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**Department of Early Learning (DEL)**

**Agency: 357**

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**Audit Report:** 2011 F

**Finding Number:** 016

**Finding:** The Department of Early Learning did not comply with time and effort requirements for its Special Education Grants for Infants and Families for the Early Support for Infants and Toddlers Program.

**Resolution:** The Department acknowledges that two payroll certifications (for one employee) out of the entire Early Support for Infants and Toddlers (ESIT) program were not obtained. After this was discovered, the Department contacted the employee who responded that 100 percent of his time was devoted to the work funded under the Special Education Grant. However, this retroactive certification was not allowed by the auditor.

This specific employee completed a certificate for every period while the program was at the Department of Social and Health Services. However, when the program transferred to the Department of Early Learning, the follow through did not occur and his certificates were never received by the fiscal manager. This was a clear indication that the Department needed to tighten up its process for ensuring a certificate is completed for all the ESIT staff.

Steps have already been taken to ensure this does not happen again. The ESIT fiscal program manager implemented the following procedures:

- Developed a certification tracking grid containing a list of ESIT program staff and ESIT information technology (IT) staff.
- Scanned and electronically stored all certificates.
- Delivered original hard copy certificates to the Fiscal Office for recording and filing.

The Department will continue to use the tracking grid as a checklist to ensure that all certificates are obtained from ESIT program staff and ESIT IT staff.

The U.S. Department of Education is not requiring the Department to pay back the questioned costs.

**Agency Contact:** Linda Shea  
Department of Early Learning  
PO Box 40970  
Olympia WA 98504-0970  
(360) 725-4920  
linda.shea@del.wa.gov

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**Department of Early Learning (DEL)**

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**Agency: 357**

**Audit Report:** 2011 F

**Finding Number:** 023

**Finding:** The Department of Early Learning and the Department of Social and Health Services do not have adequate internal controls over direct payments to child care providers.

**Resolution:** As reported in past audit reports, the Department of Early Learning (DEL) and the Department of Social and Health Services (DSHS) have taken steps to improve control over child care payments, such as increasing communications to the public on fraud-reporting options and researching options for a new electronic attendance tracking system. DEL and DSHS' Office of Fraud and Accountability have been working closely on payment and fraud related issues. Electronic attendance as a project was formally funded by the Legislature beginning July 2012 and is anticipated to go live no later than July 2015.

The agencies implemented or will implement additional measures as follows:

- In January 2012, DEL added five new staff specifically to audit child care subsidy payments by comparing subsidy child care provider billings with attendance records. DEL is seeking budgetary authority to expand this to 10 full time equivalents (FTEs) by using federal Child Care Development Block grant money to fund the additional five FTEs.
- DEL auditors expand the audit scope when they identify a child care provider that billed incorrectly. Providers are randomly selected for audit and include high billing providers from all three types: centers, family homes, and license exempt providers. This is an ongoing activity. Results of audits and subsequent expanded audits for July-October 2011 include over \$420,000 in identified overpayments.
- In accordance with the terms of the collective bargaining agreement with Service Employees International Union 925, DEL contracts with a third party to provide training on subsidy billing to licensed family home and license-exempt providers. Training has been updated to reflect changes in rules in the past several months and is anticipated to be relaunched by early December 2012.
- DEL will also contract with a third party to develop online training for subsidy billing for child care center billing staff. A child care center billing training booklet has been finalized and is available on line.
- DEL continues to work with the third party contractor to complete the training for centers. Upon completion of the family home and license-exempt training, the foundation will be established for the development of the online training for centers.

**Agency Contact:** Alan Siegel  
Department of Social and Health Services  
PO Box 45020  
Olympia WA 98504-5020  
(360) 664-6027  
alan.siegel@dshs.wa.gov

State of Washington

**Status of Resolution of Audit Findings**

December 2012

Linda Shea  
Department of Early Learning  
PO Box 40970  
Olympia WA 98504-0970  
(360) 725-4920  
linda.shea@del.wa.gov