

Legislative Audit Division

State of Montana



Report to the Legislature

June 1998

Performance Audit Follow-up

Child Care Certification & Monitoring

Department of Public Health and Human Services

The original report contained nine recommendations for improving program operations. Department officials recently decided to transfer the Child Care Licensing Program from the Child and Family Services Division to the Quality Assurance Division. Final program transfer occurred in January 1998. Follow-up results indicate most of the recommendations made in the audit report are either implemented or being implemented. The program transfer should allow the department to focus its efforts regarding licensing of child care facilities.

Direct comments/inquiries to:
Legislative Audit Division
Room 135, State Capitol
PO Box 201705
Helena MT 59620-1705

97SP-65

PERFORMANCE AUDITS

Performance audits conducted by the Legislative Audit Division are designed to assess state government operations. From the audit work, a determination is made as to whether agencies and programs are accomplishing their purposes, and whether they can do so with greater efficiency and economy. In performing the audit work, the audit staff uses audit standards set forth by the United States General Accounting Office.

Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, computer science, communications, and engineering.

Performance audits are performed at the request of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

MEMBERS OF THE LEGISLATIVE AUDIT COMMITTEE

Senator Linda Nelson, Chair
Senator Sue Bartlett
Senator Reiny Jabs
Senator Tom Keating
Senator Ken Miller
Senator Barry "Spook" Stang

Representative Bruce Simon, Vice Chair
Representative Beverly Barnhart
Representative Ernest Bergsagel
Representative A. R. "Toni" Hagner
Representative Bob Keenan
Representative Robert Pavlovich

LEGISLATIVE AUDIT DIVISION

Scott A. Seecat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

June 1998

The Legislative Audit Committee
of the Montana State Legislature:

This is our follow-up report on the performance audit of Child Care Certification & Monitoring at the Department of Public Health and Human Services. We found most recommendations are either implemented or are being implemented. Summary information from the original report is included as Appendix A.

We wish to express our appreciation to the staff of the department for their cooperation and assistance during our follow-up work.

Respectfully submitted,

Signature on File

Scott A. Seecat
Legislative Auditor

Legislative Audit Division

Performance Audit Follow-up

Child Care Certification & Monitoring

Department of Public Health and Human Services

Members of the audit staff involved in this audit were Jim Nelson and Kent Rice.

Table of Contents

	List of Tables	ii
	Appointed and Administrative Officials	iii
Chapter I - Introduction	Introduction	1
	Program Overview	1
	Follow-up Results	2
Chapter II - Implementation Status	Introduction	3
	Policies and Procedures	3
	Forms and Publications	4
	Current Regulations	5
	Functional Authority	6
	Management Information	6
	Communication	7
	Compliance with Unannounced Inspections	8
	Completion of Annual 20 Percent Inspections	9
	Provisional Certificates	10
Agency Response	Department of Public Health and Human Services	13
Appendix A	1995 Original Audit Report Summary	A-1

List of Tables

<u>Table 1</u>	Recommendation Status	Page 2
----------------	---------------------------------	--------

Appointed and Administrative Officials

**Department of Public
Health and Human Services**

Laurie Ekanger, Director

Denzel Davis, Administrator, Quality Assurance Division

Roy Kemp, Chief, Licensure Bureau

Appointed and Administrative Officials

Chapter I - Introduction

Introduction

We conducted a follow-up review of the performance audit of Child Care Certification & Monitoring at the Department of Public Health and Human Services. The original report (95P-03) contained recommendations related to:

- Changing the process for implementing policies and procedures.
- Evaluating current regulations.
- Defining authority of the central office and regions.
- Developing a plan for on-going staff communication.

Our objective for this follow-up was to determine the implementation status of recommendations made in the December 1995 audit report. To meet our objective we performed the following audit steps:

- Reviewed applicable policies and procedures.
- Examined management controls to identify changes and/or proposed changes.
- Obtained input from program and management personnel.
- Documented legislative changes.
- Reviewed applicable management information.

Our main input from program personnel was obtained through responses to a questionnaire. The questionnaire was designed to obtain input on current operations related to recommendations made in the original audit report. We distributed the questionnaire to all 10 individuals involved with licensing child care facilities. Responses were received from 9 of the 10 licensing personnel.

Program Overview

In 1995, the child care licensing program was transferred from the now defunct Department of Family Services to the Department of Public Health and Human Services (DPHHS). The program operated under the Child and Family Services Division (CFSD). DPHHS officials recently transferred the program to the Licensure Bureau, Quality Assurance Division (QAD). Final program transfer occurred in January 1998.

The child care program operates under a centralized organizational structure. Program personnel are located in various cities throughout Montana and report to a Program Officer in Helena. At the time of our

Chapter I - Introduction

original audit, the program operated under a partially decentralized organization with a five-region structure. This is the first time the program has operated outside the family services environment. The Licensure Bureau within QAD operates under a regulatory philosophy. The transfer should enable program management to increase the focus on regulation of child care facilities.

Follow-up Results

The original audit report included nine recommendations for improving program operations. Even though the transfer of the program created a new operating environment, follow-up results indicate most of the recommendations are implemented or being implemented. A policy manual has been written, and procedures are being reviewed to help ensure consistency and compliance with regulations. Operational plans include regular, ongoing communication among staff, as well as monitoring and analysis of the child care program. Table 1 shows the status of recommendations contained in our report, as determined by our follow-up work.

Implemented	5
Being Implemented	3
Not Implemented	<u>1</u>
Total	<u>9</u>

Source: Compiled by the Legislative Audit Division.

Chapter II discusses the implementation status of each recommendation. The department's response to this follow-up is included after Chapter II. A summary of the original audit report is provided in Appendix A.

Chapter II - Implementation Status

Introduction

The following sections provide information on the implementation status of recommendations made in the original Child Care Certification & Monitoring report. The first six recommendations relate to managing the program. The final three recommendations are associated with compliance with regulations.

Policies and Procedures

During the audit, we noted draft policies and procedures from 1992 had not been implemented. Inconsistencies occurred in the field because of out-dated policies and procedures. As a result, we recommended management change the process for implementing policies and procedures.

Prior Recommendation #1:

- A. *Finalize and implement agreed-upon draft policies and procedures immediately.*

- B. *Change the current process for implementing policies and procedures to include consensus building, time limits, final authority, and workable review sections.*

Implementation Status

This recommendation is implemented. The draft policies from 1992 were finalized in August 1995 and incorporated into the Licensing Policy Manual. Staff received training on child care policies in September 1995. The department only partially concurred with part B. The department contends the untimely implementation identified during the audit was due to unusual circumstances, and it has consistently implemented child care policies in a timely manner since then.

As a result of transferring the child care program to QAD, the policy development process changed. Currently, policies are drafted by Licensure Bureau management. Work groups made up of licensing personnel are established to work out details and develop recommendations for changes to draft policies. Work group results are then discussed in an open forum prior to finalization. The Bureau Chief has final approval authority for policies and procedures.

A new policy manual was created and discussed at a staff meeting in January 1998. Two work groups were established to develop policy

Chapter II - Implementation Status

regarding two separate issues. These policies were to be finalized at the next staff meeting.

Forms and Publications

Not all family resource specialists were using up-to-date forms and current publications at the time of our initial audit. This created a situation where all providers were not measured by the same standards. In addition, provider noncompliance could be disputed when they were not fully informed of current requirements. Our recommendation related to implementing a process for reviewing and updating forms and publications and ensuring use by all staff.

Prior Recommendation #2:

- A. *Establish a system for updating forms and publications by evaluating and implementing alternatives such as use of electronic format and revision of current forms.*
- B. *Ensure all staff receive, use, and distribute current forms and publications.*

Implementation Status

This recommendation is implemented. The department assigned responsibility for department-wide forms tracking to the Internal Support Section of the Operations and Technology Division. This section maintains a database of general information on all department forms. While this section is responsible for some forms revision, it is the responsibility of program personnel to ensure forms are kept up-to-date.

While most of the questionnaire responses indicated forms and publications are updated regularly and obsolete forms are destroyed, there are differences between offices regarding how this is tracked. Bureau management said when forms require changes, a description of the change is submitted to the Internal Support Section to update the database.

Current Regulations

We reviewed files during the prior audit and found limited documentation of provider compliance with regulations. However, missing documentation did not correlate with complaints received. Files with limited documentation of compliance with requirements did not reveal significant negative effects in child care services. Since no negative effects were observed from this finding, we recommended management evaluate regulations to eliminate unnecessary requirements.

Prior Recommendation #3:

- A. *Evaluate current regulations and procedures to eliminate unnecessary child care certification and monitoring requirements.*
- B. *Seek changes to statute, rule, and/or policies and procedures based on results of the evaluation completed in Recommendation #3A.*

Implementation Status

This recommendation is being implemented. Based on work initiated in 1993, the department proposed rule changes on February 10, 1997 which included modifying child/staff ratios, stricter health and safety standards, and mandating ongoing provider training. A public hearing on the proposed rule changes was held March 4, 1997. As a result of the public hearing where numerous concerns were raised concerning the new rules, the department decided to stop the process and re-visit the proposed rule changes.

The child care licensing policies developed for the Licensure Bureau are currently being reviewed. Licensing personnel met in January 1998 to discuss policies. A decision was made at this meeting to treat the policy manual as a “working” document. All licensing personnel will work as a team to finalize the manual. Changes to statute and rule will be addressed on a case-by-case basis as the new program manager gains experience with child care licensing and monitoring. Responses to our questionnaire indicate there may be one or two unnecessary requirements, such as obtaining three personal references annually, and annual re-licensure. The requirements mentioned in the questionnaire were discussed among staff at the January 1998 meeting.

Chapter II - Implementation Status

Functional Authority

During the original audit, the Department of Family Services had a partially decentralized organization. The state was divided into five regions. Each region was responsible for carrying out day-to-day operations. The central office was responsible for compilation and dissemination of child care rules, policies, and procedures. The extent of authority of the central office was not clearly defined. Staff were not aware of who was ultimately responsible for providing necessary direction, so we recommended management define and explain authority to all personnel.

Prior Recommendation #4:

- A. *Clearly define the areas of functional authority of the central office and the regions.*
- B. *Communicate and explain the definition of functional authority to all staff to ensure they are aware of their authority and responsibility.*

Implementation Status

This recommendation is implemented. As a result of the transfer of the child care program to QAD, the organization is now centralized. Licensing personnel are responsible for day-to-day operations, but report directly to the day care program officer located in Helena. The new organization was discussed at the January 1998 meeting and appears to be clear to licensing personnel.

Management Information

During the initial audit, management had not developed a process to compile relevant child care information to evaluate program needs or the success and effectiveness of operations. This type of information is essential to a decision-making network and helps sustain effective control of a program. Administrators need relevant information to properly manage programs, and we recommended they compile this information.

Prior Recommendation #5:

Compile management information which measures program efficiency and effectiveness.

Chapter II - Implementation Status

Implementation Status

This recommendation is not implemented. The department's response to this recommendation indicated it was awaiting implementation of CAPS (Child and Adult Protective Services) system reports. Statewide implementation of CAPS began in March 1996 and concluded in July 1996. Licensing personnel use CAPS to enter information regarding child care licensing activities, such as facility data, inspection dates, and provider contacts. To date, no specific reports have been generated and analyzed to measure program efficiency and effectiveness.

Current program managers plan to monitor and analyze the child care program. Plans include implementation of a performance measurement system which may include time studies to document workload information. However, baseline data is needed to complete the analysis. According to program officials, prior to any analysis, the program will have to operate within the new organization for a significant amount of time to allow for collection of data.

Communication

At the time of the audit there was no scheduled organizational communication, and staff interaction was disjointed. However, the only child care staff meeting held in a two-year period proved to be effective. Staff interaction provides opportunities for discussions of rules, policies, and procedures, and can help assure operational inconsistencies. We recommended management develop a plan for continuing this type of communication on an ongoing basis.

Prior Audit Recommendation #6:

Develop a plan for regular, ongoing communication among staff members.

Implementation Status

This recommendation is being implemented. According to the department's response, this recommendation was completed through licensing standing committees and other bureau meetings. However, child care staff training planned for spring 1997 was never conducted due to planned changes for the program.

Chapter II - Implementation Status

After the child care program was transferred to QAD in January 1998, Licensure Bureau management indicated plans for regular, on-going communication. As mentioned previously, licensing personnel met to discuss the new organization, the new policies and procedures manual, etc.

Observations of this meeting confirmed some of the findings from our original audit, and verified the value and usefulness of planned, periodic communication. During the January meeting, staff discussed ideas and day-to-day activities. Staff agreed to use electronic mail to communicate with one another on an ongoing basis. Another staff meeting was held May 1998.

Compliance with Unannounced Inspections

Laws require the department to make annual unannounced inspections of child care centers. However, during the prior audit we noted most annual inspections of child care centers were announced. Inspections of centers were pre-arranged in order to avoid missing the director. While it appears unannounced inspections are beneficial, our recommendation provided management an option to either enforce the regulation or change the law.

Prior Recommendation #7:

- A. *Adjust its inspection enforcement emphasis to adhere to current law regarding unannounced inspections, or*
- B. *Change the law and rules to reflect its determination that unannounced inspections are not necessary to ensure the safety and well-being of children in child care centers.*

Implementation Status

This recommendation is being implemented. The department indicated in its response to this recommendation it would not seek changes to this law. Instead, central office staff would work with regional personnel to impart the importance of unannounced inspections.

Current program management reiterated the department's intent of not changing the law at the January 1998 staff meeting. However, during this meeting it became apparent inspection procedures used by licensing

staff still vary. Some staff still pre-arrange inspections to avoid “missing” the child care center director. This inconsistency was reiterated in responses to our questionnaire. A work group was formed to address inconsistencies and formulate a policy for discussion at the May meeting. At the January meeting, staff were directed to complete unannounced inspections, then follow up as necessary to complete all required steps. The May meeting was to include a discussion of problems encountered as a result of the change in procedures.

Completion of Annual 20 Percent Inspections

By law, the department is required to inspect at least 20 percent of all registered family and group homes in each region annually. We found inspections of at least 20 percent of the homes in each region were not completed during calendar years 1993 and 1994. The cause of this noncompliance related to the process used to select the 20 percent sample. We recommended a choice between changing the law or modifying the process.

Prior Recommendation #8:

- A. *Seek legislation to amend current statute regarding inspection of 20 percent of all registered homes per region, or*
- B. *Modify the current sample selection process to ensure a 20 percent sample is selected in each region.*

Implementation Status

This recommendation is implemented. In its response to the original audit, the department indicated a different sampling methodology was used to draw the 1996 sample. The same modified sampling method was used for the 1997 sample.

The 20 percent sample was discussed at the January 1998 child care meeting. The group discussed different possibilities for completing these inspections. The program officer plans to select a random sample, but replacements can be selected by licensing personnel. Some licensing personnel have modified procedures for registering homes to include initial inspections. These initial inspections may satisfy the 20 percent requirement. A work group was formed to develop specific policy in this area.

Chapter II - Implementation Status

Provisional Certificates

Statute allows the department to issue provisional certificates if a child care provider does not meet minimum requirements but is attempting to comply. Provisional certificates may be issued for a period of up to three months, with allowance for a second three-month provisional certificate in special circumstances. We reviewed files with provisional certificates and found certificates which exceeded time frames. There was confusion at the regional level regarding time frames, so we recommended an increase in communication.

Prior Recommendation #9:

Communicate to staff current standards regarding provisional certificates.

Implementation Status

This recommendation is implemented. The department indicated law and policy regarding provisional certificates was distributed and discussed with supervisors in January 1996. In addition, an enhancement to CAPS to alert staff of provisional certificate end dates was requested.

Current licensing personnel, via our questionnaire, indicate an awareness of the six-month requirement.

Agency Response

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



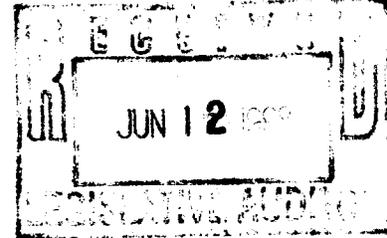
MARC RACICOT
GOVERNOR

LAURIE EKANGER
DIRECTOR

STATE OF MONTANA

PO BOX 4210
HELENA, MONTANA 59604-4210
(406) 444-5622
FAX (406) 444-1970

June 11, 1998



Scott A. Seecat, Legislative Auditor
Legislative Audit Division
Rm. 135, State Capitol Building
P.O. Box 201705
Helena, MT 59620-1705

RE: Child Care Certification & Monitoring
Performance Audit Follow-up

Dear Mr. Seecat,

Thank you for the opportunity to respond to the follow-up performance audit of the Child Care Certification and Monitoring Program. As you are aware, this program has recently been transferred into the Quality Assurance Division. The program transfer should allow the department to focus its efforts regarding the monitoring and licensing of child care facilities thereby improving the program's operations. I am pleased to note that 8 of the 9 proposed recommendations have been found to be implemented. I would like to offer the following response with regards to the Licensure Bureau Day Care Program's **nonimplementation** of Recommendation #5.

Recommendation #5 states: *Compile Management information which measures program efficiency and effectiveness.*

- 1) The day care staff received a full day orientation from the Bench Mark Unit at the recent spring program meeting. The day care staff developed a mission statement, identified goals, and chose several measures to track. The Licensure Bureau will follow up progress with staff bench marking and offer assistance as necessary. The Bench Mark Unit has also made themselves available for consultation and assistance with measures. The day care staff Bench Mark training will be concluded at the Fall day care staff meeting.
- 2) The Licensure Bureau will implement an ongoing time study to track the effectiveness and efficiency of the current day care program staff. I have enclosed the proposed time study format for your review. Day Care staff time studies will be submitted to the central office with

Scott A. Seacat, Legislative Auditor

Page 2

June 11, 1998

the payroll every 2 weeks. The central office Licensing Tech will compile the data on the R-Base data base presently maintained to track Licensure Bureau staff time. Reports can be generated that are task and facility type specific to properly manage the day care program. Orientation for the Day Care workers use of the form and time study has already begun. This system will be implemented by all day care staff on July 1, 1998.

I hope you find the department's response for the implementation of recommendation # 5 acceptable. We look forward to your feedback. If we can be of any further assistance in this matter, please call me or Roy Kemp, Licensure Bureau Chief.

Sincerely,



Laurie Ekanger

Director

Enclosure

cc: Denzel Davis

**Montana Department of Public Health and Human Services
Quality Assurance Division - Licensure Bureau
Day Care Personnel Time Study - Responsibility Centers Numbers**

REVISED June 1, 1998

**Number
Series**

FACILITY TYPES

981500 Licensed Day Care Centers
981600 Registered Group & Family Homes

**RESPONSIBILITY CENTER NUMBERS
NOT FACILITY SPECIFIC**

981520 STAFF MEETING
981521 TRAINING RECEIVED
981526 ANNUAL LEAVE
981527 SICK LEAVE
981528 COMP TIME USED
981529 HOLIDAY

LICENSED DAY CARE CENTERS

981503 SURVEY TIME (IN OFFICE) - CAPS ENTRY INCLUDED
981504 SURVEY TIME (IN FIELD) - ON SITE
981505 SURVEY TIME (TRAVEL)

981506 COMPLAINTS (IN OFFICE) - INTAKE, REVIEW, RESEARCH
981507 COMPLAINTS (IN FIELD) - ON SITE INVESTIGATION
981514 COMPLAINTS (TRAVEL)
981508 LEGAL, RULES, INTERPRETIVE GUIDELINES, POLICY &
PROCEDURE.
981509 NEW PROVIDER INFORMATION - ORIENTATION
981510 ENFORCEMENT
981512 DAY CARE MEETINGS

REGISTERED GROUP & FAMILY HOMES

981603 SURVEY TIME (IN OFFICE) - CAPS ENTRY INCLUDED
981604 SURVEY TIME (IN FIELD) - ON SITE
981605 SURVEY TIME (TRAVEL)

981606 COMPLAINTS (IN OFFICE) - INTAKE, REVIEW, RESEARCH
981607 COMPLAINTS (IN FIELD) - ON SITE INVESTIGATION
981614 COMPLAINTS (TRAVEL)
981608 LEGAL, RULES, INTERPRETIVE GUIDELINES, POLICY &
PROCEDURE.
981609 NEW PROVIDER INFORMATION - ORIENTATION
981610 ENFORCEMENT
981612 DAY CARE MEETINGS

Appendix A

1995 Original Audit Report Summary

Introduction

A performance audit of child care at the Department of Family Services (DFS) was requested by the Legislative Audit Committee. This audit concentrated on the department's certifying and monitoring of child care providers and facilities.

Chapter 546, Laws of 1995, created a new Department of Public Health and Human Services (PHHS). All child care functions within DFS were transferred to PHHS and DFS was abolished.

Background

Two units within the Family Services Program at PHHS have primary child care responsibilities: 1) Program Management, and 2) Regional Administration. The Program Management Unit, located in Helena, provides program management, administrative services, technical assistance, and training for regional personnel.

The Regional Administration Unit consists of five regions throughout Montana. Regional responsibilities include administration, management, and supervision necessary to ensure program requirements are met. Family resource specialists (FRS), FRS supervisors, regional administrators, and administrative support personnel are responsible for certifying and monitoring child care providers and facilities.

Licensed centers are child care providers which care for 13 or more children. Registered providers are either family or group child care homes. Family homes care for 3 to 6 children, and group homes care for 7 to 12 children. Child/staff ratios for licensed centers are dependant on the ages of the children. The maximum child/staff ratio for registered providers is six-to-one.

The licensing and registering processes begin with receipt of an application to provide child care services. The application is reviewed to ensure all required information is submitted. A criminal background check and child protective services check are completed on the applicant. An inspection of the facility and interviews with personnel are completed at child care centers. Laws do not require the department to inspect family and group homes applying for registration. After

1995 Original Audit Report Summary

completing the application review and inspection where applicable, the FRS makes a decision on the application.

Each license/registration is valid for one year. Laws require the department to inspect child care facilities to ensure minimum standards are being met. The department must make annual unannounced inspections of licensed facilities. Law requires the department to inspect at least 20 percent of all registered facilities in each region annually.

Child Care Regulation in Montana

Legislative Intent Within the Montana Child Care Act is Being Met

There are five areas outlined in the Montana Child Care Act relating to intent. The Act also lists statutory responsibilities for the department. Our audit work determined the department is conducting some activity for each of these responsibilities. By accomplishing these activities, the department is meeting the intent of the Act.

Only a Minimum Level of Protection Provided

Language within the purpose section of the Act may create higher expectations than regulations actually provide. Current child care laws, rules, and policies provide only a minimum level of protection to ensure the safety and well-being of children in care. Most requirements in the Act relate to safety. Quality of child care is not defined in statute nor is quality measured by department personnel. Therefore, the state's certifying and monitoring processes are not intended to ensure the safety and well-being of children, but are intended to provide a minimum level of regulation.

Statutes do not require any state agency to search for unregulated child care facilities. The state must rely on the general public to identify and report facilities providing child care services without a license or registration. Department staff said they believe there are numerous unregulated child care facilities operating throughout Montana.

1995 Original Audit Report Summary

Conclusion: Responsibility for Children not Removed from Parents

A parent's responsibility for protection is not removed when children are in child care regulated by the state. Regulatory activities conducted by the department do not supplant parental care. It is up to the parents of children in care to determine whether a facility will provide all needs of their children.

Although the department is in compliance with the overall language within statute, improvements in program operations could be made. Audit findings relate to specific program weaknesses which do not significantly affect the overall protection of children in child care.

Managing the Program

A program should be designed to ensure everyone knows who is responsible for what tasks, how these tasks are performed, and how to analyze program results. It should minimize confusion and clarify assignments. We believe improvements could be made by the department in managing the child care program.

Outdated Policies and Procedures

Policies and procedures for child care certification and monitoring are out-of-date. An updated draft version of these policies and procedures was circulated for comment in 1992; however, this draft was not yet finalized at the time of completion of our audit.

The process used by the department for establishing and changing policies and procedures has been untimely. Lack of established time frames for reaching consensus promotes inefficiencies. There is no incentive for efficient review if staff are not directed by time frames. Also, if consensus cannot be reached, no one takes responsibility for resolving the situation by making a final decision.

We believe the department should change its process for updating policies and procedures. The department should establish a process for reaching consensus on proposed changes. A person with authority for resolution must be designated to resolve issues when consensus cannot be achieved. Management should also separate proposed changes into smaller, more workable sections. Implementation should be completed immediately after approval of each section.

1995 Original Audit Report Summary

Use of Outdated Forms and Publications is Occurring

Not all family resource specialists use up-to-date checklists to document provider compliance with regulations. Also, some specialists distribute out-dated fire safety rules and child care rules and publications to providers and parents.

Because regional staff are not using current checklists, not all providers are measured by the same standards. Also, if self-certifying providers are not fully informed of current requirements, noncompliance could be disputed. It is contradictory to expect compliance when out-dated materials are distributed.

Management should implement a process for periodically updating forms and publications which is conducive to change. Management should also consider the need for certain publications. Finally, management needs to implement a process for ensuring regional personnel use current forms and publications.

Current Regulations May Contain Excessive Requirements

Our audit work indicates limited documentation of providers compliance with regulations exists within department files. Regional staff make individual decisions as to how often a procedure is necessary and what type of documentation is needed. The result is inconsistency in completion of requirements, including verification procedures.

Lack of compliance with requirements did not reveal significant negative effects in child care services. Missing documentation did not appear to correlate with complaints received about child care facilities.

Program personnel have not reviewed requirements to determine whether each procedure and all paperwork is necessary for protecting children in child care. There is no process in place to periodically review statute, rule, and policy to ensure what is required is essential. We believe some of the current requirements may not be necessary or cost effective. Management should evaluate regulations and procedures to eliminate unnecessary requirements.

1995 Original Audit Report Summary

Functional Authority of Family Services Staff not Clearly Defined

It is imperative management define the exact nature of functional authority for child care and spell out the delegation of this authority to staff. Centralized authority over policies and procedures is needed to ensure consistency in major practices at the regional level. Functional authority should at the same time be carefully restricted so regional administrators can still effectively direct operations.

The program operates as a partially decentralized organization. The extent of the functional authority of the central office is not clearly defined, thus regional staff do not understand their overall authority. Staff are not aware of who is ultimately responsible for providing necessary direction. The unclear functional authority is creating confusion and inconsistencies. Individual responsibility and authority needs to be defined and explained to all staff.

Family Services Should Compile Relevant Management Information

Management does not compile information to evaluate program needs or the success and effectiveness of child care operations. A limited amount of management information is compiled, yet this information may not be properly utilized. Management information is essential to a decision-making network and helps maintain effective control.

Management has not developed a process to compile relevant child care information. Best management practices indicate a need for management information in order to track program success and effectiveness. If department administrators want to properly manage programs, they need relevant information to analyze efficiency and effectiveness.

Planned Communication Between Central Office and Regional Staff is Necessary

Communication is a critical element of sufficient control. Department interaction has been disjointed. There are no planned, periodic methods of communication. A process for collectively informing personnel of on-going issues provides an effective method of ensuring consistency.

Interactions between child care staff have traditionally been tied to some type of specific training. Management said the training budget is restricted, potentially limiting future staff interactions. Due to decentralization, staff meetings can be difficult to arrange. We believe

1995 Original Audit Report Summary

the value of staff meetings outweighs potential difficulties. Program managers should develop a plan for regular, on-going communication among staff members.

Compliance

Audit standards require reporting of noncompliance issues related to objectives. We identified several instances of noncompliance with statutes and rule.

Most Inspections of Child Care Centers are Announced

Most annual inspections of child care centers are announced. Section 52-2-733(4), MCA, requires the department to make annual unannounced inspections of centers. National standards recommend at least one annual unannounced inspection to each center. In most locations, family resource specialists said they pre-arrange child care center inspections in order to avoid "missing" the directors.

Unannounced inspections of centers are required by law and rule. The child care program is a regulatory program, so personnel need an enforcement philosophy. We recommend management adjust its inspection enforcement emphasis to adhere to law, or change the law and rule to reflect its determination that unannounced inspections are not necessary.

Annual 20 percent Inspections of Family and Group Homes are not Completed in Each Region

Program personnel did not complete inspections of at least 20 percent of family and group homes in each region during calendar years 1993 and 1994. Section 52-2-733(3), MCA, and section 11.14.109(3), ARM, require the department to inspect at least 20 percent of all registered homes in each region annually.

Inspections of registered homes were completed during 1993 and 1994, but the number of inspections completed per region did not comply with regulations. Central office staff select a 20 percent sample of registered homes based on state-wide numbers; however, this process does not ensure compliance with regulations. Management has two options: 1) change regulations to allow a state-wide selection; or 2) change the current process and select samples for each region.

1995 Original Audit Report Summary

Provisional Certificates are Exceeding Required Time Frames

Of the files reviewed with provisional certificates, 20 percent had certificates which exceeded time frames within statute and rule. Section 52-2-724, MCA, states provisional certificates can be issued for a period of time not to exceed six months. Section 11.14.105(4), ARM, further specifies a provisional certificate may be issued for a period of up to three months, with an option for a second three month certificate to be issued in special circumstances.

There is confusion at the regional level in understanding provisional certificate requirements. We recommend program management communicate to staff current standards regarding provisional certificates.