
Department of Early Learning (DEL)

Agency: 357

Audit Report: 2012 F

Finding Number: 028

Finding: The Department of Early Learning does not have adequate internal controls over direct payments to child care providers.

Resolution: The Department contracted with an independent consultant to review the eligibility system and make recommendations for improvement. The Department and the Department of Social and Health Services (DSHS) developed an action plan to implement the recommendations.

As of September 2013, the following actions have been taken:

- Improved eligibility worker training to better understand the Department's mission.
- Simplified policies that would benefit families and DSHS staff.

The Department continues to coordinate with DSHS to make system improvements so that eligibility workers are able to accurately determine eligibility. System improvements include recommended policy changes to allow more flexibility in verifications, improved case management, updated procedure manuals, and more clarity in rules.

The Department has also hired five more auditors (in addition to the five hired in January 2012) to specifically audit child care subsidy payments by comparing subsidy child care provider billings with attendance records. Around 500 cases are audited per month. For state fiscal year 2012, over \$8.0 million dollars of payments have been audited so far, and \$786,000 of overpayments identified. A desk manual for the audit team has been developed.

The Department audit team works with DSHS auditors, DSHS Office of Fraud and Accountability (OFA), and Health Care Authority to ensure that any audit activities being performed by each are nonduplicative or disruptive to the other agencies' work. All potential fraud activities are referred by the Department to OFA.

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Status of Audit Resolution

December 2013

Department of Early Learning (DEL)

Agency: 357

Audit Report: 2012 F

Finding Number: 029

Finding: The Department of Early Learning did not maintain federally required documentation for \$21,328.61 in payroll costs charged to the Child Care Development Fund.

Resolution: A previous audit performed in February 2012 had already identified an issue with the recording of payroll certifications to support grant costs. The Department implemented a new more formal, closely reviewed process at that time for collecting payroll certifications. The incident cited in this audit occurred prior to these changes. The payroll costs charged to the Child Care Development Fund (CCDF) were valid, as the employee was working half-time on CCDF related activities during this time period. However, the certifications were not completed accurately. The Department is confident the new payroll certification policy and procedure will ensure that all employee salaries and benefits are accurate and supported with the proper documentation.

The Department has notified the appropriate federal regional staff, and is waiting for their response to this finding.

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