

Audit Report	Finding Number	Finding and Corrective Action Status
2017 F	024	<p>Finding: The Department of Early Learning did not have adequate internal controls over and was not compliant with requirements to ensure payments to child care providers for the Child Care and Development Fund program were allowable.</p> <p>Corrective Action: The Department of Early Learning (Department) and the Department of Social and Health Services (DSHS) continue to make consistent progress in actively auditing and recovering overpayments.</p> <p>To address the auditors’ recommendations, the Department has taken the following actions:</p> <ul style="list-style-type: none"> • Began auditing providers based on month of service rather than month of payment in an effort to improve the timeliness of audit reviews. • Modified the Child Care and Development Fund (CCDF) Plan to align with federal and state regulations for fiscal year 2019 to 2021. • Improved internal controls and implemented preventative controls to assist in the detection of unallowable provider billings and reduce the risks of unallowable payments, including: <ul style="list-style-type: none"> ○ Recruited a Subsidy Policy Analyst tasked with monitoring program compliance with state and federal laws. The incumbent: <ul style="list-style-type: none"> ▪ Works with DSHS to implement internal controls on eligibility determination and provider payments. ▪ Assists with implementing system changes at DSHS to alert staff when household composition differs between systems. ▪ Acts as the lead for corrective action plan implementation to address audit findings. ○ Implemented policies to include the Department’s definition of intentional program violations and fraud, as well as the consequences for providers. • Developed a risk-based approach to audit providers’ billings and payments that includes selecting providers’ billings in excess of licensed capacity and providers billing the limit of their authorizations. <p>The Department also continues to work with DSHS to:</p> <ul style="list-style-type: none"> • Improve frequency of communication between the departments. • Clarify subsidy program rules and policies and modify current processes to align with the fiscal year 2019-2021 CCDF plan. • Develop record keeping templates and improve training using provider feedback. • Coordinate the review of staff training, desk aids and communications, and jointly develop policies and procedures to ensure field staff understand and interpret eligibility policies correctly.

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2017 F	024 (cont'd)	<p>Finding and Corrective Action Status</p> <ul style="list-style-type: none"> • Address internal and external audit issues, and improve internal controls over client eligibility and directing payments to child care providers. • Collaborate through the Working Connection Childcare Reframe Workgroup and the Child Care Audit Committee on aligning and clarifying state rules and requirements with the reauthorization of the Child Care Development Fund grant. The Department reinstated a quarterly meeting of the Departments' Quality Assurance staff to discuss issues identified in the quality assurance process. <p>The Department will continue to:</p> <ul style="list-style-type: none"> • Develop a standard consultation method to support providers in proper billing procedures when they bill incorrectly and incur an overpayment. • Use available data to identify high risk billing practices and follow the technical assistance and intentional program violation process outlined in the 2019-2021 CCDF Plan. • Finalize the implementation of an electronic attendance system for licensed providers by November 2018 and Family, Friend, and Neighbor providers by October 2019. This new system will electronically track daily attendance; enable accurate recording of child care attendance; and serve as data capture of subsidy child care usage. • Improve the reconciliation process by following Department policies, and ensure the policies meet all federal and state regulations when reviewing provider payments. <p>The Department consults with the U.S. Department of Health and Human Services on audit findings. The audit resolution process includes conducting a case-by-case review and providing additional documentation as requested by the federal grantor when questioned costs are identified.</p> <p>The conditions noted in this finding were previously reported in findings 2016-021, 2015-023, 2014-023, 2013-016, 12-28, 11-23, 10-31, 9-12, and 8-13.</p> <p>Completion Date: Corrective action is expected to be complete by October 2019</p> <p>Agency Contact: Stefanie Niemela Audit Liaison PO Box 40970 Olympia, WA 98504-0970 (360) 725-4402 Stefanie.niemela@dcyf.wa.gov</p>

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2017 F	025	<p>Finding: The Department of Early Learning did not have adequate internal controls over and did not comply with health and safety requirements for the Child Care and Development Fund program.</p> <p>Corrective Action: The Department concurs with the finding.</p> <p>In response to the prior audit finding, the Department:</p> <ul style="list-style-type: none"> • Implemented new monitoring and compliance policies and procedures to clarify: <ul style="list-style-type: none"> ○ Use of a full checklist every three years. ○ Criteria when a site visit is needed. ○ Allowable methods of compliance. • Provided training to licensing staff on the new policies and procedures. • Implemented a new electronic caseload management system, WA COMPASS, in June 2017. The new system: <ul style="list-style-type: none"> ○ Provides electronic reminders to licensing staff and supervisors. ○ Allows licensing staff to make timely updates, improve data integrity and streamline work processes. ○ Provides electronic tools for tracking the 10-day health and safety rechecks requirement due to its capability of automatically converting from an abbreviated checklist to a full checklist when specified criteria is met. • Provided training to licensing staff on the WA COMPASS system. • Established operational milestones, which are aligned with the IT functionality milestones, to provide support to staff in the transition process. Department expectations are communicated to staff in the weekly WA COMPASS updates. • Implemented a system of statewide blended caseloads with the goals of maintaining equitable caseloads at the state, regional, and unit levels. The new process has enabled the Department to ensure full compliance with federal and state requirements for monitoring licensing activities of child care providers and facilities. All licensors have received the required training and are able to monitor and license all three child care settings: family homes, centers and school age programs. <p>The Department is also creating an objective enforcement system by weighing all licensing standards that connect licensing infractions with the level of risk to children. The Department will provide more information and clarity about the risk level of each standard and the consequences for violations, and ensure that enforcement of these rules is both timely and consistent.</p> <p>As of October 1, 2018, the Department of Social and Health Services (DSHS) transferred the responsibility for completing provider background checks to the Department of Children, Youth, and Families (DCYF), formerly</p>

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