

INTERNAL AUDIT REPORT

2024-08

Child Care Licensing Program

Anchorage Health Department

December 17, 2024

MUNICIPALITY OF ANCHORAGE
Office of Internal Audit
632 W 6th Avenue, Suite 710
P.O. Box 196650
Anchorage, Alaska 99519-6650
www.muni.org/departments/internal_audit



OFFICE OF INTERNAL AUDIT
Alden Thern
Director
Phone: (907) 343-4438

E-Mail: alden.p.thern@anchorageak.gov



MUNICIPALITY OF ANCHORAGE
MAYOR SUZANNE LAFRANCE

OFFICE OF INTERNAL AUDIT

December 17, 2024

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review the **Internal Audit Report 2024-08, Child Care Licensing Program Review, Anchorage Health Department**. A summary of the report is presented below.

In accordance with the 2024 Audit Plan, we performed an audit of the Anchorage Health Department's Child Care Licensing Program. The objective of this audit was to determine if child care facilities are properly licensed and inspected for safe operation. Specifically, we reviewed samples of selected license applications, approved in fiscal year 2024, to determine if applications were properly processed. In addition, we also reviewed a sample of selected facility inspections and staff background checks. Moreover, we reviewed all complaint investigation files for the fiscal year 2024. Finally, we reviewed fiscal year 2024 program and fiscal reports to determine if they were submitted on time and complied with the grant agreement.

Overall, based on our review, the Anchorage Health Department's Child Care Licensing Program licensed and inspected child care facilities for safe operation. However, our review identified some areas for improvements. Specifically, we found that facility inspection report due date requirements were not always met by Child Care Licensing Program staff, and investigations for complaints filed against child care facilities were not always completed in a timely manner. In addition, Child Care Licensing Program staff did not always provide the correct due dates for biennial license application packets to child care facilities, and applications for licenses were not always processed by Child Care Licensing Program staff as required. Finally, our review found that some requirements in the State of Alaska Child Care Licensing Policies and Procedures Manual for scheduling inspections appeared unobtainable.

There were five findings in connection with this audit. Management comments were responsive to each audit finding and recommendation.

Alden P. Thern

Director, Internal Audit



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Internal Audit Report 2024-08
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Introduction. In fiscal year 2024, the Anchorage Health Department (Department) received a \$1,674,661 grant from the State of Alaska's Division of Public Assistance (State) to administer the Child Care Licensing Program (Program). The grant agreement requires the Program to adhere to the State of Alaska Child Care Licensing Policies and Procedures Manual (Manual) for enforcing licensing standards and investigating concerns and violations. As part of the licensing process, Program staff review required application forms and documentation, conduct facility licensing inspections and issue reports, review facility management qualifications, and coordinate staff background checks. Program staff also conduct announced and unannounced facility inspections throughout the year and investigate complaints for child care facilities. Facility information is kept in physical files and entered in a State maintained database. As of August 2024, there were 188 licensed child care facilities in the Municipality of Anchorage.

Objective and Scope. The objective of the audit was to determine if child care facilities are properly licensed and inspected for safe operation. Specifically, we reviewed samples of selected license applications, approved in fiscal year 2024, to determine if applications were properly processed. In addition, we also reviewed a sample of selected facility inspections and staff background checks. Moreover, we reviewed all complaint investigation files for the fiscal year 2024. Finally, we reviewed fiscal year 2024 program and fiscal reports to determine if they were submitted on time and complied with the grant agreement.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Overall Evaluation. Generally, the AHD’s Child Care Licensing Program licensed and inspected child care facilities for safe operation. However, our review identified some areas for improvements. Specifically, we found that facility inspection report due date requirements were not always met by Program staff, and investigations for complaints filed against child care facilities were not always completed in a timely manner. In addition, Program staff did not always provide the correct due dates for biennial license application packets to child care facilities, and applications for licenses were not always processed by Program staff as required. Finally, our review found that some requirements in the State of Alaska Child Care Licensing Policies and Procedures Manual for scheduling inspections appeared unobtainable.

FINDINGS AND RECOMMENDATIONS

1. **Facility Inspection Report Due Date Requirements Not Always Met.**

a. **Finding.** Facility inspection report due date requirements were not always met by Program staff. Specifically, during our review we found the following:

- *Biennial License Inspection Reports Not Always Issued in a Timely Manner -* During our review of selected biennial license applications, we found 2 of 24 (8%) of biennial inspection reports were not issued within 10 business days of the inspection as required. The State of Alaska Child Care Licensing Policies and Procedures Manual states that, “Upon returning from the on-site inspection, the CCLS will within ten (10) business days of the completion of the on-site inspection: 1. Complete the *Report of Inspection* or *Report of Inspection/Notice of Violation...*”
- *Inspection Reports Not Always Completed in a Timely Manner -* During our review of selected child care facility inspections conducted by Program staff, we found that 28 of 47 (60%) inspection reports either were not completed by Program staff, not approved by a supervisor, and/or not issued to child care

facilities according to the due dates outlined in the Manual. For example, Program staff conducted a facility inspection on June 5, 2024, completed an inspection report with notice of violations on June 24, 2024, and the report was issued on June 25, 2024. However, according to the Manual, the inspection report should have been completed by June 12, 2024, 5 business days from date of inspection, and the report issued by June 14, 2024, 7 business days from date of inspection.

- *Plans of Correction Not Always Received by Required Due Date* – During our reviews of complaint investigations, selected biennial license application inspections, and selected facility inspections, we found that 21 of 151 (14%) inspection reports did not receive the required plan of correction by the due date specified in the inspection report, and we found no evidence that a due date extension had been requested or granted. For example, a plan of correction was due on October 17, 2023. However, it was received on November 1, 2023, 11 business days past the due date. The State of Alaska Child Care Licensing Policies and Procedures Manual states that, “When a *POC* [Plan of Correction] was required for a licensed child care facility, it must be submitted within the timeframe identified in the *POC* unless the CCLS [Child Care Licensing Specialist] has approved additional time. If additional time was granted, it must be documented in a case note...”

- Recommendation.** The Director of the Anchorage Health Department should direct the Program Supervisor to ensure facility inspection report due dates are met.
- Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Program Supervisor to ensure facility inspections report due dates are met. CCL is now utilizing an “end of Month” (EOM) spreadsheet to track dates and data. The EOM spreadsheet is reviewed by two staff members, and an email system has been

created with specific subject lines to sort items and actions. A training refresher was held regarding the importance of documenting any delays or extensions and where this documentation should be housed.”

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

2. **Complaint Investigations Not Always Completed in a Timely Manner.**

- a. **Finding.** Investigations for complaints filed against child care facilities were not always completed in a timely manner. Specifically, during a review of complaints received by Program staff for the fiscal year 2024, we found that 8 of 80 (10%) complaint investigations were not completed within due dates outlined in the Manual. For example, a designated Priority 1 complaint had been received on August 3, 2023. However, the investigation was completed by Program staff on December 26, 2023, and submitted/approved by a supervisor on September 25, 2024. According to the Manual, the complaint investigation with a Priority 1 designation should have been completed by August 31, 2023, within 20 business days of receipt of complaint, submitted to a supervisor by September 8, 2023, within 25 business days of receipt of complaint, and approved by a supervisor by September 15, 2023, within 30 business days of receipt of complaint. The State of Alaska Child Care Licensing Policies and Procedures Manual states that, “All complaints are assigned a priority level based on the severity and immediacy of alleged harm to children in care.” In addition, the Manual also states that “Documentation includes the hard copy child care facility licensing binder and investigation file contents, and information received either verbally or in writing entered into the Integrated Child Care Information System (ICCIS) to support hard copy documentation.” Moreover, the Manual allows the Program Supervisor to extend the maximum due dates allowed for the investigations. However, we did not find any evidence that extensions were requested or granted.

- b. **Recommendation.** The Director of the Anchorage Health Department should direct the Program Supervisor to ensure complaint investigations are completed in a timely manner.

 - c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Program Supervisor to ensure complaint investigations are completed in a timely manner. A training refresher was held regarding the importance of completing investigations in a timely manner in accordance with the State’s P&P Manual, which included a reminder of where the documentation of any delays or extensions are located. CCL is working with their State liaison on proposed changes to the State’s P&P Manual to update due dates and timelines.”

 - d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.
3. **Incorrect Application Due Dates Provided by Program Staff.**
- a. **Finding.** Child Care Licensing Program staff did not always provide the correct due dates for biennial license application packets to child care facilities. Specifically, during our review of selected biennial license applications, we found that 5 of 24 (21%) biennial license application packets provided by Program staff to facilities did not contain the correct due dates for child care facilities to submit their applications to Program staff. For example, a biennial license application packet was sent to a child care facility on March 1, 2023, with a due date of April 1, 2023. However, the correct due date should have been March 17, 2023, according to the State’s Adverse Action calendar. The State of Alaska Child Care Licensing Policies and Procedures Manual states that, “The CCLS will: 1. Send an Application for Biennial Child Care License packet, including the *Application for Biennial Child Care License* and the *Report of Change CC95* for the facility to complete the Application for Biennial Child Care

License process, with a due date of fifteen (15) days, using the Adverse Action calendar...”

- b. **Recommendation.** The Director of the Anchorage Health Department should direct the Program Supervisor to ensure accurate application due dates are delivered to child care facilities.

- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Program Supervisor to ensure accurate application due dates are delivered to child care facilities. A training refresher has been held regarding utilization of the State’s adverse action calendar. The EOM spreadsheet aids in ensuring the correct date is chosen and documented. The issue of incorrect application due dates has been further corrected, as the new database auto-generates reminder letters about upcoming due dates.”

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

4. **License Applications Not Always Processed as Required by the Manual.**

- a. **Finding.** Applications for licenses were not always processed by Program staff as required. Specifically, during our review we found the following:
 - *Provisional License Applications Not Always Properly Approved as Complete -* Our review of selected provisional license applications for a new applicant, change of facility ownership, moving physical facility locations, change in type of facility, or enforcement action for a violation, found that 4 of 7 (57%) were submitted to Program staff after due dates. However, Program staff processed them as complete. For example, Program staff determined an application to be

incomplete on March 15, 2024, for lacking fire inspection, insurance, and the required licensing fee. Child Care Licensing Program staff sent an incomplete letter outlining missing application requirements to the facility with a due date of April 3, 2024. However, they did not receive the complete application submission until May 16, 2024, with no evidence that a due date extension had been requested or granted. The State of Alaska Child Care Licensing Policies and Procedures Manual states that, “The CCLS will place a copy of the letter, application, and all supporting documentation under each applicable tab in the facility’s licensing binder.” The Manual also states that, “If the information requested in the *Incomplete Application Letter* is not received by the requested due date or the applicant has not contacted the Child Care Licensing Specialist (CCLS) to request an extension of the due date, the application is deemed incomplete.”

- *Biennial License Applications Processed Without Collecting License Fee* - During our review of selected biennial license applications for existing facilities, we found that 23 of 24 (96%) had been processed as complete without collecting the annual license fee as required by the Manual. For example, an application was received on March 22, 2023, and processed as complete on March 29, 2023, but the license renewal fee was not received until May 4, 2023, 36 days after the application was marked complete. The State of Alaska Child Care Licensing Policies and Procedures Manual states that, “Within ten (10) business days of the date stamped received date on the application based upon the Adverse Action Calendar, the Child Care Licensing Specialist (CCLS) will review each of the following sections of the *Application for Biennial Child Care License* packet for completeness...3. *Child Care Facility Invoice* (MOA Only): Ensure the *Child Care Facility Invoice* was sent and the annual license fee has been submitted.” In addition, we found that 21 of 24 (88%) biennial applications were either not processed by Program staff or approved by a supervisor by due dates specified in the Manual.

- b. **Recommendation.** The Director of the Anchorage Health Department should direct the Program Supervisor to ensure license applications are processed as required.

- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Director of the Anchorage Health Department should direct the Program Supervisor to ensure license applications are processed as required. A training refresher was held regarding the importance of documenting any delays or extensions and included a reminder of where documentation of any delays or extensions should be housed. CCL will be working the with State liaison and MOA leadership to consider removing the requirement to collect licensing fees.”

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

5. **Some Scheduling Requirements for Inspections Appeared Unobtainable.**

- a. **Finding.** Some requirements for scheduling inspections appeared unobtainable. As a result, 100% of selected biennial inspections were not scheduled within 30 days of receipt of complete reviewed application and within 60 days of license expiration as required by the Manual. For example, a biennial license application was reviewed as complete on March 13, 2023, and an inspection was scheduled for April 18, 2023, 36 days past the date of the reviewed application, and 73 days from the license expiration date of June 30, 2023. However, even if the inspection had been scheduled for April 12, 2023, 30 days from the date of the reviewed complete application as required, the inspection would still be scheduled 79 days from the license expiration date and still not within compliance with Manual requirements. According to Program management, Program staff are reliant on facility application submission dates to determine processing and scheduling dates for inspections; however, they are only able to schedule inspections within the one requirement of within 30 days of receipt of

complete reviewed application or the other requirement of within 60 days of license expiration. Child Care Licensing Program management acknowledged the problem with scheduling existed. However, it appears that there was no effort to change the Manual.

- b. **Recommendation.** The Child Care Licensing Program Supervisor should work with the State to review and revise unobtainable inspection scheduling requirements.

- c. **Management Comments.** Management stated, “Management concurs with the finding and recommendation that the Child Care Licensing Program Supervisor should work with the State to review and revise unobtainable inspection scheduling requirements. CCL is working with their State liaison on proposed changes to the verbiage currently written in the State’s P&P Manual to ensure that inspection scheduling requirements can be attainable.”

- 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 on December 2, 2024.

Audit Staff:
Dalton Benson