

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**SOME ARIZONA CHILD DAYCARE  
CENTERS DID NOT ALWAYS  
COMPLY WITH STATE HEALTH  
AND SAFETY LICENSING  
REQUIREMENTS**

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# *Office of Inspector General*

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## EXECUTIVE SUMMARY

*The three licensed child daycare centers that we reviewed in Arizona did not always comply with applicable State licensing requirements to ensure the health and safety of children.*

### WHY WE DID THIS REVIEW

The Administration for Children and Families provides Federal grants through several programs, including Head Start and the Child Care and Development Fund (CCDF). In a December 2011 report summarizing the results of 24 audits of Head Start grantees, we described multiple health and safety issues that put children at risk. To determine whether similar health and safety risks existed at childcare providers that received CCDF funding, we reviewed three licensed child daycare centers (providers) in Arizona that received CCDF funds for April 2013. We conducted this review in conjunction with our review of 20 family childcare home providers in Arizona (report number A-09-13-01004).

Our objective was to determine whether the Arizona Department of Economic Security's (State lead agency) monitoring ensured that providers that received CCDF funds complied with State licensing requirements related to the health and safety of children.

### BACKGROUND

The CCDF (authorized by the Child Care and Development Block Grant Act and section 418 of the Social Security Act) assists low-income families, families receiving temporary public assistance, and families transitioning from public assistance to obtain child care so that they may work or obtain training or education. Combined funding for the CCDF program for fiscal year 2012, including the block grant's discretionary fund and the CCDF mandatory and matching funds, was approximately \$5.2 billion.

The State lead agency is designated to administer the CCDF program, which helps low-income families in Arizona pay for child care. As part of its overall responsibility for administration, the State lead agency must ensure that the CCDF program complies with the approved plan and all Federal requirements and must monitor programs and services. However, according to the *Child Care and Development Fund Plan for Arizona*, the Arizona Department of Health Services (State licensing agency) is responsible for the licensing of child daycare centers and ensuring compliance with health and safety standards. State law mandates that the State licensing agency conduct unannounced inspections of providers at least once a year.

### WHAT WE FOUND

Although the State licensing agency conducted the required inspections at the three providers that we reviewed, this onsite monitoring did not ensure that each provider complied with one or more State licensing requirements to ensure the health and safety of children. Specifically, all three providers did not comply with requirements related to the physical conditions of daycare centers, two providers did not comply with supervision requirements, one provider did not

comply with transportation requirements, and two providers did not comply with requirements for criminal records checks of employees.

On the basis of our discussion with State licensing agency officials, we determined that the inspectors did not always identify instances of noncompliance because they did not inspect all unlocked rooms that enrolled children could have entered. Also, the State licensing agency did not independently verify providers' employee fingerprint clearance cards with the Arizona Department of Public Safety (DPS) to ensure their validity.

## **WHAT WE RECOMMEND**

We recommend that the State lead agency work with the State licensing agency to:

- ensure through effective monitoring that providers comply with all health and safety requirements,
- inspect all unlocked rooms that are accessible to children to ensure that providers are complying with State health and safety requirements, and
- develop a policy requiring that providers' employee fingerprint clearance cards be independently verified with DPS.

## **STATE LEAD AGENCY COMMENTS**

In written comments on our draft report, the State lead agency concurred with our findings and recommendations and provided information on actions that it planned to take to address our recommendations.

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## INTRODUCTION

### WHY WE DID THIS REVIEW

The Administration for Children and Families (ACF) provides Federal grants through several programs, including Head Start and the Child Care and Development Fund (CCDF). In a December 2011 report summarizing the results of 24 audits of Head Start grantees,<sup>1</sup> we described multiple health and safety issues that put children at risk. To determine whether similar health and safety risks existed at childcare providers that received CCDF funding, we reviewed three licensed child daycare centers<sup>2</sup> (providers) in Arizona that received CCDF funds for April 2013. We conducted this review in conjunction with our review of 20 family childcare home providers in Arizona (report number A-09-13-01004).

### OBJECTIVE

Our objective was to determine whether the Arizona Department of Economic Security's (State lead agency) monitoring ensured that providers that received CCDF funds complied with State licensing requirements related to the health and safety of children.

### BACKGROUND

#### Child Care and Development Fund

The CCDF (authorized by the Child Care and Development Block Grant Act and section 418 of the Social Security Act) assists low-income families, families receiving temporary public assistance, and families transitioning from public assistance to obtain child care so that they may work or obtain training or education. Combined funding for the CCDF program for fiscal year 2012, including the block grant's discretionary fund and the CCDF mandatory and matching funds, was approximately \$5.2 billion.

The Child Care and Development Block Grant Act and implementing Federal regulations require the State to maintain a plan that certifies that the State has requirements in State or local law to protect the health and safety of children. The plan must also certify that procedures are in effect to ensure that childcare providers comply with these requirements (42 U.S.C. §§ 9858c(c)(2)(F) and (G) and 45 CFR §§ 98.15(b)(5) and (6)).

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<sup>1</sup> *Review of 24 Head Start Grantees' Compliance With Health and Safety Requirements* (A-01-11-02503, issued December 12, 2011).

<sup>2</sup> "Child day care center" is defined as a provider licensed or otherwise authorized to provide childcare services for fewer than 24 hours per day per child in a nonresidential setting, unless care in excess of 24 hours is due to the nature of the parent's or parents' work (*Child Care and Development Fund Plan for Arizona FFY [Federal Fiscal Year] 2012–2013* (CCDF plan), § 3.1.1(c)). Child daycare centers provide care, supervision, and guidance for five or more children unrelated to the proprietor, for compensation (Arizona Revised Statutes (A.R.S.), Title 36, chapter 7.1, article 1, §§ 36-881(2) and (3)).



Federal regulations require States to designate a lead agency to administer the CCDF program (45 CFR § 98.10). In addition, Federal regulations state that in retaining overall responsibility for the administration of the program, the lead agency must ensure that the program complies with the approved plan and all Federal requirements and must monitor programs and services (45 CFR §§ 98.11(b)(4) and (6)).

### **Arizona Childcare Services**

The State lead agency is designated to administer the CCDF program, which helps low-income families in Arizona pay for child care. However, according to the CCDF plan, the Arizona Department of Health Services (State licensing agency) is responsible for the licensing of child daycare centers and ensuring compliance with health and safety standards. State law mandates that the State licensing agency conduct unannounced inspections of providers at least once a year (A.R.S., Title 36, chapter 7.1, article 1, § 36-885(B)).

To become a provider, an applicant submits to the State licensing agency a completed, signed application (Arizona Administrative Code (State regulations), § R9-5-201(A)(5)). The application form includes an acknowledgment from the applicant that he or she has read the State licensing regulations and agrees to abide by them. These regulations include requirements related to the physical conditions of child daycare centers, supervision and transportation of children in care, and criminal records checks of providers. Appendix A contains all relevant Federal and State requirements.

### **Related Office of Inspector General Work**

On July 11, 2013, the Office of Inspector General issued to ACF an Early Alert Memorandum Report entitled *License-Exempt Child Care Providers in the Child Care and Development Fund Program* (OEI-07-10-00231). The report concluded that States may and do exempt many types of providers from licensing and that these providers are still required to adhere to Federal health and safety requirements to be eligible for CCDF payments.

### **Child Care Aware of America**

Child Care Aware of America (CCAA)<sup>3</sup> published a 2013 update, *We Can Do Better*, that reviewed and ranked State childcare center regulations and oversight.<sup>4</sup> CCAA stated that effective monitoring policies are important for child safety and provider accountability for compliance with State licensing requirements. CCAA added that making inspection reports public is an important form of consumer education because parents cannot make informed selections among childcare settings unless they have access to compliance information. Otherwise, they assume that a State license is a seal of approval. CCAA also suggested that

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<sup>3</sup> In 2012, the National Association of Child Care Resource and Referral Agencies changed its name to Child Care Aware of America.

<sup>4</sup> CCAA works with more than 600 State and local Childcare Resource and Referral Agencies nationwide. CCAA leads projects that increase the quality and availability of childcare professionals, undertakes research, and advocates childcare policies that positively affect the lives of children and families.

because of the important role that effective monitoring plays in promoting child safety and program compliance with licensing, the number of programs that each licensing inspector monitors needs to be reduced, not increased. CCAA recommended that States increase inspections of providers to at least once a year and reduce the caseload for licensing inspectors to a ratio of 1:50 (1 inspector for 50 cases).

### **Child Care and Development Block Grant Act of 2014**

On November 19, 2014, the Child Care and Development Block Grant Act of 2014<sup>5</sup> reauthorized the CCDF program and improved childcare health, safety, and quality requirements. The law includes a requirement that States' lead agencies perform an initial onsite monitoring visit and at least one annual unannounced onsite visit of providers that have received CCDF subsidies. It also requires training and professional development of the childcare workforce to meet the needs of the children and improve the quality and stability of the workforce. Specifically, it requires lead agencies to establish ongoing provider training.

### **HOW WE CONDUCTED THIS REVIEW**

Of the 896 providers in Arizona that received CCDF funding for April 2013, we selected 3 providers for our review. We based this selection on the consideration of certain factors, including the number of children being served in the geographic area where a provider was located, the amount of the CCDF payments made to the provider for April 2013, the number of CCDF-funded children at the facility, and the length of time since the State licensing agency's last inspection of the provider.

We performed fieldwork at the State lead agency's and State licensing agency's offices in Phoenix, Arizona. In addition, we conducted unannounced site visits at the three providers, located in Avondale, Phoenix, and Tucson, Arizona.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

Appendix B contains details of our audit scope and methodology.

### **FINDINGS**

Although the State licensing agency conducted the required inspections at the three providers that we reviewed, this onsite monitoring did not ensure that each provider complied with one or more State licensing requirements to ensure the health and safety of children. Specifically, all three providers did not comply with requirements related to the physical conditions of daycare centers, two providers did not comply with supervision requirements, one provider did not

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<sup>5</sup> P.L. No. 113-186 (Nov. 19, 2014).

comply with transportation requirements, and two providers did not comply with requirements for criminal records checks of employees.

Appendix C contains photographic examples of providers' noncompliance with physical conditions and transportation requirements. Appendix D shows the number of instances of noncompliance at each provider we reviewed.

## **PROVIDERS DID NOT ALWAYS COMPLY WITH REQUIREMENTS FOR PHYSICAL CONDITIONS**

All three of the providers that we reviewed did not comply with applicable State requirements related to the physical conditions of the child daycare centers to ensure the health and safety of children. Specifically, these providers did not comply with requirements related to protection from potentially hazardous conditions and requirements related to medication.

### **Providers Did Not Comply With Requirements for Protection From Potentially Hazardous Conditions**

The three providers that we reviewed had one or more instances of noncompliance with requirements to protect children from potentially hazardous conditions. Specifically, we found 36 instances of potentially hazardous conditions:

- Facility premises were not free from hazards.
- Facility premises, materials, equipment, and pet habitats were not clean or free from odor.
- Children's clothing was not stored separately from clothing of other children.
- Fire and safety standards were not met.
- Outdoor activity areas did not have an adequate amount of nonhazardous, resilient material.
- Hand sanitizer was accessible to children when not in use.

#### *Facility Premises Were Not Free From Hazards*

At 3 providers, we found 19 instances in which the facility premises were not free from hazards. State regulations require that facility premises, including the buildings, be maintained free from hazards (§ R9-5-501(A)(12)). In addition, State regulations require that all cleaning equipment and supplies, such as mops and mop buckets and substances labeled as toxic or flammable or that have a child warning label and are potentially hazardous to a child, be stored in an area inaccessible to children (§§ R9-5-501(A)(21)(b) and (A)(19)).

Examples of noncompliance included:

- numerous electrical cords that were under the desk in an unlocked office that was accessible to children (Appendix C, photograph 1);
- a rusty metal plate with sharp points that was bolted to the side of the building in the playground and that was accessible to children;
- a hole measuring approximately 22 inches long, 20 inches wide, and 10 inches deep that had been dug in the sand and could have been a tripping hazard; and
- cleaning supplies (Raid, Lysol, and Comet) with child warning labels, placed in a bucket that was stored on the floor of an unlocked laundry room that was accessible to children (Appendix C, photograph 2).

*Facility Premises, Materials, Equipment, and Pet Habitats Were Not Clean or Free From Odor*

At two providers, we found six instances in which the facility premises, materials, equipment, and pet habitats were not clean or free from odor. State regulations require that facility premises and furnishings be maintained in a clean condition and free from odor (§ R9-5-512(B)). In addition, State regulations require that toys, materials, equipment, and pet habitats be maintained in a clean condition (§ R9-5-512(F)(7) and § R9-5-513(B)(1)).

Examples of noncompliance included:

- children's sleeping mats, with sheets already on them, stored in the children's bathroom on a table next to the toilet (Appendix C, photograph 3);
- a smelly diaper bin in one of the children's classrooms;
- used paper towels left in under-the-sink bathroom cabinets; and
- a pet fish in a tank with dirty water in one of the children's classrooms.

*Children's Clothing Was Not Stored Separately From Clothing of Other Children*

At two providers, we found four instances in which children's clothing was not stored separately from clothing of other children. State regulations require that each child's toothbrush, comb, washcloth, cloth towel, and clothing be maintained in a clean condition and stored separately from those of other children (§ R9-5-501(A)(17)). At both providers, children's clothing was stored together in drawers or plastic bins (Appendix C, photograph 4).

### *Fire and Safety Standards Were Not Met*

At three providers, we found four instances in which fire and safety standards were not met:

- Three providers' facilities had uncapped electrical outlets. State regulations require that each unused electrical outlet be covered with a safety plug or insert, except for rooms used only for school-age children (§ R9-5-605(B)(6)). At each of the three providers, the majority of the uncapped electrical outlets were in rooms that were not used as classrooms (e.g., a kitchen and a reception room). However, these rooms were unlocked and accessible to preschool-age children.
- One provider's facility had a fan that was not mounted and was accessible to children. State regulations require that fans be mounted and inaccessible to children (§ R9-5-605(B)(9)). The provider had an unmounted portable fan on top of a large toaster oven in an unlocked kitchen that was accessible to children (Appendix C, photograph 5).

### *Outdoor Activity Areas Did Not Have an Adequate Amount of Nonhazardous, Resilient Material*

At two providers, the outdoor playground did not have an adequate amount of nonhazardous, resilient material in the fall zones of climbing equipment. State regulations require that a minimum depth of 6 inches of nonhazardous, resilient material, such as fine loose sand or wood chips, be provided and maintained within the fall zones of swings and climbing equipment in outdoor activity areas (§ R9-5-603(E)(2)). At both providers, the woodchips in the fall zones of climbing equipment measured only about 2 to 3 inches in depth (Appendix C, photograph 6).

### *Hand Sanitizer Was Accessible to Children When Not in Use*

At one provider, a bottle of hand sanitizer was stored in an unlocked classroom cabinet that was accessible to children (Appendix C, photograph 7). State regulations require that hand sanitizers be inaccessible to children when not being provided for use (§ R9-5-501(A)(20)(a)).

### **Some Providers Did Not Comply With Requirements for Medication**

Two of the three providers that we reviewed had one instance each of noncompliance with the requirements for medication. State regulations require that medication for enrolled children and staff members be stored in a locked, leakproof storage cabinet or container that is located out of the reach of children (§ R9-5-516(H)).<sup>6</sup> Both providers stored medication in unlocked drawers that were accessible to children (Appendix C, photograph 8).

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<sup>6</sup> A staff member's or enrolled child's prescription medication necessary to treat life-threatening symptoms may be kept in the activity area where the staff member or enrolled child is present and, except when the prescription medication is administered to treat life-threatening symptoms, is inaccessible to an enrolled child (§ R9-5-516(J)).

## **PROVIDERS DID NOT ALWAYS COMPLY WITH SUPERVISION REQUIREMENTS**

Two of the three providers that we reviewed had one or more instances of noncompliance with the requirements for supervising children in care. Specifically, we found three instances of noncompliance with supervision requirements:

- One provider had a staff-to-children ratio of 1:17 in its classroom for 4-year-olds. State regulations require that a staff-to-children ratio of 1:15 be maintained at all times when providing services to enrolled children who are 4 years old (§ R9-5-404(A)).
- Two providers had instances in which children in care were not signed in or out on a dated attendance form for care that had been provided, or children were “presigned” in and out for care that had not yet been provided. Accurate attendance forms help protect the safety of children in care by ensuring that each child at a facility can be accounted for in case of an emergency. State regulations require that a provider maintain a dated attendance form and that each enrolled child’s parent or another individual designated by the child’s parent sign the attendance form each time the child is admitted or released (§ R9-5-306(A)(1)).

## **PROVIDER DID NOT ALWAYS COMPLY WITH TRANSPORTATION REQUIREMENTS**

One of the three providers that we reviewed had two instances of noncompliance with the requirements for transporting children in care. State regulations require that motor vehicles used to transport enrolled children be maintained in a clean condition and be free from hazards (§ R9-5-517(A)(11)). The interiors of the provider’s vans were not clean, and one of the vans was not free from hazards because there was a screwdriver stored in a side pocket that was easily accessible to children (Appendix C, photograph 9).

## **PROVIDERS DID NOT ALWAYS COMPLY WITH REQUIREMENTS FOR CRIMINAL RECORDS CHECKS**

Two of the three providers that we reviewed had one or more instances of noncompliance with the requirements for criminal records checks. State regulations require providers to ensure that each staff member submits a copy of either a valid fingerprint clearance card<sup>7</sup> or a fingerprint clearance card application that was submitted to the Arizona Department of Public Safety (DPS) within 7 working days after the start date of employment or volunteer service (§ R9-5-203(B)). We found three instances of noncompliance with criminal record check requirements:

- One provider had two employees without valid fingerprint clearance cards. When hired, the employees, who worked as teachers, submitted valid fingerprint cards. When the cards expired, the employees did not reapply for new fingerprint cards; instead, as DPS

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<sup>7</sup> A fingerprint clearance card is valid for 6 years, and a new set of fingerprints must be submitted for a fingerprint background check every 6 years (A.R.S., Title 41, chapter 12, article 3.1, § 41-1758.02(B)).

officials confirmed, the employees provided copies of fingerprint clearance cards with altered issuance and expiration dates.

- The other provider had an employee whose fingerprint clearance card expired but who continued to work as a teacher for approximately a month and a half before reapplying for a new fingerprint card.

## **CAUSES OF NONCOMPLIANCE WITH HEALTH AND SAFETY REQUIREMENTS**

The State licensing agency conducted the required inspections at the three providers that we reviewed; however, this onsite monitoring did not ensure that the providers complied with State licensing requirements related to the health and safety of children. On the basis of our discussion with State licensing agency officials, we determined that the inspectors did not always identify instances of noncompliance because they did not inspect all unlocked rooms that enrolled children could have entered. State licensing inspectors took into consideration whether the children were being adequately supervised and, if so, did not inspect rooms that children did not belong in (e.g., the kitchen or laundry room), whether or not the door to the room was unlocked. However, because the inspectors did not inspect unlocked rooms, an enrolled child could have accessed areas with potentially hazardous conditions if left momentarily unsupervised. In addition, the average ratio of inspectors to programs<sup>8</sup> of 1:85 exceeded the CCAA-recommended ratio of 1:50.

The State licensing agency did not independently verify providers' employee fingerprint clearance cards with DPS to ensure their validity.<sup>9</sup> Instead, the State licensing agency relied on viewing copies of the fingerprint cards.

## **RECOMMENDATIONS**

We recommend that the State lead agency work with the State licensing agency to:

- ensure through effective monitoring that providers comply with all health and safety requirements,
- inspect all unlocked rooms that are accessible to children to ensure that providers are complying with State health and safety requirements, and
- develop a policy requiring that providers' employee fingerprint clearance cards be independently verified with DPS.

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<sup>8</sup> Programs include child daycare centers, group childcare homes, and public schools that are licensed or in the process of being licensed.

<sup>9</sup> DPS maintains a Web site that shows the current status of fingerprint clearance cards and applications.

## **STATE LEAD AGENCY COMMENTS**

In written comments on our draft report, the State lead agency concurred with our findings and recommendations and provided information on actions that it planned to take to address our recommendations. The State agency's comments are included in their entirety as Appendix E.



## **APPENDIX A: FEDERAL AND STATE REQUIREMENTS FOR CHILD DAYCARE CENTERS**

### **FEDERAL REGULATIONS**

One of the goals of the CCDF is to assist States in implementing the health, safety, licensing, and registration standards established in State regulations (45 CFR § 98.1(a)(5)).

Federal regulations require States to designate a lead agency to administer the CCDF program (45 CFR § 98.10). Federal regulations state that in retaining the overall responsibility for the administration of the CCDF program, the lead agency must ensure that the program complies with the approved plan and all Federal requirements and must monitor programs and services (45 CFR §§ 98.11(b)(4) and (6)). The lead agency must certify that there are in effect within the State (or other area served by the lead agency), under State or local (or tribal) law, requirements designed to protect the health and safety of children that are applicable to childcare providers that provide services for which assistance is made available under the CCDF (45 CFR § 98.15(b)(5)).

### **STATE LAW (ARIZONA REVISED STATUTES)**

“Child care” is defined as the care, supervision, and guidance of a child or children, unaccompanied by a parent, guardian, or custodian, on a regular basis, for periods of less than 24 hours per day, in a place other than the child’s or children’s own home or homes (A.R.S., Title 36, chapter 7.1, article 1, § 36-881(2)).

“Child care facility” is defined as any facility in which childcare is regularly provided for compensation for five or more children not related to the proprietor (A.R.S., Title 36, chapter 7.1, article 1, § 36-881(3)).

The State licensing agency is responsible for the licensing of child daycare centers and ensuring compliance with health and safety standards. State law mandates that the State licensing agency conduct unannounced inspections of providers at least once a year (A.R.S., Title 36, chapter 7.1, article 1, §§ 36-882 and 36-885(B)).

A person required to be fingerprinted must submit a new set of fingerprints for a fingerprint background check every 6 years (A.R.S., Title 41, chapter 12, article 3.1, § 41-1758.02(B)).

## **STATE REGULATIONS (ARIZONA ADMINISTRATIVE CODE)<sup>10</sup>**

### **Definitions of Facility Premises and Licensee**

#### *Section R9-5-101(46)*

“Facility premises” means property that is:

- a. Designated on an application for a license by the applicant, and
- b. Licensed for child care services by the [State licensing agency] under A.R.S. Title 36, Chapter 7.1, Article 1, and this Chapter.

#### *Section R9-5-101(70)*

“Licensee” means a person or governmental agency to whom the [State licensing agency] has issued a license to operate a facility in Arizona.

### **Fingerprinting Requirements and Central Registry Background Check Requirements**

#### *Section R9-5-203(B)*

Except as provided in A.R.S. § 41-1758.03, a licensee shall ensure that each staff member submits to the licensee a copy of:

1. The staff member’s valid fingerprint clearance card issued under A.R.S. Title 41, Chapter 12, Article 3.1; or
2. The fingerprint clearance card application that the staff member submitted to the Department of Public Safety under A.R.S. § 41-1758.02 within seven working days after the staff member’s starting date of employment or volunteer service.

### **Admission and Release of Children and Attendance Records**

#### *Section R9-5-306(A)(1)*

A licensee shall maintain a dated attendance form containing an enrolled child’s name with the time of each admission and release of the enrolled child. Except as provided in subsection (A)(2) [which allows for the substitution of electronic signatures or electronic fingerprinting validation], a licensee shall ensure that the attendance form is signed with at least a first initial of an individual’s first name and the individual’s last name by each enrolled child’s parent or individual designated by the enrolled child’s parent, each time the enrolled child is admitted or released.

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<sup>10</sup> All material in this section is quoted verbatim from the regulations.

## **Staff-to-Children Ratios**

### *Section R9-5-404(A)*

A licensee shall ensure that at least the following staff-to-children ratios are maintained at all times when providing child care services to enrolled children:

<u>Age Group</u>	<u>Staff:Children</u>
Infants	1:5 or 2:11
1-year-old children	1:6 or 2:13
2-year-old children	1:8
3-year-old children	1:13
4-year-old children	1:15
5-year-old children not school-age	1:20
School-age children	1:20

## **General Childcare Program, Equipment, and Health and Safety Standards**

### *Section R9-5-501(A)(12)*

A licensee shall ensure that the facility premises, including the buildings, are maintained free from hazards.

### *Section R9-5-501(A)(17)*

A licensee shall ensure that ... [e]ach enrolled child's toothbrush, comb, washcloth, cloth towel, and clothing is maintained in a clean condition and stored in an identified space separate from those of other enrolled children.

### *Section R9-5-501(A)(19)*

A licensee shall ensure that ...[e]xcept as provided in subsection (A)(20) [hand sanitizer], the following are stored separate from food storage areas and are inaccessible to an enrolled child:

- a. All materials and chemicals labeled as toxic or flammable substance;
- b. All substances that have a child warning label and may be a hazard to a child; and
- c. Lawn mowers, ladders, toilet brushes, plungers, and other facility equipment that may be a hazard to a child.

### *Section R9-5-501(A)(20)(a)*

A licensee shall ensure that ... [h]and sanitizers ... [w]hen being stored, are stored separate from food storage areas and are inaccessible to enrolled children.

*Section R9-5-501(A)(21)(b)*

A licensee shall ensure that ... [e]xcept when used as part of an activity, the following are stored in an area inaccessible to an enrolled child: ... [c]leaning equipment and supplies, such as a mop and mop bucket.

**Cleaning and Sanitation**

*Section R9-5-512(B)*

A licensee shall maintain facility premises and furnishings:

1. In a clean condition, and
2. Free from odor.

*Section R9-5-512(F)(7)*

A licensee shall ensure that ... [t]oys, materials, and equipment are maintained in a clean condition.

**Pets and Animals**

*Section R9-5-513(B)(1)*

A licensee shall ensure that a staff member ... [k]eeps all pet and animal habitats clean.

**Medications**

*Section R9-5-516(H)*

Except as provided in subsection (J), a licensee shall ensure that prescription and nonprescription medications are stored as follows:

1. An enrolled child's medication is kept in a locked, leak-proof storage cabinet or container that is used only for storing enrolled children's medications and is located out of reach of children;
2. Medication for a staff member is kept in a locked, leak-proof storage cabinet or container that is separate from the storage container for enrolled children's medications and is located out of the reach of children ....

*Section R9-5-516(J)*

A staff member's or enrolled child's prescription medication necessary to treat life-threatening symptoms:

1. May be kept in the activity area where the staff member or enrolled child is present, and
2. Except when the prescription medication is administered to treat life-threatening symptoms, is inaccessible to an enrolled child.

## **Transportation**

### *Section R9-5-517(A)(11)*

A licensee who transports an enrolled child in a motor vehicle that the licensee owns, or acquires for use by contract, shall ... [e]nsure that the motor vehicle is:

- a. Maintained in a clean condition,
- b. In a mechanically safe condition, and
- c. Free from hazards.

## **Outdoor Activity Areas**

### *Section R9-5-603(E)(2)*

A licensee shall ensure that the following is provided and maintained within the fall zones of swings and climbing equipment in an outdoor activity area: ... [a] minimum depth of 6 inches of a nonhazardous, resilient material such as fine loose sand or wood chips.

## **Fire and Safety**

### *Section R9-5-605(B)(6)*

A licensee shall ensure that ... [e]xcept for a room used only for an enrolled school-age child, each unused electrical outlet is covered with a safety plug or insert.

### *Section R9-5-605(B)(9)*

A licensee shall ensure that ... [f]ans are mounted and inaccessible to an enrolled child.

## **APPENDIX B: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

Of the 896 providers in Arizona that received CCDF funding for April 2013, we selected 3 providers for our review. We based this selection on the consideration of certain factors, including the number of children being served in the geographic area where a provider was located, the amount of the CCDF payments made to the provider for April 2013, the number of CCDF-funded children at the facility, and the length of time since the State licensing agency's last inspection of the provider.

We reviewed the three providers' records and facilities as of August 2013. To gain an understanding of the State licensing agency's operations regarding childcare providers, we limited our review to the State licensing agency's internal controls as they related to our objective.

We performed fieldwork at the State lead agency's and State licensing agency's offices in Phoenix, Arizona. In addition, we conducted unannounced site visits from July 24 through August 8, 2013, at the three providers, located in Avondale, Phoenix, and Tucson, Arizona.

### **METHODOLOGY**

To accomplish our objective, we:

- reviewed Federal and State laws and regulations related to health and safety for licensing child daycare centers and the most recent CCDF plan approved by ACF,
- interviewed State lead agency and State licensing agency officials to determine how Arizona monitored its child daycare center providers,
- obtained a list of the 896 active providers that received CCDF funding for April 2013,
- selected 3 providers for review,
- developed a health and safety checklist as a guide for conducting site visits,
- conducted unannounced site visits at the 3 selected providers to determine whether they met State requirements for health and safety, and
- discussed the results of our review with each of the selected providers and State lead agency and State licensing agency officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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.

**APPENDIX C: PHOTOGRAPHIC EXAMPLES OF NONCOMPLIANCE WITH PHYSICAL CONDITIONS AND TRANSPORTATION REQUIREMENTS**



**Photograph 1: Numerous electrical cords under a desk in an unlocked office that was accessible to children.**



**Photograph 2: Cleaning supplies with child warning labels, placed in a bucket that was stored on the floor of an unlocked laundry room that was accessible to children.**



**Photograph 3: Children's sleeping mats, with sheets already on them, stored in the children's bathroom on a table next to the toilet.**



**Photograph 4: Children's clothing stored together in a plastic bin.**





**Photograph 5: An unmounted portable fan on top of a large toaster oven in an unlocked kitchen that was accessible to children.**



**Photograph 6: Woodchips in the fall zone of climbing equipment, measuring only 2 to 3 inches in depth.**



**Photograph 7: A bottle of hand sanitizer stored in an unlocked classroom cabinet that was accessible to children.**



**Photograph 8: Antidiarrheal medication, cortisone cream, and children's allergy medication stored in unlocked drawers that were accessible to children.**



**Photograph 9: The unclean interior of a van used to transport children and a screwdriver stored in a side pocket that was easily accessible to children.**

**APPENDIX D: INSTANCES OF NONCOMPLIANCE AT EACH  
CHILD DAYCARE CENTER<sup>11</sup>**

Provider No.	Date of Last Inspection	Physical Conditions		Supervision	Transportation	Criminal Records Checks
		Potentially Hazardous Conditions	Medication			
1	4/17/2013	16		2		2
2	6/25/2013	7	1	1	2	
3	1/7/2013	13	1			1
<b>Total</b>		<b>36</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>

**Note:** We provided to the State lead agency under a separate cover the names of the providers that we reviewed.

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<sup>11</sup> We identified instances of noncompliance during unannounced site visits from July 24 through August 8, 2013.

## APPENDIX E: STATE LEAD AGENCY COMMENTS



DEPARTMENT OF ECONOMIC SECURITY  
*Your Partner For A Stronger Arizona*

Janice K. Brewer  
Governor

Clarence H. Carter  
Director

NOV 24 2014

Ms. Lori A. Ahlstrand  
Regional Inspector General for Audit Services  
Office of Audit Services, Region IX  
90 7th Street, Suite 3-650  
San Francisco, California 94103

Dear Ms. Ahlstrand:

The Department of Economic Security (Department) wishes to thank the Office of the Inspector General (OIG) for the opportunity to respond to the recently completed audit of three licensed child daycare centers in Arizona that receive Child Care Development Fund (CCDF) funding, which are licensed by the Department of Health Services (DHS).

The Division of Employment and Rehabilitation Services is dedicated to the Department's mission which states "The Arizona Department of Economic Security promotes the safety, well-being and self-sufficiency of children, adults and families" and understands that prevention is the first step to ensuring client welfare in the community. We are confident that the DHS will appropriately adjust practices to assist clients achieve a better outcome in life.

We have reviewed the U.S. Department of Health and Human Services, OIG Draft Report, dated October 28, 2014, entitled "Some Arizona Child Daycare Centers Did Not Always Comply with State Health and Safety Requirements." Enclosed are comments from the Department. The Department appreciates the opportunity to respond to and provide additional comments on the draft report, which will be included in the final report. If you have any questions, please contact Brad Willis, Program Administrator, Child Care Administration at (602) 542-1958 or via email at [BWillis@azdes.gov](mailto:BWillis@azdes.gov).

Sincerely,

A handwritten signature in cursive script that reads "Clarence H. Carter".

Clarence H. Carter  
Director

Enclosure

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1717 W. Jefferson, S/C 010A, Phoenix, AZ 85007 • P.O. Box 6123, Phoenix, AZ 85005  
Telephone (602) 542-5678 • Fax (602) 542-5339 • [www.azdes.gov](http://www.azdes.gov)



**Arizona Department of Economic Security  
Response to OIG Draft Report:**

“Some Arizona Child Daycare Centers Did Not Always Comply  
With State Health and Safety Licensing Requirements”

**Background:**

The Child Care and Development Fund (CCDF), authorized by the Child Care and Development Block Grant Act and Section 418 of the Social Security Act assists low-income families, families receiving temporary public assistance and families transitioning from public assistance to obtain child care so that they may work or obtain training or education. Combined funding for the CCDF Program for Fiscal Year (FY) 2012, including the block grant’s discretionary fund and the CCDF mandatory and matching funds, was approximately \$5.2 billion.

The State Agency (the Arizona Department of Economic Security or DES) is the State Lead Agency designated to administer the CCDF Program, which helps low-income families in Arizona pay for child care. As the State Lead Agency, DES must monitor programs and services. According to the CCDF Plan for Arizona, the Arizona Department of Health Services (DHS or State Licensing Agency) is responsible for the licensing of child daycare centers and ensuring compliance with health and safety standards. State law mandates that DHS conduct unannounced inspections of providers at least once a year. For the purposes of this response, the DES and the DHS are collectively referred to as “State Agencies.”

**OIG Findings:**

Providers did not always comply with requirements for physical conditions; protection from potentially hazardous conditions; medication; supervision; transportation; and criminal records checks.

**State Agencies’ Response to these Findings:**

The State Agencies concur with these findings.

**OIG Recommendations:**

We recommend that the State lead agency (DES) work with the State licensing agency (DHS) to:

- Ensure through effective monitoring that providers comply with all health and safety requirements,
- Inspect all unlocked rooms that are accessible to children to ensure that providers are complying with State health and safety requirements, and
- Develop a policy requiring that providers’ employee fingerprint clearance cards be independently verified with DPS.

**State Agencies' Response to this Recommendation:**

The State Agencies concur, specifically to each recommendation as listed below:

- **Ensure through effective monitoring that providers comply with all health and safety requirements.**

The State Agencies concur with this recommendation. Pursuant to A.R.S. §36-883.04 and §36-885, the State Licensing Agency is required to visit facilities at least once per year to verify health, safety and well-being of children.

The Bureau of Child Care Licensing, located within the State Licensing Agency, will continue to look for ways to improve processes to ensure health and safety. This may include the use of the Full Compliance Checklist (five-page) vs. the (three-page) Critical Areas Checklist for every visit to help verify compliance with health and safety.

The distinction of the five-page Checklist is that it incorporates all areas within the rule set, while the three-page Checklist only incorporates the critical areas.

This recommendation will assist the providers with compliance of health and safety.

- **Inspect all unlocked rooms that are accessible to children to ensure that providers are complying with State health and safety requirements.**

The State Agencies concur with this recommendation. Each State Licensing Agency inspector will give extra technical assistance to ensure that all rooms that do not provide child care services or lead to unlicensed space are inaccessible.

Areas that are not within licensed space are technically not within the State Licensing Agency's jurisdiction.

- **Develop a policy requiring that providers' employee fingerprint clearance cards be independently verified with DPS.**

The State Agencies concur with this recommendation. The State Licensing Agency will develop a checklist for providers to verify each staff member's file is reviewed for accuracy and completeness.

In addition, the State Licensing Agency will continue to give technical assistance to providers in the use of the checklist and verification of Arizona Department of Public Safety (DPS) fingerprint clearance requirements.

Attached is the "Fingerprint Clearance Card Tracking Form" that has been developed for provider use.

Arizona Department of Health Services  
**BUREAU OF CHILD CARE LICENSING**  
 Fingerprint Clearance Card Tracking Form

Facility Name/Provider	CDC/SGH #	Page ___ of ___
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Applicant * Staff Members ** Residents (SGH) Provider (SGH)	Hire Date Mo/Yr	Fingerprint Registration ***					Child Protective Services  CPS Registry Direct Service Position Affidavit Date Completed	Staff member responsible  Initials / Date	
		Clearance Card Application Date	Clearance Card #	Card Verified with DPS (Phone or Website)		Clearance Card Exp. Date			DHS Criminal History Affidavit Date Completed
				Date	Method				
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Please maintain for your records. Copies of required documents shall be maintained in each individual's on-site file.

\* License/Certificate Applicant  
 \*\* List all staff members at the facility  
 \*\*\* Anyone 18 yrs or older must be fingerprinted and registered