COMMITMENT
INTEGRITY
LEADERSHIP

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FACT SHEET

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Community Child Care Council of Santa Clara County

Because It Disadvantaged Some Families and Misused State Funds, It Could Benefit From Increased Monitoring by the California Department of Education

Background

To provide low-income families with safe and healthy environments for education and child care, the California Department of Education (Education) contracts with various local entities, such as the Community Child Care Council of Santa Clara County (4Cs). 4Cs provides a variety of comprehensive services as a link between families and child-care in Silicon Valley and is responsible for enrolling families to receive child-care services and terminating services per laws and regulations.

Key Recommendations

4Cs should do the following:

- Prevent staff from recording incorrect dates on notices and periodically review the dates in the data system to ensure that controls in the data system are effective.
- Strengthen controls over its approval process of costs charged to the State's share of its funding.
- Allow beneficiaries reasonable access to their retirement funds for its retirement plans through accounts that do not incur high charges for transferring or rolling over funds.

Education should ensure the following:

- Accessibility to its appeals process by requiring contractors to provide families with key information about appealing notices.
- Recovery of any state funds used for unallowable costs and improper payments to 4Cs' retirement plans.

Key Findings

- 4Cs unfairly terminated child-care services for many families.
    - » It gave unreasonable deadlines for families to respond to important notifications—it altered the dates on more than 15 percent of its notices to families from July 2015 through June 2017 causing premature deadlines including some due dates that preceded the dates it created the notices.
    - » 4Cs and Education do not provide sufficient information to families about the process for appealing decisions and actions regarding services.
- 4Cs did not comply with certain requirements per its contracts with Education, including using state grant funds for unallowable and questionable purposes.
    - » Of the 69 administrative costs pertaining to travel, nearly a third were unallowable and included reimbursement for legal services for labor union negotiations, food purchases for board meetings, and personal amenities.
    - » It could not justify the reasonableness of most of the administrative costs we reviewed—81 percent of the costs were either missing documents or contained discrepancies in the records.
    - » 4Cs does not have formal procedures for determining the eligibility and need of applicants for subsidized child-care services. Further, it did not provide its staff with the required training, or follow all of the required self-evaluation process.
- Although Education uses annual independent audits to monitor its reimbursements of 4Cs' administrative costs, the audits are insufficient to detect certain potential misuses of state funds.
- The former executive director of 4Cs engaged in questionable management of 4Cs' retirement plans based on recommendations from 4Cs' financial adviser, who ultimately benefited financially from the transactions.