

Department of Family Services and Labour

**Manitoba Early Learning
Child Care F**

Web Version

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Table of contents

Main points.....	119
Background.....	123
Audit approach	128
Audit findings and recommendations	129
1. Strategic planning and performance measurement.....	129
1.1 Strategic planning	129
1.1.1 5-year plan developed with 12 major commitments	129
1.1.2 Planning considered stakeholder input and barriers to achieving goals	129
1.1.3 Variety of information used, but more data would strengthen planning	130
1.2 Performance measurement	131
1.2.1 Progress on public commitments tracked and reported, with some gaps	131
1.2.2 Other public performance information needs some improvement	132
1.3 Coordinating areas of shared responsibility	134
1.3.1 Communication and accountability between divisions under review	134
1.3.2 Ongoing consultation with the Department of Education	134





Inspection and monitoring visits were mostly unannounced, but the Department did not consider this practical for family home inspections. The Department needs to avoid overly preparing facilities for upcoming inspections, ensure children are present during family home inspections, and do some visits to facilities with extended hours during evenings and weekends.

The frequency of regular inspections and monitoring visits to facilities were not based on each facility's past record in complying with standards, and not all required monitoring visits were being conducted.

Complaints about licensed facilities were resolved promptly and thoroughly. Complaints about unlicensed facilities operating with more than the allowed number of children were not always investigated thoroughly. The Department was taking steps to correct this.

While the majority of facilities met the standards by the time their annual licences were renewed, about 25% received provisional licences because they did not meet all legislated requirements. The Department's preferred approach was to work with facilities to help them comply with standards, and to only consider issuing licensing orders or revoking licences when it deemed this necessary. But violations noted during inspections were not always adequately followed up, and monitoring and enforcement activities were not always sufficiently escalated for repeated or serious violations.

All the Department's child care coordinators were trained as early childhood educators. Job-specific training was provided to new coordinators and was also available to supervisors, but it was delivered inconsistently. The Department was working on developing new staff orientation and training materials. Processes were in place to ensure Department staff, including child care coordinators, complied with the Province's conflict-of-interest policy.

Inconsistencies in the way staff conducted inspections, followed up violations, and issued licences reflected a need to enhance and clarify policy guidance, and a need to improve and increase supervisory reviews of inspection and licensing files. Licensing manuals, used by both Department staff and child care facilities, need to be more regularly updated to reflect current standards and practices.

Providing financial support

The Department's allocation of new funding to previously unfunded child care spaces was not completely transparent or well documented.

Inclusion support program (ISP) funding needs to be better linked to child needs and facility capability, with an adequately documented rationale for the nature and level of funding support provided. The Department was working to improve its ISP funding processes.

The Department's financial monitoring of facilities would be stronger if financial reviews included documented variance analysis and better monitoring of facility compliance with parent fee maximums, pension plan financial requirements, and the Department's base minimum wage rates for early childhood educators and child care assistants training to be early childhood educators (for facilities receiving wage adjustment grants).

Processes to verify applicants' eligibility for child care subsidies were mostly adequate, although methods of identifying any undeclared applicant income could be enhanced. And the provincial child care and income assistance programs need to more regularly share information when recipients' eligibility for child care subsidy depends on their eligibility for income assistance.

There were some significant errors and inconsistencies in the calculation of complex operating grants, ISP payments, and subsidy payments, indicating a need for better quality assurance processes.

Background

Program goal and activities

The Department of Family Services and Labour (the Department) administers the Manitoba Early Learning and Child Care Program (the Program) to support licensed child care (often called daycare) services that are high quality, accessible, and affordable. The Department's activities include monitoring whether licensed child care facilities meet established standards; providing operating grants, as well as funding for children with special needs, to eligible facilities; and subsidizing parent fees for eligible families. The Department also classifies child care workers, ovr, o c3.5(t)-2(24)-32.784(s)-e wn0 10410e D4(c)7. 7 .685-mn0 10410g pa4(et

Manitoba has 3 basic types of licensed child care facilities: centres, nursery schools (centres offering only part-time care for children ages 2 to 5), and homes. Centres and nursery schools operate on either a non-profit or commercial basis. Department operating grants are only available to homes and non-profit centres and nursery schools. **Figure 1** shows most licensed facilities are either operated by non-profit centres (43%) or individuals in their homes (41%), but most licensed spaces (73%) are in the non-profit centres. Child care legislation requires that at least 20% of the board members of these non-profit centres be parents or guardians of children attending the centres and full-time centres are also required to have parent advisory committees.

Figure 1: 73% of Manitoba's 29,811 licensed child care spaces are in non-profit centres

Facility type	March 31, 2011			
	Licensed facilities		Licensed spaces	
	#	%	#	%
Non-profit centres	461	43	21,830	73
Commercial centres	17	2	927	3
Non-profit nursery schools	146	13	3,645	12
Commercial nursery schools	14	1	293	1
Homes	445	41	3,116	11
Total	1,083	100	29,811	100

Source: Manitoba Family Services and Labour

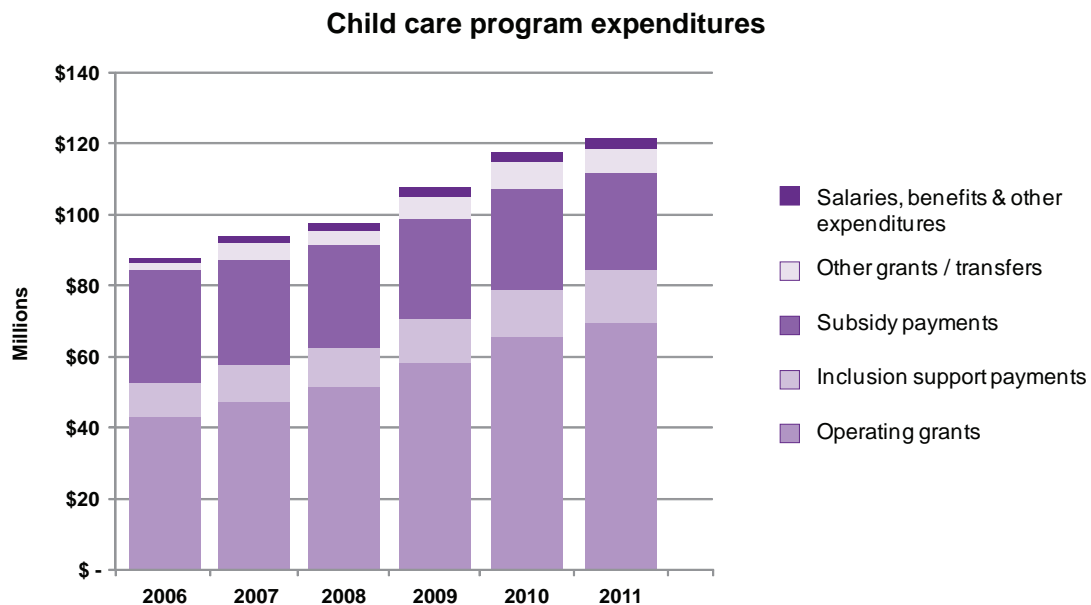
Department financial and staff resources

As reported in its annual report, the Department's Child Care Program expenses totaled about \$122 million for the year ending March 31, 2011. This included about \$70 million in facility operating grants to support 25,911 licensed spaces that were funded, \$27 million in parent fees subsidies for 9,710 families, and \$15 million in inclusion support funding for 1,484 children. It also included about \$7 million for various smaller dollar initiatives (child care worker pensions; capital expansion and renewal; recruiting, retaining and

The Department also spent about \$2 million for 33 front-line child care coordinators in 2011. This was included in its Community Service Delivery Division costs, as opposed to its Child Care Program costs. Child care coordinators licence and monitor facilities, investigate complaints, allocate funds to include and support children with special needs, assess the quality of centre programming and activities, participate in planning meetings with centres, conduct workshops, and provide information to facilities and parents.

Figure 2 shows that Child Care Program expenses increased by 38% between March 31, 2006 and March 31, 2011, from about \$88 million to \$122 million. This primarily reflected a 62% increase in operating grants and about a 55% increase in inclusion support, partially offset by a 14% decrease in subsidy funding. Funding for operating grants increased because the Department funded 3,104 more licensed spaces and increased funding rates for different types of spaces over this period (for example, rates paid to non-profit centres increased 22% for preschool children and 35% for school age children). Inclusion support funding increased because the average annual funding for each child increased 45% (to \$10,128 in 2010/11) and the average number of children served increased 7%. Funding for subsidizing parent fees decreased because the Province had not substantively altered subsidy thresholds for several years, resulting in fewer parents qualifying for subsidies as the provincial minimum wage increased.

Figure 2: Child Care Program expenses increased 38% between 2006 and 2011



Source: Manitoba Family Services and Labour

Child care facility funding

Child care facilities receive most of their revenue from parent fees (capped by the Department for facilities receiving operating grants) and grant funding from td

Child care workers

The Department's records showed 7,067 classified child care workers were employed in Manitoba at March 31, 2011. This included 1,610 Early Childhood Educator IIs (ECE IIs), 982 Early Childhood Educator IIIs (ECE IIIs), and 4,475 Child Care Assistants (CCAs). CCAs include ECEs-in-training and other non-ECEs working directly with children, but this category also includes cooks, custodians, and drivers.

ECE IIs have a 2-year diploma in early childhood education from an approved institution or have completed a competency assessment program offered by the Department. ECE IIIs are similar, but have another year of education in an approved area of specialization in child care, or a degree in developmental studies. CCAs providing direct care to children must complete a minimum 40-hour course in child development in their first year of employment. Child care legislation requires two thirds of the staff in full-time child care centres, and half the staff in nursery schools or school age centres, to be trained ECE IIs or IIIs.

Some family home providers may be classified as CCAs or ECEs, but this is not required.

All family providers must show during their first year of being licensed that they have

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vision was then released to the public for responses. Over 24,000 responses came from parents, child care providers, community groups, child care advocates, labour groups and school divisions. The Department used this input to develop the first 5-year plan around a vision of high quality, accessible, affordable child care. While the consultation for the 2008-2013 plan was less extensive, the Department continued to consult with the Committee, as well as directly with child care coordinators, facilities, the Manitoba Child Care Association, and other stakeholders on specific proposed initiatives.

The Department centred its 2008–13 plan on reducing identified risks to achieving its vision. Identified barriers to success included:

- too few licensed spaces to meet parent demand, including spaces with flexible hours, spaces for children with special needs, and nursery spaces.
- the difficulties caused by requiring parents to be listed on multiple facility wait-lists.
- too few early childhood education professionals to allow all centres to meet staffing standards.
- a lack of capital funding for expanding the number of spaces.
- a need to better support parent volunteers serving on child care centre boards.

1.1.3 Variety of information used, but more data would strengthen planning

The Department used data and analysis to support its str.7b931%

For planning to improve the quality of child care, the Department generated reports on the number of facilities with safety charters and age-appropriate curriculums, as well as the number meeting certain standards related to trained staff. But it didn't typically generate reports on the level of compliance with other key standards. Nor did it generate reports summarizing the results of its quality assessments of centre learning and development activities.

In April 2012, the Department estimated that another 160 ECE IIs would be required for all centres to meet staffing standards and a further 122 would be needed for the 1,100 new spaces it planned to licence in 2011/12. Estimating ECE requirements was challenging because the Department lacked the capacity to measure turnover of ECEs in the child care system.



standards: the staff-to-child ratios to be maintained, the proportion of ECEs required in



policy associated with the charter could have occurred sooner as school stakeholders were not initially consulted. The Department provided more funding than originally planned to help facilities implement the locked door policy.

The Department's capital funding to child care facilities in schools and on school property was administered by the Department of Education, through the Public Schools Finance Board. Related responsibilities and procedures were clearly documented and activities were coordinated through an interdepartmental Early Learning and Child Care Capital Fund Management Committee.

We compared Manitoba's legislated child care standards to those in other provinces.

confirmation that noted problems were corrected before licensing. All 5 files also lacked evidence of at least one required piece of information (such as an occupancy permit, an emergency evacuation plan, articles of incorporation, bylaws, or liability insurance). All 7 family home files had safety inspection reports, as well as required criminal record, child abuse registry, pardon, and family resident checks on file. But 5 of the 7 files lacked evidence of at least one required piece of evidence (such as confirmation of first-aid/CPR training, liability insurance, furnace servicing, fire extinguishers, or that child care

The Department did not proactively search for family home providers that should have been licensed, although it did respond to formal complaints about unlicensed facilities. We investigated 10 randomly selected child care ads on a Winnipeg web-site and found 2 family providers operating illegally without a licence (over the limit of 4 children for unlicensed providers). There is increased risk that facilities operating with more than the allowable

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Recommendation 9: We recommend that the Department pilot-test doing some family home inspections on an unannounced basis, and then reconsider the need to schedule all family home inspections with providers.

2.4.2 Frequency of regular monitoring visits not risk-based and not all required visits done

While the Department required all licensed facilities to be inspected annually, it had differing regular monitoring requirements for the different types of facilities. Full-time centres and homes required 2 monitoring visits a year, although coordinators could waive centre monitoring visits to conduct ECERS and ITERS assessments. In some cases, this resulted in centres having no monitoring visits because either an ECERS or an ITERS assessment was performed every year. Nursery schools didn't require any monitoring visits because many were only open part-days and only some days of the week. Although child care coordinators had the discretion to increase the number of monitoring visits to facilities to follow-up complaints or significant issues noted during inspections, we had concerns about waiving regular monitoring requirements and the lack of regular monitoring visits to nursery schools.

The Department didn't consider each facility's past record in complying with standards

2.4.3 Inspection documentation not always clear or complete

Child care coordinators used 3 different types of standard checklists to complete inspections, depending on the facility type. All checklists were generally consistent with the standards in the *Child Care Regulation*. Child care coordinators were expected to

after the first complaint, send a letter to the provider asking if more than 4 children are being cared for and explaining the licensing rules, and follow up with a phone call if no reply is received.

after the second complaint, make an unannounced visit to the home to see how many children are in care and again explain the licensing rules.

after the third complaint, arrange surveillance of the home to gather evidence to lay charges.

The Department's policy did not require any follow-up after warning providers caring for more than the maximum number of children that they needed to reduce the number of children being cared for or become licensed. If a provider exceeding the 4-child (at any given time) limit agreed to become licensed during investigation of the complaint, the Department would expedite licensing to avoid closing spaces that families depended on. But if a provider agreed to reduce the number of children they were caring for, the Department did not follow up to ensure this result.

We reviewed complaint files for 5 unlicensed facilities. Although the Department had received multiple complaints for 3 of the 5, the escalating actions that its policy required were not taken. In addition, the investigations were both prompt and clearly resolved for only 1 of the 5 complaints.

Subsequent to the completion of our audit work in this area, the Department began implementing a revised policy for complaints about unlicensed providers. It required surveillance after second complaints and visits to homes to verify the number of children being cared for after providers agreed to reductions. The Department also filled a previously vacant compliance position in this area.

Recommendation 12: We recommend that the Department investigate all complaints that a family home provider is caring for more than 4 children (at any given time) without a licence promptly, thoroughly, and in accordance with its recently revised policy for handling complaints about unlicensed facilities.

2.5 Following up violations and escalating enforcement

2.5.1 Violations not always adequately followed up to ensure correction

The Department required facility directors and home providers to submit signed and dated forms (*Agreement with Inspection Requirements* forms, or AI forms) explaining how they had corrected standards violations. Centres and nursery schools also had to have a board member sign these forms. The Department then expected child care coordinators to match items on the AI forms to their inspection checklists to ensure all unmet standards were addressed. Coordinators were also supposed to obtain documents to support the facilities' reports.

with the standards. However, as noted in previous sections (2.5.1 and 2.4.2), the Department

The Department recognized there were gaps and had recently started developing orientation and training modules for child care coordinators and their supervisors.

Recommendation 15: We recommend that the Department implement

and procedures manuals that could not be logically explained, perhaps the result of updates to one that had not been reflected in the other, although it applied equally. For example, the manual for homes required supporting documentation for the corrective actions facilities reported, while the manual for centres did not.

Inconsistencies in the way staff conducted inspections indicated a need to clarify and enhance the guidance provided in policy and procedures manuals. Examples included:

during initial inspections, between 0 and 32 inspection items were deferred until facilities actually began caring for children.

some coordinators decided standards were being met through visual verification and discussion with facility staff; others relied only on discussion with the facility director.

the time allowed to correct similar violations frequently varied considerably (for example, it ranged from 0 to 34 days for one common violation).

The Department had no formal criteria to assess the adequacy of most of the documents that facilities submitted when applying for initial licences (such as their behaviour management and inclusion support policies), although there was a checklist for assessing their safety plans.

Recommendation 16: We recommend that the Department:

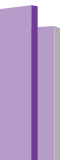
- a. regularly update licensing and policy and procedures manuals to ensure they reflect current standards and practices.
- b. give sufficient guidance to coordinators to ensure greater consistency in conducting inspections and providing correction timeframes.
- c. develop criteria or checklists for assessing the adequacy of documents submitted for initial licensing.

2.6.4 Supervisory review of inspection and licensing files needs strengthening

We expected supervisors to perform and document quality assurance reviews on a sample of files from each child care coordinator, emphasizing higher risk files. This would let supervisors provide feedback to coordinators; note common issues, such as a lack of







Recommendation 19: We recommend that the Department ensure that operating grant calculations are accurate and consistent by:

- a. providing tools (such as Excel templates) to help with complex manual calculations.
- b. providing further guidance as to when adjustments for space utilization may be overridden for “low attendance for a short period of time”, and making this guidance available to all facilities.
- c. reconciling existing funding policy with actual funding practice for extended care spaces, and ensuring funding is consistent with the *Child Care Regulation*.
- d. linking the funding for an extended care space to the number of extended care hours being provided.
- e. implementing a documented quality assurance process for grant calculations.

3.1.4 Some gaps in financial monitoring of funded facilities

The Department required funded centres to submit annual budgets and audited financial statements. Funded nursery schools did not have to submit budgets, but those receiving more than \$8,000 in annual funding had to submit financial statements with review level assurance (based on a less comprehensive examination than an audit) and those receiving a smaller grant had to submit unaudited financial statements. Funded homes did not have to submit any

was usually received within 2 months of the due date.

Financial analysts documented their reviews of submitted budget information. These reviews ensured that budgets were accurate and reasonable, and that any deficit problems were appropriately dealt with. But reviews of financial statements were not similarly documented. We found no indication that financial analysts compared actual to expected results and obtained explanations for variances.

The Department did not monitor facility compliance with base minimum wage rates for early childhood educators and child care assistants training to be early childhood educators when it provided facilities with wage adjustment grants for this purpose. Nor did it monitor facility compliance with parent fee maximums. The Department was monitoring compliance with some aspects of the pension plan requirements in the *Child Care Worker Retirement Benefits Regulation*. But this did not include ensuring that funds paid to facilities to reimburse child care workers for their pension plan contributions were used for this intended purpose.

Since some facilities are not required to submit financial statements, it would be helpful if parents were also able to monitor facility compliance with parent fee maximums. To do this, parents need to know the limits set by the Department and whether or not their facility is funded by the Department and therefore required to comply with the limits.

Recommendation 20: We recommend that the Department improve its financial monitoring of facilities by:

- a. requiring nursery schools receiving larger dollar grants to submit operating budgets.

3.2 Managing Inclusion Support Program (ISP) payments

3.2.1 Funding needs to be better linked to child needs and facility capability

The Department's Inclusion Support Program (ISP) helped facilities include and support children with physical, behavioural, cognitive, or other special needs. There was no application process. Child care coordinators determined ISP payments on a child-by-child basis, after consulting with the family, facility staff, qualified professionals, and referral sources. Centres and nursery school received individualized staff

Consistent with our findings, a recent internal review of the ISP Program found that it lacked formal processes for receiving funding applications, assessing applications against consistent criteria, and determining the level of funding support. The review also found that the Department could not track program statistics (such as the most common reasons for inclusion support funding) that would help in program decision-making. As a result, the Department recognized that it needed processes that focused on the child's needs, not the child's diagnosis. And it needed to more fully consider a facility's existing resources before offering ISP funding. The Department also recognized that it needed to periodically reassess the ISP funding in place in a facility because funding might be needed for only a limited time. A child's behaviour might improve or a child might need less support after settling into a new facility. At the time of our audit the Department was developing new ISP forms and processes.

The Department exceeded its ISP budget in each of the past 4 years. Department staff told us there was no waitlist for ISP funding, so there was no need to prioritize children requiring inclusion support.

Recommendation 22: We recommend that the Department improve the Inclusion Support Program by developing policies and processes to more fully and consistently assess and document:

- a. children's inclusion support needs.
- b. facilities' inclusion support capabilities.
- c. cost-effective options for bridging gaps between children's support needs and facilities' capabilities, together with an approved rationale for the nature, level, and period of funding support selected, or a rationale for denying funding.

3.2.2 Review process needed to prevent ISP grant overpayments

The Department paid approved ISP grants to centres on the basis of submitted payment request forms signed by the facility and coordinator, and approved by a financial analyst. The forms showed the names of the children receiving inclusion support and the related hours and wages the facilities wanted reimbursed. The Department allowed minor variations from what it originally approved because support hours sometimes varied. But requests for anything significantly more than what was originally approved required follow up and further approval.

In a sample of 22 monthly payments to centres, 18 (82%) were consistent with what was originally approved and within the Department's guidelines for minor variations. But 2 centres were paid for significantly more hours than originally approved (92 versus 50 hours in one cas.2(l(u)8)-23..0nW(')81.3w0.8359 -1.2lu4er15.5(d-10.8u12P)18i24(t)6.D.0045(pa)-12.cs 3r15.5(d-1

grants were for one additional worker to support a group of 3 children, but both centres were

In a sample of 5 declined subsidy applications, the rationales for not approving subsidy were clearly documented, and all decisions were appropriate.

Recommendation 24: We recommend that the Department improve its processes for verifying child care subsidy eligibility by:

- a. regularly sharing information between provincial income assistance and child care programs when applicants' eligibility for subsidy depends on their eligibility for income assistance.
- b. periodically requesting tax information from the Canada Revenue Agency for a sample of subsidy applicants and recipients.
- c. documenting all verification activities performed.

3.3.2 Improvements needed to prevent subsidy payment errors

In a sample of 30 subsidy application files processed between September 1, 2010 and August 31, 2011, 10 (33%) had calculation errors. In one case, the application was denied,

Recommendation 25: We recommend that the Department improve the accuracy of subsidy payments by:

- a. providing related staff training to subsidy advisors and their



22. We recommend that the Department improve the Inclusion Support Program by developing policies and processes to more fully and consistently assess and document:
 - a. children's inclusion support needs.
 - b. facilities' inclusion support capabilities.
 - c. cost-effective options for bridging gaps between children's support needs and



Establish a pilot project to complete some family child care home inspections on an unannounced basis.

Review available statistics from the Online Child Care Registry, as well as other useful information related to key standards and quality assessments and use that information for internal strategic planning.

Build on our current public reporting processes by including more information for parents and licensed facilities related to key standards, compliance and funding. The Department will also include information on parent fee limits in its *Parent's Guide to Quality Child Care*.

Develop a quality assurance process to ensure recommendations and actions are implemented and to support ongoing monitoring of compliance, reporting and financial supports and payments.

Moving forward, the Department will develop approaches and take the necessary action to address the remaining recommendations in this report, including deterring unlicensed private home providers from caring for more than the allowable number of children; establishing a more risk based approach to licensing and financial monitoring of child care facilities; and making the required changes to the IT system to address related recommendations in this report.

