



Agency Recommendation Summary

The Department of Children, Youth and Families (DCYF) requests \$2,583,000 General Fund-State and 2 Full Time Equivalents (FTE) in the 2023-25 Biennial Budget to support the work necessary to provide the detail information for the Child Care and Development Fund (CCDF) grant management as identified in the CCDF FY21 SWSA Audit Report. This request is in response to the \$271M CCDF Audit finding from SAO for the FFY21 award. The finding will be a repeat finding in FFY22 and likely in FFY23 as DCYF lacks the resources necessary to provide the level of detail required by SAO.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Staffing						
FTEs	2.0	2.0	2.0	2.0	2.0	2.0
Operating Expenditures						
Fund 001 - 1	\$1,299	\$1,284	\$2,583	\$284	\$284	\$568
Total Expenditures	\$1,299	\$1,284	\$2,583	\$284	\$284	\$568

Decision Package Description

The State Auditor’s Office (SAO) issued a \$271M finding for the CCDF program and issued a Disclaimer of Opinion for the CCDF program in the SWSA 21 Single Audit Report. The SAO stated they were not able to conduct the audit of the CCDF grant as they were unable to get to the child level detail for all transactions including adjustments that occurred at the grant level.

Payments are made through the Social Services Payment System (SSPS), an antiquated payment system that does not allow for changes to the original payment data should a transfer of expenditures need to occur as a part of the overall DCYF grants management process. SSPS interfaces with the Agency Financial Reporting System (AFRS) on a nightly basis. The interface to AFRS does not include the child level detail. Therefore, when the SSPS transactions interface with AFRS and cost allocate through the Cost Allocation System (CAS) within AFRS, it is a system limitation that the child level detail is not transferred to AFRS and CAS. The only current solution to resolve the audit finding is to implement a manual process.

SSPS is currently in the process of being replaced however that will not occur until FY25 given the need for a full feasibility study along with all necessary steps to meet the OCIO required gated processes for IT projects. Until SSPS can be replaced, there will need to be an interim non-IT solution to help track payment details back to the child level data. Although, DCYF will make every effort to maintain the child level detail in the interface between a new SSPS system and AFRS, it is not yet known if this can be accommodated in AFRS and/or if there are any other system limitations throughout the replacement process that will pose challenges. Given the turnaround time necessary to become compliant to the SAO standard, this will require a contract with a provider to work in conjunction with requested DCYF staffing levels to get to the detailed reporting necessary during the interim period until SSPS is replaced, at a minimum.

This grant total finding will be a repeat finding in FY22 as well as FY23 and beyond given DCYF does not have the resources necessary to develop and maintain the business process redesign as well as the current information technology initiatives necessary to meet the level of detail as identified by the SAO.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

This request entails a manual process to occur outside of the current system to resolve the finding.

The contracted provider request is for one-time FY24 and FY25, not ongoing. This money is intended for third party consultation to help build data sets to fulfill SAO's findings, and mitigate the risk of future impacts to the CCDF grant award.

Detailed Assumptions and Calculations:

Additional details provided in backup files and calculations.

Workforce Assumptions:

1 MA5 @ \$91,525 (Rates & Forecast Unit), 1 MA4 @ \$82,901 (Cost Allocation Unit), contracted provider for interim consultation and reporting to meet the SAO detail level @ \$1M/yr. The contracted provider assumption is based on similar business analyst costs in the SSPS system replacement project.

Strategic and Performance Outcomes

Strategic Framework:

DCYF's strategic plan calls for the creation of a high-quality integrated B-8 system. This includes expanding access to affordable, high-quality child care.

Performance Outcomes:

DCYF expects to continue to provide supportive, affordable, high-quality access to child care across the state.

Equity Impacts

Community outreach and engagement:

The CCDF grant is critical to services to vulnerable children and families across the entirety of Washington State. Loss of this grant will have severe statewide implications for children and families as well as the communities in which they live.

Disproportional Impact Considerations:

Not applicable.

Target Populations or Communities:

The CCDF grant is critical to services to vulnerable children and families across the entirety of Washington State. Loss of this grant will have severe statewide implications for children and families as well as the communities in which they live.

Other Collateral Connections

Puget Sound Recovery:

Not applicable.

State Workforce Impacts:

Not applicable.

Intergovernmental:

Not applicable.

Stakeholder Response:

Not applicable.

State Facilities Impacts:

Not applicable.

Changes from Current Law:

Not applicable.

Legal or Administrative Mandates:

Not applicable.

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2024	2025	2023-25	2026	2027	2025-27
Obj. A	\$174	\$174	\$348	\$174	\$174	\$348
Obj. B	\$59	\$58	\$117	\$58	\$58	\$116
Obj. C	\$1,000	\$1,000	\$2,000	\$0	\$0	\$0
Obj. E	\$4	\$4	\$8	\$4	\$4	\$8
Obj. G	\$5	\$5	\$10	\$5	\$5	\$10
Obj. J	\$14	\$0	\$14	\$0	\$0	\$0
Obj. T	\$43	\$43	\$86	\$43	\$43	\$86

Agency Contact Information

Crystal Lester
 (360) 628-3960
 crystal.lester@dcyf.wa.gov