

February 19, 2009

Internal Audit Report 2009 – 05
Child Care Licensing
Department of Health and Human Services

Introduction. The Child Care Licensing Section (Section) is funded with a \$1.4 million State grant administered by the Department of Health and Human Services. Anchorage Municipal Code (AMC) Title 16.55, *Child Care and Educational Facilities*, provides standard levels for services offered to children in child care facilities. As part of the licensing process, Section staff conduct facility inspections and review required documentation and facility staff qualifications. For renewal of licenses, Section staff conduct facility inspections throughout the year, investigate complaints and review facility records. Currently, Section staff are updating the AMC to meet or exceed the State's revised statute required by the grant.

Objective and Scope. The objective of the audit was to determine whether Child Care Licensing staff enforced the requirements of AMC Title 16.55 for licensing and inspecting child care facilities. Our audit included a review of selected child care center and home facility files and complaint logs.

The audit was conducted in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review, and accordingly, included tests of accounting records and such other auditing procedures as we considered necessary in the circumstances. The audit was performed during the period of August through December 2008.

Overall Evaluation. Anchorage Municipal Code Title 16.55 requirements were not always enforced for child care facilities. Specifically, child care facility files did not always contain required documents and information, complaints were not resolved in a timely manner and the AMC had not been revised to comply with State of Alaska statutes. In addition, the policy and procedures manual was incomplete and did not reflect current business practices.

FINDINGS AND RECOMMENDATIONS

1. Facility Files Missing Required Information.

- a. **Finding.** Facility files did not always contain required information. Our review of facility files revealed missing information required by AMC 16.55. Adherence to the code is important to assure quality of care in the care facilities. Specifically, we found the following missing information:
- 1) **Business License** – Four of 20 child care facility files did not contain a current business license. AMC 16.55.100.D.3 requires a copy of the current business license to be submitted.
 - 2) **Annual Training** – Nine of 20 facility files did not contain sufficient supporting evidence to document required annual training. This training is important to ensure care is provided by competent, qualified care-givers.
 - 3) **Tuberculin Clearance** – Eighteen of 20 facility files did not contain any evidence that individuals having contact with children had a tuberculin clearance as required by AMC 16.55.100.D.15.d.
 - 4) **Release Form** – Three of 20 facilities had not submitted their clearance for licensing/release form for all employees. AMC 16.55.250.E.3 requires that this form be submitted.
 - 5) **Criminal Justice Information Reports** – Seven of 20 facilities did not provide criminal justice information reports for all employees. For example, at one facility five staff members had not submitted the report and at another facility the administrator had not submitted her own report. AMC 16.55.250.E.1 states that, “*Except for an occasional non-caregiver staff member, each individual shall submit a report to an administrator containing criminal justice information at the level available to an interested person under state law.*”

6) Fingerprint Card – Six of 20 facility files did not have a fingerprint card report completed for all employees. For example, Section staff did not ensure that fingerprint cards were submitted for 7 of 19 staff at one facility. In another case, fingerprint cards were rejected by the Federal Bureau of Investigation and new fingerprint cards were requested in April 2008. However, as of October 2008 new fingerprint cards had not been submitted. A fingerprint card report is important to help staff identify individuals who should not be working with children. AMC 16.55.250.E.2 requires that fingerprint cards be submitted so that a report can be processed.

b. Recommendation. The Section Manager should ensure that a child care license is issued or renewed only after all documents have been received evidencing compliance with AMC 16.55 requirements.

c. Management Comments. “Management Comments: Concur”

1) Business License – “Child and adult Care (CAC) licensing specialists currently verify business licenses for providers via the State of Alaska website; this practice will be changed to require a hard copy of the current business license to be available for review in each provider file.”

2) Annual Training – “CAC currently follows the State of Alaska practice of accepting training documented by the local Resource and Referral agency, Child Care Connection (CCC). CAC Program Manager will submit a request to CCC to include more comprehensive documentation on their form. In addition, the State of Alaska is moving towards the adoption of an official registry system for all early childcare professionals; this system will provide a standardized method of recording all training taken by providers. CAC’s Program Manager is an active participant in the development of that system.”

3) Tuberculin Clearance – “The intent of the language contained in AMC 16.55.100.D.15.d was to follow the change in the State of Alaska childcare code which no longer requires tuberculin clearance for providers. Based on this language, the

current policy of CAC is to not require TB clearance unless a facility requires it in their own personnel policies. This language is corrected in proposed code revision language.”

4) Release Form – “All provider files are being reviewed for required forms as they are migrated to the recently established centralized file system; any missing documentation will be requested. It is possible that individuals that were employed prior to this code requirement and remained continuously employed do not have this document.”

5) Criminal Justice Information Reports – “All provider files are being reviewed for required forms as they are migrated to the recently established centralized file system; any missing documentation will be requested. It is possible that individuals that were employed prior to this code requirement and remained continuously employed do not have this report.”

6) Fingerprint Card – “All provider files are being reviewed for required forms as they are migrated to the recently established centralized file system; any missing documentation will be requested.”

d. Evaluation of Management Comments. Management comments were responsive to the audit finding and recommendation.

2. Complaints Not Resolved Timely.

a. Finding. Complaints filed against child care facilities were not always resolved in a timely manner. We found 153 complaints dating back to 2006 that still had not been closed or fully resolved. Specifically, 22% of center and 15% of home facility complaints from 2006 were still open; 32% of center and 32% of home facility complaints from 2007 were still open; and 56% of center and 43% of home facility complaints for January through August, 2008 were still open. AMC 16.55.130 requires the Department of Health and Human Services to investigate all complaints unless they reasonably conclude the complaint is not relevant to the chapter.

- b. **Recommendation.** The Section Manager should ensure that complaints are investigated and resolved in a timely manner.
- c. **Management Comments.** “Management Comments: Concur. CAC is implementing internal policies that will insure all complaints are resolved within 30 days of receipt. CAC has prioritized closing all previously received complaints. Full correction of this finding is anticipated to be complete by April 2009.”

“It should be noted that “closing” a complaint is the last step in a process which includes investigation and resolution. “Not closed” should not be interpreted to mean unaddressed, uninvestigated, or unresolved.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **AMC Outdated.**

- a. **Finding.** AMC 16.55 had not been revised to comply with State statute. According to the State grant, *“If the state changes their regulations or statutes, the MOA must meet or exceed the state’s regulations or statutes within 18 months of the effective date of the change, unless an extension of this timeframe is approved in writing by the state.”* The State adopted revised child care licensing statutes that became effective on June 23, 2006. Therefore, the AMC should have been revised by December 23, 2007. Although Section management stated they had received verbal approval that extended the deadline, they were unable to provide any official written notice granting a deadline extension.
- b. **Recommendation.** The Director of the Department of Health and Human Services should ensure that AMC 16.55 is revised to comply with State statute.
- c. **Management Comments.** “Management Comments: Concur. AMC 16.55 has not been revised to comply with state statute. CAC remains in continual contact with the State of Alaska CCPO Management team to review AMC 16.55 code language. CAC has also participated in trainings offered by the CCPO to ensure understanding of the intent of the

current State childcare code. CAC has completed a proposed code revision document. A written response from State of Alaska acknowledging that the Municipality of Anchorage is making adequate progress toward compliance is available.”

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

4. **Polices and Procedures Not Complete.**

- a. **Finding.** The Section’s policies and procedures manual was incomplete and outdated and did not properly reflect current business practices. According to Section staff, the manual had been pieced together over the past years, but never fully completed. The procedures were vague and needed to have more step-by-step details. Essentially they were just a restatement of AMC 16.55. For example, other than citing AMC, the manual did not clearly address initial licensing, license renewals, inspections, background checks, complaint processing, and file maintenance practices. As a result, there was no consistency of how each staff member performed, maintained, and managed the child care licensing, inspection, and complaint processing.

According to the 2008 grant,

“The MOA must:...Develop, maintain, and adhere to policies and procedures regarding:

- *Confidentiality*
- *Organization of child care provider files*
- *Ensuring access to program services, including office hours, public telephone listings*
- *Licensing and monitoring child care providers*
- *Investigating complaints or concerns*
- *Enforcement actions including timely notices and rights to due process*
- *Conducting hearings.”*

- b. **Recommendation.** The Section Manager should develop and finalize a standardized, current policies and procedures manual for Section staff.
- c. **Management Comments.** “Management Comments: Concur. In conjunction with the basic restructuring of the internal duties of all licensing specialists, CAC has implemented an active cross-training process. An integral component of this process was the formation of an internal standardization committee charged with analyzing all aspects of current practice and code interpretations. This committee has already completed work on numerous essential policies and will continue to develop policies and procedures structured to provide the required consistent implementation of AMC 16.55.”
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials.

Audit Staff:
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