

<b>Agency Name</b>	DHHS
<b>Audit Name</b>	Child Care Licensing Unit Performance Audit
<b>Audit Period</b>	State FY 18-21
<b>Status Report Date</b>	03/18/2022

Summary of Audit Observations/Findings					
Number	Observation Title	Status [place X in status column]			
		Unresolved	Partially Resolved	Substantially Resolved	Fully Resolved
1	Take Action Before Six-month Permits Expire			X	
2	Improve Procedures To Ensure Programs File Renewal Applications Timely		X		
3	Ensure Compliance With License Renewal Time Limits		X		
4	Ensure Violations Of Non-critical Rules Are Corrected Timely			X	
5	Implement A Formal Process For Tracking When CAPs Are Due		X		
6	Improve Criminal Background Check Process		X		
7	Finalize And Implement A Standardized Tool For Conducting Visits		X		
8	Ensure Management Data Are Adequate For Decision-making		X		

**Observation 1: Take Action before Six-month Permits Expire**

**Summary of Finding:** New child care programs were issued a six-month permit before being granted a full license, which could be extended by the CCLU under certain circumstances. However, the CCLU did not always extend the permit or issue a full license before the permit expired. As a result, child care programs may have been operating without a valid license or permit. According to child care programs that responded to our survey, those without a current license faced the potential loss of insurance coverage or financial assistance.

**Current Status:** Substantially resolved. Licensing coordinators have been provided instruction on scheduling inspections no later than 2 months before the permit expires to ensure the process can be completed and the full license can be issued. When the full license is unable to be issued prior to the permit expiring, staff have been reminded to ensure the permit is extended prior to expiration. We have reports in a database which show when permits are expiring, and field staff and supervisors have been reminded to review them for expiration dates. The next step is to formalize this process in writing including a process for quality assurance review.

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**Observation 2: Improve Procedures To Ensure Programs File Renewal Applications Timely**

**Summary of Finding:** Some child care programs that did not file their renewal application timely may have been operating without a valid license. According to State law and CCLU rules, if the renewal application was timely filed, a child care license would not expire until the CCLU took action on the application. However, the CCLU used a definition of “timely” that appeared to be more permissive than that allowed by both statute and rule. Using a different definition of “timely” did not appear to create a problem if the CCLU renewed the license before the existing one expired. However, if the CCLU did not, the program was technically operating without a valid license until a renewal license was issued.

**Current Status:** Partially Resolved. The CCLU is conferring with legal counsel and reviewing what statute or rule changes may be required. The CCLU has communicated to licensing staff the necessity of acting on renewal applications so the license is issued within 60 days, and prior to the license expiration. The CCLU is reviewing our policies on when programs are cited for late applications and other possible sanctions. The next step is to formalize this process in writing including a process for quality assurance review.

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**Observation 3: Ensure Compliance With License Renewal Time Limits**

**Summary of Finding:** The CCLU did not process license renewal applications within the time limit established in State law. RSA 541-A:29 established general time limits for all agencies to act on applications unless they “conflict with specific time limits provided for by other provisions of law,” in which case the time limits established in those other laws were effective. RSA 170-E governed the

**CCLU's activities; however, it did not establish time limits within which child care applications must be processed; therefore, RSA 541-A applied. Under RSA 541-A:29, II, an agency was required to approve or deny an application within 60 days "after receipt of the application...or of the response to a timely request [for additional information] made by the agency."**

**Current Status: Partially Resolved.** The CCLU has updated in proposed rule revision the change to 60 days for acting on an applications received, and is conferring with legal counsel and reviewing what additional statute or rule changes may be required. The CCLU has communicated to licensing staff the necessity of acting on renewal applications so the license is issued within 60 days, and prior to the license expiration. We have reports in a database which show when licenses are expiring, and field staff and supervisors have been reminded to review them for compliance with expiration dates. The next step is to formalize this process in writing including a process for quality assurance review.

#### **Observation 4: Ensure Violations of Non-critical Rules Are Corrected Timely**

**Summary of Finding: The CCLU did not have a process to ensure child care programs corrected non-critical rule violations within the required 30-day deadline. Additionally, because of a lack of consistency in its rules, the CCLU may have issued licenses contrary to its rules by not ensuring non-critical rule violations included on the SOF were corrected before issuing a license.**

**Current Status: Substantially Resolved.** The CCLU is revising He-C 4002 and the current proposed rule does not differentiate rules as non-critical, therefore a corrective action plan will be required for all citations.

#### **Observation 5: Implement a Formal Process for Tracking When CAPs Are Due**

**Summary of Finding: The CCLU did not have written processes to track and monitor when CAPs were due, nor did it have policies and procedures regarding when follow-up should occur. CCLU rules required programs to submit a written CAP if the LC found a critical rule violation during a visit, unless the violation was corrected during the visit. Rules required programs to submit a CAP within three weeks of when the SOF was sent to the program.**

**Current Status: Partially Resolved.** Licensing staff have been provided instructions on how to use a report to assist with the tracking of due dates for CAPs. Policies and procedures are being developed to ensure timely notifications to programs when their CAPs are overdue.

#### **Observation 6: Improve Criminal Background Check Process**

**Summary of Finding:** The CCLU's background check investigation process could not ensure the consistency of employment eligibility decisions. Although the CCLU had policies requiring staff to automatically make requests for additional information when background check results included certain offenses during specified time periods, it did not have established criteria for how that additional information should be used to make employment eligibility decisions. While we found evidence a supervisor made an employment eligibility determination for each background check investigation we reviewed, we did not find any recorded explanation of the factors considered when making those decisions. Additionally, although child care workers were required to complete background checks and were only eligible for employment if the CCLU had determined that they did not pose a threat to the safety of children, there was no requirement for child care programs to timely notify the CCLU if an employee had been arrested, charged, or convicted of an offense between background checks. This may have created a risk that individuals potentially posing a threat to children were allowed to remain employed with child care programs.

**Current Status: Partially Resolved.** CCLU has experienced supervisors who are charged with reviewing eligibility decisions when there are criminal charges that are not automatic disqualifiers. The criteria in use will be formalized in written policy and procedures. The department is reviewing current statute and rule to determine our authority to request programs notify the department of arrests, charges, or convictions. Current rule only requests this information every 3 years at license renewal.

#### **Observation 7: Finalize and Implement a Standardized Tool for Conducting Visits**

**Summary of Finding:** During the audit period, the CCLU did not have a standardized tool for LCs to use when conducting visits at child care programs. Without a standardized tool, the CCLU could not ensure LCs were consistent in reviewing program compliance with licensing rules at all visits. As a result, there may have been unequal treatment among programs.

**Current Status: Partially Resolved.** CCLU has recognized the need for, and began developing, a monitoring tool prior to the audit, but recognized more research and revisions were needed. CCLU is currently looking at other states' tools to develop a monitoring tool for the proposed rule revision.

#### **Observation 8: Ensure Management Data Are Adequate For Decision-making**

**Summary of Finding:** The CCLU's IT system did not support data collection in a way that allowed management to adequately monitor its activities. To make effective management decisions, address risk, and evaluate performance, an entity needs relevant, accurate, timely, and reliable information. Additionally, management must communicate this information to staff responsible for achieving these objectives as well as managers responsible for monitoring CCLU objectives. The CCLU could not measure efficiency for some processes because it did not have comprehensive data, although it is in the process of implementing a new IT system, which management anticipates will greatly enhance its ability to generate management data.

**Current Status: Partially Resolved.** A new database system is under development which will increase our ability to have meaningful reports to guide our decision making and monitor activities.