

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**SOME MINNESOTA CHILDCARE  
HOME PROVIDERS DID NOT  
ALWAYS COMPLY WITH STATE  
HEALTH AND SAFETY LICENSING  
REQUIREMENTS**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[Public.Affairs@oig.hhs.gov](mailto:Public.Affairs@oig.hhs.gov).*



Gloria L. Jarmon  
Deputy Inspector General  
for Audit Services

March 2015  
A-05-14-00021

# *Office of Inspector General*

<http://oig.hhs.gov>

---

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

## *Office of Audit Services*

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## *Office of Evaluation and Inspections*

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## *Office of Investigations*

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

## *Office of Counsel to the Inspector General*

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

# *Notices*

---

**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
at <http://oig.hhs.gov>

Section 8M of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## EXECUTIVE SUMMARY

*Of the 20 home providers that we reviewed in Minnesota, 19 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 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 exist at childcare providers that received CCDF funding, we reviewed 20 licensed family and group childcare homes (providers) that received CCDF funding in Minnesota. We conducted this audit in conjunction with our review of three childcare centers (report number A-05-14-00022).

The objective of this review was to determine whether the Minnesota Department of Human Services' (State agency) onsite monitoring ensured that providers that received CCDF funds complied with State licensing requirements related to the health and safety of children.

### BACKGROUND

Authorized by the Child Care and Development Block Grant Act (42 U.S.C. 9859 et. seq.) and section 418 of the Social Security Act (42 U.S.C. 618), the CCDF 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 agency is the lead agency designated to administer the CCDF program, which helps low-income families in Minnesota pay for child care. According to the *Child Care and Development Fund Plan for Minnesota*, the State agency must ensure the health and safety of children through licensing and health and safety standards. The State agency is also required to certify that these standards ensure that childcare providers comply with applicable health and safety requirements. Routine visits are made once every 2 years.

### WHAT WE FOUND

The State agency conducted the required inspections at all 20 of the providers that we reviewed; however, this onsite monitoring did not ensure that providers that received CCDF funds complied with State licensing requirements related to the health and safety of children. We determined that 19 of the 20 providers we reviewed did not always comply with 1 or more State licensing requirements to ensure the health and safety of children. Specifically, we found that 19 providers did not always comply with requirements related to fire safety and the physical

condition of the provider homes, and 9 providers did not comply with requirements related to records and supervision. On the basis of our discussion with State officials and our review of the State licensing regulations, we determined that noncompliance with State requirements and limited oversight occurred because the inspectors were responsible for too many providers, resulting in high caseloads and limiting the amount of time spent on each inspection.

## **WHAT WE RECOMMEND**

We recommend that the State agency:

- ensure through more frequent onsite monitoring that providers comply with health and safety regulations,
- develop a mandatory training program to improve provider compliance with health and safety regulations, and
- ensure adequate oversight by reducing licensing inspectors' caseloads.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency concurred with our first recommendation and partially concurred with our second and third recommendations. Regarding our second recommendation, State agency officials said that the Minnesota legislature increased mandatory annual training hours from 8 to 16 in 2013. Regarding our third recommendation, the State agency indicated that increasing staff levels to achieve a reduced caseload would require additional resources and funding that could significantly increase licensing fees. However, the State agency is committed to reducing caseloads to a level that will comply with the Child Care and Development Block Grant Act of 2014.

## TABLE OF CONTENTS

INTRODUCTION .....	1
Why We Did This Review .....	1
Objective .....	1
Background .....	1
Minnesota Childcare Services .....	2
Related Office of Inspector General Work.....	2
Child Care Aware of America.....	2
Child Care and Development Block Grant of 2014 .....	3
How We Conducted This Review .....	3
FINDINGS .....	3
Providers Did Not Always Comply With Fire Safety and Physical Conditions Requirements .....	4
State Requirements .....	4
Providers Did Not Comply With Many Fire Safety and Physical Conditions Requirements .....	5
Providers Did Not Always Comply With Records and Supervision Requirements .....	5
State Requirements.....	5
Providers Did Not Comply With Some Records and Supervision Requirements.....	6
Cause of Noncompliance With Health and Safety Requirements.....	7
RECOMMENDATIONS .....	7
STATE AGENCY COMMENTS.....	7
APPENDIXES	
A: Scope and Methodology .....	9
B: Federal Regulations and State Licensing Regulations .....	10
C: Photographic Examples of Noncompliance With Physical Conditions Requirements .....	15
D: Instances of Noncompliance at Each Childcare Home Provider .....	19

E: State Agency Comments .....20

## 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 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 exist at childcare providers that received CCDF funding, we reviewed 20 licensed family<sup>2</sup> and group<sup>3</sup> childcare homes (providers) that received CCDF funding in Minnesota. We conducted this audit in conjunction with our review of three childcare centers (report number A-05-14-00022).

### OBJECTIVE

The objective of this review was to determine whether the Minnesota Department of Human Services' (State agency) onsite monitoring ensured that providers that received CCDF funds complied with State licensing requirements related to the health and safety of children.

### BACKGROUND

Authorized by the Child Care and Development Block Grant (CCDBG) Act (42 U.S.C. 9859 et. seq.) and section 418 of the Social Security Act (42 U.S.C. 618), the CCDF 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 CCDBG Act and 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, and the plan must certify that procedures are in effect to ensure that childcare providers comply with these requirements (42 U.S.C. 9858c(c)(2)(F)-(G) and 45 CFR § 98.15(b)(5)-(6)).

In addition, Federal regulations (45 CFR § 98.10) require States to designate a lead agency to administer the CCDF program.

---

<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> The CCDF Plan for Minnesota defines a "family child care home" as a private residence, other than the child's residence, in which one individual provides childcare services for fewer than 24 hours per day per child, as the sole caregiver, unless care in excess of 24 hours is due to the nature of the parent(s)' work.

<sup>3</sup> The CCDF Plan for Minnesota defines a "group child care home" as a private residence, other than the child's residence, in which two or more individuals provide childcare services for fewer than 24 hours per day per child, unless care in excess of 24 hours is due to the nature of the parent(s)' work.

Federal regulations (45 CFR §§ 98.11(b)(4) and (6)) 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 monitors programs and services.

### **Minnesota Childcare Services**

The State agency is the lead agency designated to administer the CCDF program. The State agency must ensure the health and safety of children in child care through the State's licensing system and establishing health and safety standards for children receiving CCDF services.

According to the *Child Care and Development Fund Plan for Minnesota*, the State agency is responsible for monitoring programs and services, ensuring compliance with program rules, and promulgating rules and regulations to govern the overall administration of the plan. Minnesota's licensing requirements serve as the CCDF health and safety requirements for licensed providers. In Minnesota, county licensing agencies are responsible for conducting onsite licensing inspections. Routine visits are made once every 2 years. County licensing agencies determine whether licensing inspections will be announced or unannounced.

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

The Office of Inspector General, Office of Evaluation and Inspections (OEI), issued an Early Alert Memorandum Report on July 11, 2013, to ACF entitled *License-Exempt Child Care Providers in the Child Care and Development Fund Program* (OEI-07-10-00231). OEI concluded that States exempt many types of providers from licensing but 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**

The National Association of Child Care Resource & Referral Agencies (NACCRRA) (now known as Child Care Aware of America (CCAA))<sup>4</sup> published a 2012 update, *Leaving Children to Chance: NACCRRA's Ranking of State Standards and Oversight of Small Family Child Care Homes*, that reviewed and ranked State regulations for small family childcare homes. NACCRRA stated that without inspections or monitoring of providers, regulations alone have limited value. NACCRRA added that when providers are not inspected, it is difficult for a State to enforce its regulations and suspend or revoke the licenses of individuals who are not in compliance. NACCRRA recommended that States increase inspections of providers to at least quarterly and that States reduce the caseload for licensing inspectors to a ratio of 1:50.

---

<sup>4</sup> In 2012, the National Association of Child Care Resource & Referral Agencies changed its name to Child Care Aware of America. CCAA leads projects that increase the quality and availability of child care, offers comprehensive training to childcare professionals, undertakes research, and advocates childcare policies that positively impact the lives of children and families. CCAA works with more than 600 State and local childcare resource and referral agencies nationwide.

## **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 revised 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, the law requires lead agencies to establish ongoing provider training.

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

Of the 2,980 providers in Minnesota that received CCDF funding for the quarter ended September 30, 2013, we selected 20 providers for our review. We based this selection on the availability of county licensors and their unannounced inspection dates. We accompanied the licensors on unannounced visits to the providers that were due for inspection. We conducted fieldwork in Anoka, Blue Earth, Dakota, Hennepin, Olmsted, Ramsey, Scott, Sherburne, Stearns, and Washington Counties. We conducted site visits from February 10 to March 27, 2014.

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 A contains details of our audit scope and methodology, Appendix B contains Federal regulations and State licensing health and safety requirements that pertain to providers, and Appendix C contains photographic examples of noncompliance with physical conditions requirements.

### **FINDINGS**

The State agency conducted the required inspections at all 20 of the providers that we reviewed; however, this onsite monitoring did not ensure that providers that received CCDF funds complied with State licensing requirements related to the health and safety of children. We determined that 19 of the 20 providers we reviewed did not always comply with 1 or more State licensing requirements to ensure the health and safety of children. Specifically, we found that 19 providers did not always comply with requirements related to fire safety and the physical condition of the provider homes, and 9 providers did not comply with requirements related to records and supervision. On the basis of our discussion with State officials and our review of the State licensing regulations, we determined that noncompliance with State requirements and limited oversight occurred because the inspectors were responsible for too many providers, resulting in high caseloads and limiting the amount of time spent on each inspection.

---

<sup>5</sup> P.L. 113-186 (Nov. 19, 2014).

Appendix D displays a table that contains the instances of noncompliance at each provider we reviewed.

## **PROVIDERS DID NOT ALWAYS COMPLY WITH FIRE SAFETY AND PHYSICAL CONDITIONS REQUIREMENTS**

### **State Requirements**

To begin the initial licensing process, the applicant must submit a completed license application form issued by the State agency in the county where the applicant resides. The application process includes an acknowledgment that the applicant agrees to comply with the requirements contained in Minnesota Statutes, chapter 245A, and all applicable laws and rules at all times during the terms of the license.

State licensing requires providers to ensure, among other requirements:

- Stairways must be well-lighted, in good repair, and free of clutter and obstructions (9502.0425 Subpart 10D).
- All electric receptacles accessible to children under first grade must be tamper-proof or shielded when not in use (9502.0425 Subpart 18A).
- The residence must be free from accumulations of dirt, rubbish, or peeling paint (9502.0435 Subpart 1).
- Knives, matches, plastic bags, and other potential hazards must be kept out of the reach of infants, toddlers, and preschoolers. The use of potentially hazardous materials and tools must be supervised (9502.0435 Subpart 6).
- All medicines, chemicals, detergents, poisonous plants, alcoholic beverages, and other toxic substances must be inaccessible to children (9502.0435 Subpart 4).
- Emergency phone numbers must be posted by the telephone. The numbers must be those of the local fire department, police department, emergency transportation, and poison control center (9502.0435 Subpart 8B).
- The provider must have a written fire escape plan and a log of monthly fire and storm drills on file in the residence (9502.0435 Subpart 8F).
- In sinks and tubs accessible to children, the water temperature must not exceed 120 degrees Fahrenheit to prevent children from scalding themselves while washing (9502.0435 Subpart 15A).

Appendix B contains all relevant State licensing requirements.

## **Providers Did Not Comply With Many Fire Safety and Physical Conditions Requirements**

We determined that 19 of the 20 providers that we reviewed had 1 or more instances of noncompliance with fire safety and physical condition requirements. Examples included:

- a stairway was very cluttered, and items were obstructing safe use;
- electrical outlets were not properly shielded (Appendix C, photographs 1 and 2);
- a kitchen area was very dirty, dirty dishes were overflowing in the sink, and countertops were cluttered (Appendix C, photograph 3);
- a bathroom had holes in the wall near the floor and in the ceiling exposing pipes (Appendix C, photograph 4);
- hazardous objects (knives, scissors, needles, and plastic bags) were accessible to children (Appendix C, photograph 5);
- potentially hazardous substances (sunscreen, nail polish, paint, and ice melt) were accessible to children (Appendix C, photographs 6 and 7);
- emergency phone numbers were not posted by the telephone;
- written fire escape plans and logs of monthly fire and storm drills were not on file; and
- water temperature in a sink accessible to children exceeded 120 degrees Fahrenheit.

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

### **State Requirements**

State licensing requirements include the following requirements related to the records and supervision of providers:

- Family day care and group family day care providers must comply with Minnesota Rules, part 9502.0367, which limits the total number of children and the number of preschoolers, toddlers, and infants who may be in care at any one time and provides for the number of adults who are required to be present (9502.0365 Subpart 1).
- The provider must have the following written information available for discussion with parents or the agency:

- A. the ages and numbers of children in care in the residence;
  - B. the hours and days of operation;
  - C. meals and snacks to be served;
  - D. labeling requirements for food brought from the child's home;
  - E. sleeping and rest arrangements;
  - F. nondiscrimination practices to comply with subpart 6;
  - G. policies for the care of ill children, disease notification procedures, immunizations, and medicine permission policies;
  - H. emergency, fire, and storm plans and the monthly fire drill log;
  - I. seat belt and transportation plans and field trip and transportation permission requirements;
  - J. fees;
  - K. termination and notice procedures;
  - L. plans for a helper and substitute for emergencies, vacations, or holidays;
  - M. the presence of pets in the residence;
  - N. a complete copy of Minnesota Rules, parts 9502.0315 to 9502.0445;
  - O. insurance coverage; and
  - P. whether or not smoking is permitted in the residence during the hours children are in care (9502.0405 Subpart 3).
- When children are present in a family childcare home governed by Minnesota Rules, parts 9502.0315 to 9502.0445, at least one staff person must be present in the home who has been trained in first aid (245A.50 Subpart 3(a)).
  - When children are present in a family childcare home governed by Minnesota Rules, parts 9502.0315 to 9502.0445, at least one staff person must be present in the home who has been trained in cardiopulmonary resuscitation (CPR) and in the treatment of obstructed airways that includes CPR techniques for infants and children (245A.50 Subpart 4(a)).
  - In the years when the license holder is not receiving the in-person training on sudden unexpected infant death reduction, the license holder must receive sudden unexpected infant death reduction training through a video of no more than 1 hour in length developed or approved by the commissioner (245A.50 Subpart 5(b)).

### **Providers Did Not Comply With Some Records and Supervision Requirements**

We determined that 9 of the 20 providers that we reviewed had 1 or more instances of noncompliance with records and supervision requirements. Specifically, we found 12 instances of noncompliance with State licensing requirements related to records and supervision. Examples included:

- a provider was over the licensed capacity,

- day care policies were incomplete or not available,
- a provider did not complete first aid training,
- providers did not complete CPR training, and
- providers did not complete the sudden unexpected infant death reduction training video.

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

On the basis of our discussion with State officials and our review of the State licensing regulations, noncompliance with State requirements and limited oversight occurred because the inspectors are responsible for too many providers, resulting in high caseloads and limiting the amount of time spent on each inspection. The State agency is required to make unannounced visits of providers at least once every 2 years, and the average ratio of licensors to programs is 1:144. CCAA recommended that States increase inspections of providers to at least once per quarter and that States reduce the caseload for licensing inspectors to a ratio of 1:50.

## **RECOMMENDATIONS**

We recommend that the State agency:

- ensure through more frequent onsite monitoring that providers comply with health and safety regulations,
- develop a mandatory training program to improve provider compliance with health and safety regulations, and
- ensure adequate oversight by reducing licensing inspectors' caseloads.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency concurred with our first recommendation and partially concurred with our second and third recommendations. Regarding our second recommendation, State agency officials said that in 2013, the Minnesota legislature doubled required mandatory training from 8 to 16 hours, among other enhancements. The State agency stated that, to the extent that any new Federal requirements affect training requirements for family childcare providers, Minnesota will identify and secure the necessary resources and changes in State law to meet the new requirements within required timeframes. Regarding our third recommendation, the State agency indicated that increasing staff levels to achieve the caseload ratio of 1:50 recommended by Child Care Aware of America would require additional resources and funding that could significantly increase licensing fees. However, the State agency is committed to reducing caseloads to a level that will comply with the Child Care and Development Block Grant Act of 2014.

The State agency's comments are included in their entirety as Appendix E.

## **APPENDIX A: SCOPE AND METHODOLOGY**

### **SCOPE**

Of the 2,980 providers in Minnesota that received CCDF funding for the quarter ended September 30, 2013, we selected 20 providers for our review. We based this selection on the availability of county licensors who were conducting unannounced interim or renewal inspection of the family and group childcare homes. We accompanied county licensors on unannounced visits to homes due for inspection.

We conducted a review of the providers' records and facilities as of March 2014. To gain an understanding of the State agency's operations as they related to childcare providers, we limited our review to the State agency's internal controls as they related to our objective.

We conducted fieldwork in Anoka, Blue Earth, Dakota, Hennepin, Olmsted, Ramsey, Scott, Sherburne, Stearns, and Washington Counties. We conducted site visits from February 10 to March 27, 2014.

### **METHODOLOGY**

To accomplish our objective, we:

- reviewed applicable Federal laws, State statutes, and regulations for licensing providers and the applicable Minnesota CCDF State plan approved by ACF;
- interviewed CCDF program staff to determine how Minnesota monitored its providers;
- developed a health and safety checklist as a guide for conducting site visits;
- conducted unannounced site visits at the 20 providers we selected for review; and
- discussed the results of our review with State 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 B: FEDERAL REGULATIONS AND STATE LICENSING REGULATIONS**

### **FEDERAL REGULATIONS**

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

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 monitors 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 STATUTES AND REGULATIONS**

The CCDF Plan for Minnesota requires the State agency to ensure that childcare providers caring for children receiving CCDF services comply with the applicable health and safety requirements and effectively enforce them.

#### **Minnesota General Statutes**

Minnesota Regulations for Child Care Family and Group Homes Licensing are within Minnesota Administrative Rules chapter 9502.

#### *Minnesota Administrative Rules Chapter 9502.0335–Licensing Process*

A license to operate a family or group family day care residence must be obtained from the department.

#### *Minnesota Administrative Rules Chapter 245A.04–Application Procedures*

The application must be made on the forms and in the manner prescribed by the commissioner. The applicant must be able to demonstrate competent knowledge of licensing statutes and rules applicable to the program or services for which the applicant is seeking to be licensed. Before issuing an initial license, the commissioner must conduct an inspection of the program.

#### **Physical Environment**

The State agency is responsible for development of rules in the areas of safety, cleanliness, and general adequacy of the premises, including maintenance of adequate fire prevention and health standards to provide for the physical comfort, care, and well-being of the children.

*Minnesota Statutes Chapter 9502—Licensing of Day Care Facilities*

*9502.0335 Subpart 10—Posting license*

The provider must post the license in the residence in a prominent place.

*9502.0365 Subpart 1—Capacity limits*

Family day care and group family day care providers must comply with part 9502.0367, which limits the total number of children and the number of preschoolers, toddlers, and infants who may be in care at any one time and provides for the number of adults who are required to be present.

*9502.0405 Subpart 3—Provider policies*

The provider must have the following written information available for discussion with parents or the agency:

- A. the ages and numbers of children in care in the residence;
- B. the hours and days of operation;
- C. meals and snacks to be served;
- D. labeling requirements for food brought from the child's home;
- E. sleeping and rest arrangements;
- F. nondiscrimination practices to comply with subpart 6;
- G. policies for the care of ill children, disease notification procedures, immunizations, and medicine permission policies;
- H. emergency, fire, and storm plans and the monthly fire drill log;
- I. seat belt and transportation plans and field trip and transportation permission requirements;
- J. fees;
- K. termination and notice procedures;
- L. plans for a helper and substitute for emergencies, vacations, or holidays;
- M. the presence of pets in the residence;
- N. a complete copy of parts 9502.0315 to 9502.0445;
- O. insurance coverage; and
- P. whether or not smoking is permitted in the residence during the hours children are in care.

*9502.0425 Subpart 7D—Heating and venting systems*

Whenever in use, fireplaces, wood-burning stoves, solid fuel appliances, space heaters, steam radiators, and other potentially hot surfaces, such as steam pipes, must be protected by guards to prevent burns. All fireplaces, wood-burning stoves, space heaters, steam radiators, and furnaces must be installed according to the State Building Code.

*9502.0425 Subpart 10D–Stairways*

Stairways must be well-lighted, in good repair, and free of clutter and obstructions.

*9502.0425 Subpart 11–Decks*

Decks, balconies, or lofts used by children more than 30 inches above the ground or floor must be surrounded by a protective guardrail and be constructed in accordance with the State Building Code. Wooden decks must be free of splinters and coated with wood preservative, paint, or constructed with treated wood.

*9502.0425 Subpart 18A–Electrical services*

All electric receptacles accessible to children under first grade must be tamper-proof or shielded when not in use.

*9502.0435 Subpart 1–Sanitation and cleanliness*

The residence must be free from accumulations of dirt, rubbish, or peeling paint.

*9502.0435 Subpart 3–Rubbish*

Indoor and outdoor garbage and rubbish containers must not be accessible to infants and toddlers.

*9502.0435 Subpart 4–Toxic Substances*

All medicines, chemicals, detergents, poisonous plants, alcoholic beverages, and other toxic substances must be inaccessible to children. They must be stored away from food products. Equipment or toys which are mouthed or may be chewed must be free of lead-based paint. Toys and equipment with chipped, cracked, or peeling paint must be tested to verify the absence of lead or be replaced.

*9502.0435 Subpart 6–Hazardous activity materials*

Knives, matches, plastic bags, and other potential hazards must be kept out of the reach of infants, toddlers, and preschoolers. The use of potentially hazardous materials and tools must be supervised.

*9502.0435 Subpart 7–First aid kit*

The provider must have a first aid kit that contains bandages, sterile compresses, scissors, an ice bag or cold pack, an oral or surface thermometer, mild liquid soap, and adhesive tape. A first aid manual must be included. The kit and manual must be accessible and taken on field trips.

*9502.0435 Subpart 8B–Emergencies*

Emergency phone numbers must be posted by the telephone. The numbers must be those of the local fire department, police department, emergency transportation, and poison control center.

*9502.0435 Subpart 8E–Emergencies*

For severe storms and tornadoes, the provider must have a designated area within the residence that children must go to for cover, and an operable battery flashlight, and portable radio or TV available.

*9502.0435 Subpart 8F–Emergencies*

The provider must have a written fire escape plan and a log of monthly fire and storm drills on file in the residence. The plan must be approved by the agency and specify:

- (1) emergency phone numbers;
- (2) a place to meet outdoors for roll call;
- (3) smoke detector and fire extinguisher locations;
- (4) plans for monthly fire and tornado drill sessions; and
- (5) escape routes to the outside from all levels used by children. In buildings with three or more dwelling units, enclosed exit stairs must be indicated.

*9502.0435 Subpart 12A–Pets*

Parents are notified prior to admission of the presence of pets in the residence.

*9502.0435 Subpart 12C–Pets*

Rabies shots and tags are current for all dogs and cats.

*9502.0435 Subpart 15A–Hand washing*

In sinks and tubs accessible to children, the water temperature must not exceed 120 degrees Fahrenheit to prevent children from scalding themselves while washing.

*Minnesota Statutes Chapter 245A Human Services Licensing*

*245A.50 Subdivision 3(a) –First aid*

When children are present in a family child care home governed by Minnesota Rules, parts 9502.0315 to 9502.0445, at least one staff person must be present in the home who has been trained in first aid. The first aid training must have been provided by an individual approved to provide first aid instruction. First aid training may be less than eight hours and persons qualified

to provide first aid training include individuals approved as first aid instructors. First aid training must be repeated every two years.

*245A.50 Subdivision 4(a) –Cardiopulmonary resuscitation*

When children are present in a family child care home governed by Minnesota Rules, parts 9502.0315 to 9502.0445, at least one staff person must be present in the home who has been trained in cardiopulmonary resuscitation (CPR) and in the treatment of obstructed airways that includes CPR techniques for infants and children. The CPR training must have been provided by an individual approved to provide CPR instruction, must be repeated at least once every two years, and must be documented in the staff person's records.

*245A.50 Subdivision 5(b) –Sudden unexpected infant death and abusive head trauma training*

Sudden unexpected infant death reduction training required under this subdivision must be at least one-half hour in length and must be completed in person at least once every two years. On the years when the license holder is not receiving the in-person training on sudden unexpected infant death reduction, the license holder must receive sudden unexpected infant death reduction training through a video of no more than one hour in length developed or approved by the commissioner. At a minimum, the training must address the risk factors related to sudden unexpected infant death, means of reducing the risk of sudden unexpected infant death in child care, and license holder communication with parents regarding reducing the risk of sudden unexpected infant death.

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



**Photograph 1: Electrical outlet missing protective covering.**



**Photograph 2: Electrical outlet missing protective covering.**



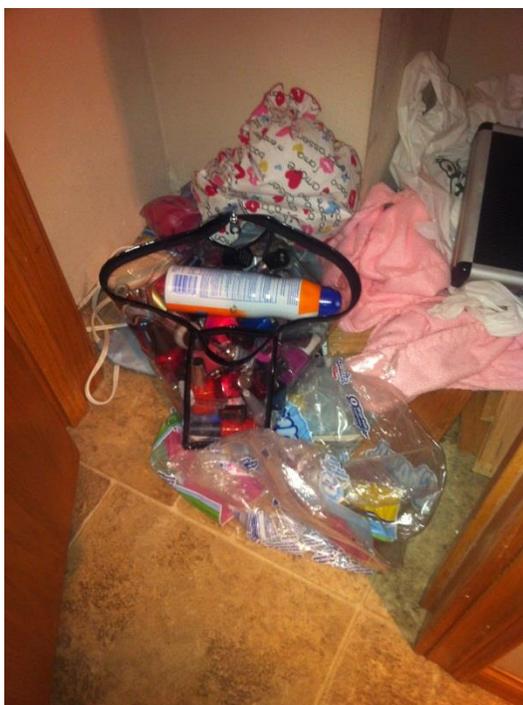
**Photograph 3: Kitchen area very dirty and cluttered.**



**Photograph 4: Hole in bathroom wall exposing pipes.**



**Photograph 5: Plastic bags in a cupboard accessible to children.**



**Photograph 6: Sunscreen and nail polish in a bathroom closet accessible to children.**



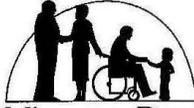
**Photograph 7: Paint and ice melt in a closet accessible to children.**

**APPENDIX D: INSTANCES OF NONCOMPLIANCE AT EACH  
CHILDCARE HOME PROVIDER**

<b>Provider #</b>	<b>Fire Safety</b>	<b>Physical Condition</b>	<b>Staff Records</b>	<b>Supervision</b>	<b>Total</b>
1	0	1	1	0	2
2	1	3	1	0	5
3	0	5	1	0	6
4	2	3	0	0	5
5	1	3	1	0	5
6	1	3	1	0	5
7	1	4	0	0	5
8	0	1	0	0	1
9	1	3	0	0	4
10	1	1	0	0	2
11	0	2	0	0	2
12	1	2	0	0	3
13	1	1	1	0	3
14	1	6	0	0	7
15	2	8	0	1	11
16	2	4	2	0	8
17	0	2	0	0	2
18	0	0	0	0	0
19	2	4	0	0	6
20	1	3	3	0	7
<b>Total</b>	<b>18</b>	<b>59</b>	<b>11</b>	<b>1</b>	<b>89</b>

**Notice:** We provided to the State agency under a separate cover the specific names of the providers audited.

## APPENDIX E: STATE AGENCY COMMENTS



Minnesota Department of **Human Services**

---

January 22, 2015

Sheri L. Fulcher Regional Inspector General for Audit Services  
Office of Inspector General  
Office of Audit Services, Region V  
233 North Michigan, Suite 1360  
Chicago, IL 60601

RE: Report Number A-05-14-00021

Dear Ms. Fulcher:

Thank you for giving us the opportunity to respond to your Dec. 23, 2014, draft audit report, "Some Minnesota Childcare Home Providers Did Not Always Comply with State Health and Safety Licensing Requirements." I wish to thank you and your staff for the time you spent here in Minnesota meeting with our staff as part of your audit. It is our understanding that our response will be published in the Office of Inspector General's final audit report. Here are our comments regarding the recommendations contained in the report.

**OIG Recommendation #1:** *Ensure through more frequent onsite monitoring that providers comply with health and safety requirements.*

**Response:** Minnesota concurs. We acknowledge and agree that, in general, increased oversight can result in increased compliance. Minnesota law currently provides for bi-annual licensing inspections of family child care programs. Most aspects of licensing family child care programs, including onsite inspections, are delegated to county agencies. DHS provides oversight, training, and tools for the county agencies, including a uniform licensing checklist for conducting inspections, so that all health and safety requirements are monitored during licensing inspections.

We are in the early stages of planning for implementing the federal Child Care and Development Block Grant Act of 2014, which requires states to implement annual unannounced inspections of child care centers and family child programs to include compliance with all child care licensing standards. The enhanced inspection schedule will be required within two years from enactment of the law and by then Minnesota will have identified and secured the necessary resources and changes in state law to meet this new requirement.

**OIG Recommendation #2:** *Develop a mandatory training program to improve provider compliance with health and safety regulations.*

**Response:** Minnesota partially concurs. Family child care providers are currently required to complete pre-service and at least 16 hours annual training in several required areas, including First Aid, Cardiopulmonary Resuscitation, Supervising for Safety, Child Growth and Development and Behavior

Guidance, Reduction of Sudden Unexpected Infant Death and Abusive Head Trauma, and Child Passenger Restraint Training. Minnesota's family child care training requirements were significantly enhanced and increased by the Minnesota Legislature in 2013. The annual required training hours doubled from 8 to 16, required training topics expanded, and the frequency of required training topics increased. These changes were made in response to infant deaths related to unsafe sleep in family child care.

We are in the early stages of planning for implementing the federal Child Care and Development Block Grant Act of 2014. To the extent that any of the new federal requirements impact training requirements for family child care providers, Minnesota will identify and secure the necessary resources and changes in state law to meet this new requirement within the required timeline.

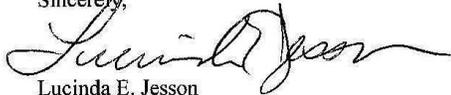
***OIG Recommendation #3: Ensure adequate oversight by reducing licensing inspectors' caseloads.***

**Response:** Minnesota partially concurs. As mentioned previously, most aspects of licensing family child care programs, including onsite inspections, are delegated to county agencies. Licensor caseloads are determined by the individual county agencies; for the ten counties sampled for this report, the average caseload ratio is 1:144. County agencies are permitted to charge family child care providers a licensing fee not to exceed \$100 for a two-year license. This fee is very minimal in relation to the actual cost incurred by county agencies to perform family child care licensing responsibilities.

Increasing staff sufficient to achieve a caseload ratio of 1:50, as recommended by Child Care Aware of America, would require significant additional resources and funding that could significantly impact county resources and/or increase licensing fees. However, we are committed to collaborating with our county agency partners to reduce licensor caseloads to a level that will allow us and the county licensing agencies to comply with the recently enacted requirements of the federal Child Care and Development Block Grant Act of 2014.

The Department of Human Services will continue to evaluate the progress being made to resolve all audit findings until full resolution has occurred. If you have any further questions or need additional information, please contact Gary L. Johnson, Internal Auditor, at (651) 431-3623.

Sincerely,



Lucinda E. Jesson  
Commissioner