report discusses, among other things, the extent to which OCC provides oversight of (1) states' CCDF program-integrity activities, including encouraging that all requested information is included within State Plans; and (2) improper-payment risks and relevant corrective actions in states' CCDF programs. GAO analyzed 51 approved CCDF State Plans, including from the District of Columbia, for the fiscal years 2019–2021 grant period. GAO also reviewed OCC policies and procedures and compared them to relevant laws, regulations, and *Standards for Internal Control in the Federal Government*, and interviewed relevant federal officials.

## What GAO Recommends

GAO is making nine recommendations, including that OCC define and communicate its informational needs on the results of states' program-integrity activities, and that OCC develop criteria to guide the review of CAPs to ensure that proposed corrective actions are aimed at root causes of improper payments and are effectively implemented. HHS concurred with our recommendations and provided technical comments, which GAO incorporated as appropriate.

View [GAO-20-227](#). For more information, contact Seto J. Bagdoyan at (202) 512-6722 or [bagdoyans@gao.gov](mailto:bagdoyans@gao.gov).

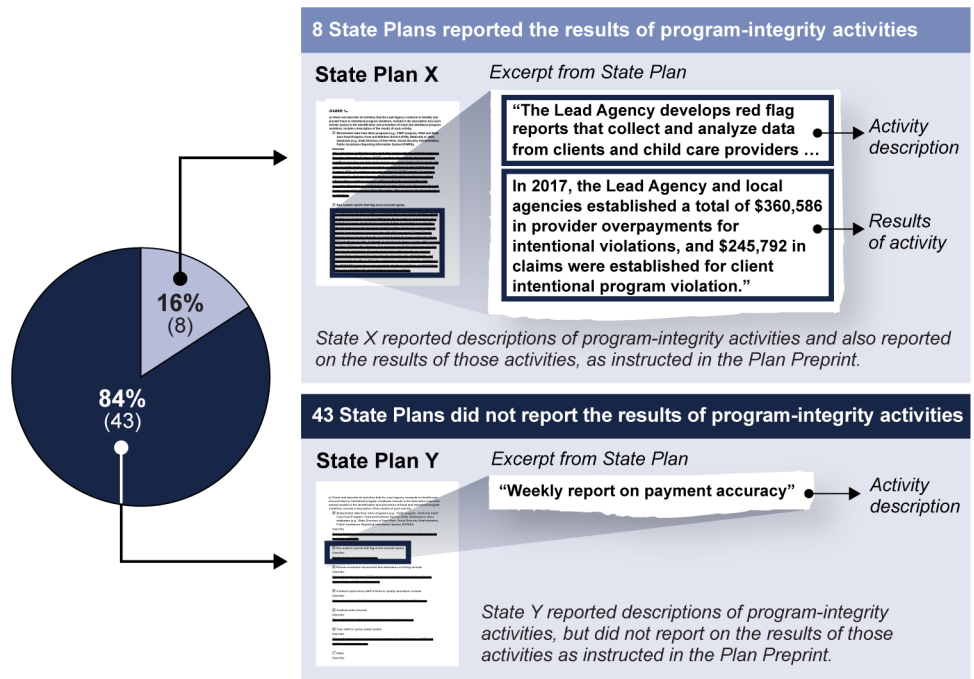
# CHILD CARE AND DEVELOPMENT FUND

## Office of Child Care Should Strengthen Its Oversight and Monitoring of Program-Integrity Risks

### What GAO Found

The Child Care and Development Fund (CCDF) provided states more than \$8 billion in federal funds in fiscal year 2019. The Office of Child Care (OCC) oversees the integrity of the CCDF, which subsidizes child care for low-income families. A key part of OCC's oversight includes reviewing and approving State Plans. OCC requested but did not require states to describe in their State Plans the results of their program-integrity activities, which describe the processes that states use to identify fraud risk. Further, OCC has not defined or communicated what information it considers to be the "results" of program-integrity activities to the states and its own staff. Without defining and communicating its informational needs, OCC may continue to lack quality information that could help ensure states' accountability over their program-integrity activities.

### Comparison of Program-Integrity Activity Results Reported in State Plans



Source: GAO analysis of Office of Child Care information. | GAO-20-227

OCC oversees states' improper payment risks through a process that includes a requirement for states to submit corrective action plans (CAP) when they estimate their annual payment error rates are at or above 10 percent. Since 2013, seven states have submitted 14 CAPs. These CAPs describe states' proposed actions for reducing improper payments. However, OCC does not have documented criteria to guide its review and approval of the CAPs to ensure the proposed corrective actions are aimed at root causes of improper payments and are effectively implemented. Without developing this guidance, OCC does not have assurance that proposed corrective actions are specifically aimed at root causes of improper payments, leaving the CCDF program at continued risk of improper payments.