

Audit Report	Finding Number	Finding and Corrective Action Status
1022030	2017-001	<p>Finding: The Department of Children, Youth, and Families did not establish adequate internal controls to ensure licensed in-home providers complied with child care capacity requirements.</p> <p>Corrective Action: The Department partially concurs with the finding.</p> <p>While the Department agrees with the audit finding that 20 providers had instances of operating over licensed capacity during the audit period, the Department does not agree the condition was caused by lack of additional monitoring to detect if providers exceed their licensed capacity. In addition to the annual reviews conducted by the licensors, other programs within the Department also monitor licensed capacity, including:</p> <ul style="list-style-type: none"> <li>• Random audits conducted by the subsidy team with referrals to the Licensing Unit for providers that appear to be over their capacity.</li> <li>• Investigations initiated by the Public Health and Safety Complaints Unit.</li> <li>• Investigations initiated by other divisions, including Child Protective Services.</li> </ul> <p>To address the audit recommendations, the Department will:</p> <ul style="list-style-type: none"> <li>• Investigate and provide technical assistance to providers who did not provide attendance records.</li> <li>• Establish overpayments for any subsidy payments made to providers who did not have supporting attendance records.</li> <li>• Establish overpayments for subsidy payments made to the provider who stated it did not provide care for the month under audit.</li> </ul> <p>The Department has also been working on improving internal controls to identify when providers are over their capacity.</p> <ul style="list-style-type: none"> <li>• As of July 2017, the Department finalized the procurement of an electronic time and attendance reporting system that will maintain electronic copies of attendance records and potentially reduce provider errors.</li> <li>• As of October 2018, the Department implemented the requirement for providers to use an electronic attendance system, allowing them the option to use the Department’s electronic attendance system or an approved third-party system.</li> </ul> <p>By January 2019, the Department will:</p> <ul style="list-style-type: none"> <li>• Fully utilize the Department’s electronic attendance system to monitor attendance data for all licensed childcare providers accepting subsidy payments.</li> <li>• Perform data analysis to detect noncompliant issues, including childcare capacity requirements.</li> <li>• Notify the Licensing Unit when providers are identified to have exceeded childcare capacity requirements.</li> </ul>

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1022030	2017-001 (cont'd)	<ul style="list-style-type: none"> <li>• Provide follow-up technical assistance to noncompliant providers to ensure future compliance.</li> </ul> <p>Completion Date: Corrective action is expected to be complete by March 2019</p> <p>Agency Contact: Stefanie Niemela            Audit Liaison            P.O. Box 40970            Olympia, WA 98504            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>

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1022030	2017-002	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Department of Children, Youth, and Families did not establish adequate internal controls to ensure Quality Awards recipients were eligible and used grant funds only for allowable purposes.</p> <p>The Department partially concurs with the finding.</p> <p>The Department maintains that neither the Early Achievers Participant Operating Guidelines, nor the Early Start Act referenced or required a Quality Improvement Plan (QIP) be submitted prior to the award or within a set timeframe.</p> <p>The Department will take the following actions to further strengthen internal controls:</p> <ul style="list-style-type: none"> <li>• Ensure documentation is collected and maintained in the Department’s Early Learning System (WELS) to document how providers spend award funds.</li> <li>• Review and update written policies and procedures to:             <ul style="list-style-type: none"> <li>○ Set clear expectations for staff when determining award eligibility, assessing the proper use of funds and maintaining required documentation.</li> <li>○ Require staff to perform regular monitoring of providers’ use of award funds in WELS to ensure they comply with reporting requirements and use funds for allowable purposes.</li> <li>○ Include procedures to follow when an incomplete QIP is submitted.</li> </ul> </li> <li>• Work with Child Care Aware of Washington, the program’s contractor, to strengthen internal controls in delivering its contractual services to the Department. This includes ensuring the coaches employed by the contractor work with program participants to improve their understanding of QIPs and required documentation.</li> <li>• Update the Early Achievers Participant Operating Guidelines to include an expected timeline for documenting and updating QIP in WELS in order to maintain award eligibility.</li> </ul> <p>Corrective action is expected to be complete by January 2019</p> <p>Stefanie Niemela            Audit Liaison            P.O. Box 40970            Olympia, WA 98504            (360) 725-4402  <a href="mailto:stefanie.niemela@dcyf.wa.gov">stefanie.niemela@dcyf.wa.gov</a></p>