PERFORMANCE AUDIT
OF THE

CHILD DAY CARE AND CHILD WELFARE LICENSING DIVISIONS

BUREAU OF REGULATORY SERVICES
DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES

March 1998

63-432-97

EXECUTIVE DIGEST

CHILD DAY CARE AND CHILD WELFARE LICENSING DIVISIONS

INTRODUCTION	This report, issued in March 1998, contains the results of our performance audit* of the Child Day Care (CDCLD) and Child Welfare (CWLD) Licensing Divisions within the Bureau of Regulatory Services, Department of Consumer and Industry Services.
AUDIT PURPOSE	This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.
BACKGROUND	The Bureau's mission* is to protect children who are vulnerable by virtue of age, disability, or circumstance and who are in need of licensed Michigan residential care, child placing agency services, and day care programs and to enhance such care through established standards. Executive Order No. 1996-1 transferred the Bureau from the Family Independence Agency to the Department of Consumer and Industry Services by a type II transfer* , effective April 1, 1996. CDCLD and CWLD are responsible for licensing and regulating child day care homes and centers, child caring

* *See glossary on page 20 for definition.*

institutions, child placing agencies, children's camps, and children's foster homes. CDCLD and CWLD are also responsible for performing ongoing reviews of licensing rules, providing technical and educational assistance to the licensees*, and conducting investigations of alleged licensing violations.

CDCLD had 98 employees and CWLD had 25 employees as of September 30, 1997. The Bureau recorded expenditures of approximately $19.0 million for the fiscal year ended September 30, 1997.

AUDIT OBJECTIVES, CONCLUSIONS, AND NOTEWORTHY ACCOMPLISHMENTS

Audit Objective: To assess CDCLD's and CWLD's effectiveness in meeting their goals* and responsibilities related to statutory and administrative licensing requirements.

Conclusion: Our assessment disclosed that CDCLD and CWLD were generally effective in meeting their goals and responsibilities related to statutory and administrative licensing requirements. However, we noted reportable conditions* related to licensing of children's camps, the continuous quality improvement process, license file audits, and license file documentation (Findings 1 through 4).

Audit Objective: To assess CDCLD's and CWLD's effectiveness in the administration of the functions regarding alleged licensing violations and adverse actions taken.

Conclusion: Our assessment disclosed that the CDCLD and CWLD were effective in the administration of the functions regarding alleged licensing violations and

* *See glossary on page 20 for definition.*

adverse actions.

Noteworthy Accomplishments: Both CDCLD and CWLD had established interpretations related to the licensing rules applicable to the licensees and registrants* for which each division is responsible. The interpretations are intended to provide detailed information to help ensure that the licensees and registrants have a better understanding of the licensing rules and to know what is required of them. Also, the interpretations are intended to help the field consultants apply the rules consistently to all licensees.

CDCLD developed a video-based training program for licensing and registrant applicants and current licensees. The videos may be borrowed or purchased from local offices and/or central office. The videos include various topics, such as how to start a day care center, positive discipline, complaint handling, and fire safety.

AUDIT SCOPE AND METHODOLOGY

Our audit scope was to examine the program and other records of the Child Day Care and Child Welfare Licensing Divisions. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included testing of records for the period of October 1, 1994 through May 31, 1997. To establish our audit methodology, we conducted a preliminary survey of the Bureau's operations. This included discussions with

agency staff regarding CDCLD and CWLD functions, responsibilities, policies and procedures, licensing rules,

* *See glossary on page 20 for definition.*

the licensing process, and the alleged license violation and adverse action process.

To assess CDCLD's and CWLD's effectiveness in meeting their goals and responsibilities related to statutory and administrative licensing requirements, we reviewed a random sample of license files for documentation of the original and renewal licensing process and field file audits to ensure that licensing actions were accurate and complete. In addition, we analyzed staffing levels and case loads.

To assess CDCLD's and CWLD's effectiveness in the administration of the functions regarding alleged licensing violations and adverse actions, we reviewed a random sample of files that documented the investigation process to determine that the investigations were handled timely and consistently, and that the results of the investigations, including the consultant's recommendation of action to take, were reasonable under the circumstances.

AGENCY RESPONSES AND PRIOR AUDIT FOLLOW-UP

Our report contains 4 findings and 5 corresponding recommendations. The Bureau agreed with the recommendations and indicated that it will take steps to comply with all the recommendations.

CDCLD and CWLD had complied with 7 of the 9 prior audit recommendations included within the scope of our current audit. The other 2 recommendations are repeated in this report.

Ms. Kathleen M. Wilbur, Director
Department of Consumer and Industry Services
G. Mennen Williams Building
Lansing, Michigan

Dear Ms. Wilbur:

This is our report on the performance audit of the Child Day Care and Child Welfare Licensing Divisions within the Bureau of Regulatory Services, Department of Consumer and Industry Services.

This report contains our executive digest; description of agency; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Thomas H. McTavish, C.P.A.
Auditor General

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Description of Agency

The Bureau of Regulatory Services, Department of Consumer and Industry Services, is responsible for licensing and regulating child care organizations* to provide protection to children who receive care in out-of-home settings. The Bureau's mission is to protect children who are vulnerable by virtue of their age, disability, or circumstance and who are in need of licensed Michigan residential care, child placing agency services, and day care programs and to enhance such care through established standards. Executive Order No. 1996-1 transferred all the authority, powers, duties, functions, and responsibilities of child welfare licensing and the management support functions for the Bureau from the Family Independence Agency to the Department of Consumer and Industry Services, effective April 1, 1996. The transfer was a type II transfer as defined by Section 16.103 of the *Michigan Compiled Laws*. The Bureau includes the Child Day Care (CDCLD) and Child Welfare (CWLD) Licensing Divisions. Each division has both central office administrative operations and field operations located in local offices throughout the State.

CDCLD is responsible for regulating and providing technical assistance and consultative services to approximately 16,800 child day care homes and 4,600 child day care centers. More than 334,000 children received services from these day care homes and centers.

CWLD is responsible for regulating and providing technical assistance to approximately 210 child caring institutions, 370 child placing agencies, and 380 children's camps. CWLD also licenses approximately 7,000 foster care homes for children based on the recommendation and certification of regulated child placing agencies. More than 324,000 children receive services from these child caring organizations.

CDCLD and CWLD activities are funded with State General Fund/general purpose appropriations, federal financial assistance, and licensing fees. CDCLD had 98 employees and CWLD had 25 employees as of September 30, 1997. The Bureau had expenditures of approximately $19.0 million for the fiscal year ended September 30, 1997.

* *See glossary on page 20 for definition.*

Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our performance audit of Child Day Care (CDCLD) and Child Welfare (CWLD) Licensing Divisions within the Bureau of Regulatory Services, Department of Consumer and Industry Services, had the following objectives:

1. To assess CDCLD's and CWLD's effectiveness in meeting their goals and responsibilities related to statutory and administrative licensing requirements.

2. To assess CDCLD's and CWLD's effectiveness in the administration of the functions regarding alleged licensing violations and adverse actions taken.

Audit Scope

Our audit scope was to examine the program and other records of the Child Day Care and Child Welfare Licensing Divisions. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Audit Methodology

Our audit procedures were performed between May and October 1997 and included testing of records for the period of October 1, 1994 through May 31, 1997.

To establish our audit methodology, we conducted a preliminary survey of the Bureau's operations. This included discussions with agency staff regarding CDCLD's and CWLD's functions, responsibilities, policies and procedures, licensing rules, the licensing process, and the alleged license violation and adverse action process.

We reviewed a random sample of license files to assess CDCLD's and CWLD's effectiveness in meeting their goals and responsibilities related to statutory and administrative licensing requirements. Our review included assessing the documentation for the original and renewal licensing process. We also examined the files for compliance with CDCLD's and CWLD's licensing rules and policies and procedures. We identified and analyzed procedures used by field supervisors to perform file audits of licensees and ensure that licensing actions by staff were

accurate, complete, and correct. In addition, we analyzed staffing levels and case loads.

We reviewed a sample of files to assess CDCLD's and CWLD's effectiveness in the administration of the functions regarding alleged licensing violations and adverse actions. We examined files and reviewed CDCLD's and CWLD's licensing rules and policies and procedures used to support the divisions' investigation process. We evaluated the alleged license violations to determine that they were handled on a consistent and timely basis based on the types of violations and policies and procedures. We examined results of the adverse actions to determine that they were reasonable under the circumstances. In addition, we reviewed alleged license violation and adverse action files to determine that the files contained the documentation necessary to support the consultant's recommendation of action.

Agency Responses and Prior Audit Follow-Up

Our report contains 4 findings and 5 corresponding recommendations. The Bureau generally agreed with the findings and recommendations and indicated that it will take steps to comply with all the recommendations.

The agency preliminary response which follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require the Department of Consumer and Industry Services to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

CDCLD and CWLD had complied with 7 of the 9 prior audit recommendations included within the scope of our current audit. The other 2 recommendations are repeated in this report.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

GOALS AND RESPONSIBILITIES RELATED TO STATUTORY AND ADMNISTRATIVE LICENSING REQUIREMENTS

COMMENT

Background: The Child Day Care (CDCLD) and Child Welfare (CWLD) Licensing Divisions within the Bureau of Regulatory Services are responsible for licensing and regulating child day care homes and centers, child caring institutions, child placing agencies, children's camps, and children's foster homes. CDCLD and CWLD are also responsible for performing ongoing reviews of licensing rules, providing technical and educational assistance to the licensees, and conducting investigations of alleged licensing violations.

Audit Objective: To assess CDCLD's and CWLD's effectiveness in meeting their goals and responsibilities related to statutory and administrative licensing requirements.

Conclusion: Our assessment disclosed that CDCLD and CWLD were generally effective in meeting their goals and responsibilities related to statutory and administrative licensing requirements. However, we noted reportable conditions related to licensing of children's camps, the continuous quality improvement process, license file audits, and license file documentation.

FINDING

1. Licensing of Children's Camps

CWLD's processes did not include the licensing of most day camps as required by the *Michigan Compiled Laws.*

Section 722.111(d) of the *Michigan Compiled Laws* defines a children's camp:

> 'Children's camp' means a residential, day, troop, or travel camp conducted in a natural environment for more than 4 school age children, apart from their parents, relatives, or legal guardians, for 5 or more days

in a 14-day period. A children's camp provides care and supervision for the same group of children for usually not more than 12 weeks.

The Bureau established a policy in February 1980 to define the term "children's camp," as used in Section 722.111 of the *Michigan Compiled Laws*. The Bureau's policy, which discontinued the licensing of day camps, defined "5 or more days in a 14-day period" to mean the camp operates for more than 96 hours in a 14-day period. When the Bureau defined a day as 24 hours, the 96 hour (24 hours X 4 days) criteria was established.

The Bureau's definition of a day camp is more restrictive than the popular meaning of the term "day camp," and it effectively excluded most day camps from licensing requirements. Based on the wording in Section 722.111(d), which explicitly refers to "day" camps in the definition of children's camps, the Legislature intended for most day camps to be licensed. While there is no specific information available to determine the exact number of day camps operating, CWLD staff estimate the number of day camps to be approximately 900.

CWLD considers day camps to be low risk when compared to other types of child care services regulated by CWLD. However, day camps have the potential to be more risky than some activities licensed by other divisions within the Bureau. In some cases, day camps operate similar to some day care centers. However, day camp programs can also involve higher risk activities, such as waterfront activities, rope repelling, archery, and horseback riding in natural environment settings.

In our prior audit report, we recommended that the Department request a formal Attorney General opinion as to the proper interpretation of which children's camps should be licensed or seek amendatory legislation to clarify the types of camps that should be licensed. CWLD staff informed us that although the Department did not request a formal Attorney General opinion, the CWLD director discussed this issue with Attorney General staff. There has been no written response by the Attorney General regarding this issue. Also, the Department has not sought amendatory legislation to clarify the types of children's camps that should be licensed.

RECOMMENDATION

WE AGAIN RECOMMEND THAT THE DEPARTMENT REQUEST A FORMAL ATTORNEY GENERAL OPINION AS TO THE PROPER DEFINITION OF WHICH CHILDREN'S CAMPS SHOULD BE LICENSED OR SEEK AMENDATORY LEGISLATION TO CLARIFY THE TYPES OF CAMPS THAT SHOULD BE LICENSED.

AGENCY PRELIMINARY RESPONSE

The Bureau supports this finding and will consider implementing one of the options in the recommendation. The Bureau will include this issue on its Quarterly Performance Measures Report for the purpose of establishing: the dimensions of the issue, to include an accurate number of facilities; the public's desire to regulate; the resources required to regulate; and the standards that might apply. After conducting extensive research and analysis of this issue, the Bureau will initiate a course of action it deems appropriate.

FINDING

2. Continuous Quality Improvement Process

The Bureau had not established a comprehensive continuous quality improvement process to monitor and improve CDCLD's and CWLD's effectiveness in complying with statutory requirements and in protecting children. Also, CDCLD and CWLD did not conduct on-site evaluations of all licensees as required by Section 722.118a(1) of the *Michigan Compiled Laws*. In addition, CDCLD did not always maintain documentation to support that it made on-site visits of registered family day care homes as required by Section 722.119a(2) of the *Michigan Compiled Laws* and CDCLD policy.

The Bureau's mission is to protect children who are vulnerable by virtue of their age, disability, or circumstance and who are in need of licensed Michigan residential care, child placing agency services, and day care programs. The Bureau is to enhance such care through established standards. CDCLD and CWLD are responsible for licensing and regulating child day care homes and centers, child caring institutions, child placing agencies, children's camps, and children's foster homes. CDCLD and CWLD are also responsible for performing ongoing reviews of licensing rules, providing technical and educational assistance to licensees, and conducting investigations of alleged licensing violations.

Section 722.118a(1) of the *Michigan Compiled Laws* requires CDCLD and CWLD to make an on-site evaluation of each licensee at least once each year during the two-year license period. Also, Section 722.119a(2) requires CDCLD to make on-site visits to a 10% sample of family day care homes in each county each year or when a complaint is received by the Department.

A continuous quality improvement process should include: performance indicators* for measuring outputs and outcomes* ; performance standards* or goals that describe the desired level of outcomes based on management expectations, peer group performance, and/or historical performance; a management information system to accurately gather outcome data; a comparison of outcome data to desired outcomes; a reporting of the comparison results to management; and recommendations to improve effectiveness.

CDCLD and CWLD incorporated parts of such a quality improvement process to help manage the complaint and licensing and regulating processes. For example, CDCLD and CWLD established policies containing time frames for initiating and completing complaint investigations. Also, there is a management information system, though not centralized, for gathering output data, such as complaint investigations initiated and completed and licenses issued, renewed, or overdue. Although this information relates to CDCLD's and CWLD's statutory responsibilities, it does not present overall standards or goals that reflect the desired level of outcomes based on management expectations.

The Bureau's quality improvement process did not include determining the effectiveness of field staff when CDCLD and CWLD were unable to comply with statutory responsibilities because of limited resources. For example, our limited testing of 16 CDCLD licensing files disclosed that CDCLD had not conducted statutory required evaluations for 13 licensees that should have had evaluations, and supervisors at only 1 of 8 offices we visited provided documentation that their office met the 10% sampling requirement. Also, our limited testing of 31 CWLD licensing files disclosed that CWLD had not conducted the statutory required evaluations for 10 licensees that should have had evaluations.

* *See glossary on page 20 for definition.*

Licensing is intended to provide protection to vulnerable children who receive care in out-of-home settings. Conducting evaluations and on-site visits of licensees and registrants help ensure that licensees and registrants are complying with the statutes and are not providing substandard care.

In our prior audit report, we recommended that CDCLD and CWLD comply with the statutory evaluation requirements and/or review alternative means, including potential amendatory legislation, to provide an adequate level of regulatory review to meet the objectives of licensing. Although the Department considered amendatory legislation, and CDCLD and CWLD have prioritized their efforts based on staffing availability, completing required evaluations continues to be a low priority.

The State Legislature and the Governor have increasingly demanded (for example, in various appropriations acts and in Executive Directive No. 1996-1) that State programs use quality improvement processes to manage the use of limited State resources.

RECOMMENDATIONS

We recommend that the Bureau establish a comprehensive continuous quality improvement process to monitor and improve CDCLD's and CWLD's effectiveness in complying with statutory requirements and in protecting children.

We also recommend that CDCLD maintain documentation to support that it made on-site visits to registered family day care homes as required by Section 722.119a(2) of the *Michigan Compiled Laws* and CDCLD policy.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed with the first recommendation and plans to strengthen its existing quality improvement process. The Bureau does, however, feel that it has met the statutory requirement to perform on-site visits to a 10% sample of family day care homes in each county each year by conducting over 1,500 complaint investigations of registered family homes annually. Because Bureau policy recognizes these investigations as qualifying for the 10% required random visits, the Bureau feels that the intent of the law is being satisfied.

The Bureau agreed with the second recommendation and plans to improve its monitoring of complaint documentation within both divisions.

FINDING

3. License File Audits

CDCLD's central office did not maintain documentation of local office audits of license files or review those audits as required by Bureau policy.

Bureau policy requires that supervisors complete license file audits quarterly. The licensing supervisors are responsible for submitting a list of the license files audited and the results of those audits to CDCLD's central office. Central office staff are required to complete a random review of 5% of the audits submitted. This is to help ensure that licensing actions were accurate and complete, that actions were in compliance with policy, and that corrective action was recommended when necessary.

Our review of CDCLD's compliance with the file audit process by local offices disclosed that the results of only one audit was submitted to central office during the period of October 1, 1994 through May 31, 1997. There was no indication that it had been reviewed by central office staff. One local office licensing supervisor stated that although file audits are not a high priority, license files are reviewed and the results are discussed with local office licensing consultants when meeting with them. However, the supervisor did not maintain documentation of the meetings and/or the specific license files reviewed.

Maintaining documentation of local office audits of license files and reviewing those audits would help CDCLD's management ensure that CDCLD maintains its effectiveness in meeting its responsibilities related to statutory and administrative licensing requirements.

RECOMMENDATION

We recommend that CDCLD's central office maintain documentation of local office audits of licensing files and review those audits, as required by Bureau policy, to help ensure that licensing actions are accurate and complete, that actions are in

compliance with policy, and that corrective action is recommended when necessary.

AGENCY PRELIMINARY RESPONSE

The Bureau agreed with this finding and has begun a continuous quality improvement process via its Quarterly Performance Measures Report. The Bureau will monitor each division's requirement to meet the standards as outlined in current Bureau policy. The Bureau and the Department are presently working to establish a comprehensive relational data base that will, among other functions, facilitate the continuous quality improvement process.

FINDING

4. License File Documentation

CDCLD and CWLD licensing consultants did not always maintain sufficient documentation when issuing original or renewal licenses and registrations as required by licensing rules and policies and procedures. Documentation is necessary to provide evidence that licensees and registrants met the minimum licensing requirements.

We reviewed a random sample of 72 out of approximately 24,600 license and registration files (41 CDCLD and 31 CWLD). Our review disclosed that 22 of the 72 license and registration files did not include all of the documentation necessary for completing the original licensing and registration or the renewal process:

a. One CDCLD license file did not contain a license study report.

b. Five CDCLD license files did not contain certain documentation to ensure that all licensing requirements had been complied with for the initial licensing process. This missing documentation included a discipline plan; tuberculosis test results for licensee staff and/or family members; and proof of the existence of fire extinguishers and/or smoke detectors, emergency/evaluation plans, and inspections/approvals of heating systems.

c. Three license files (2 CDCLD and 1 CWLD) did not contain documentation of the payment of required fees.

d. Two CWLD license files did not contain criminal record clearances.

e. Five CWLD license files did not contain good moral character clearance records.

Such documentation helps ensure licensee and registrant compliance with licensing rules and could help protect CDCLD and CWLD against possible litigation.

We noted a similar condition in our prior audit and the divisions agreed with the finding; however, the finding was not implemented.

RECOMMENDATION

WE AGAIN RECOMMEND THAT CDCLD AND CWLD MAINTAIN SUFFICIENT DOCUMENTATION NEEDED FOR ISSUANCE OF ORIGINAL OR RENEWAL LICENSES AND REGISTRATIONS AS REQUIRED BY LICENSING RULES AND POLICIES AND PROCEDURES.

AGENCY PRELIMINARY RESPONSE

The Bureau supports this finding and will take steps to comply with the recommendation.

ADMINISTRATION OF FUNCTIONS REGARDING ALLEGED LICENSING VIOLATIONS AND ADVERSE ACTIONS

COMMENT

Background: CDCLD and CWLD place a high priority on processing allegations regarding licensee violations and the adverse actions taken by the divisions. Alleged licensing violations and adverse actions were recorded in logs when received. Alleged violation logs contained information including the alleged violation number, date received, licensee name, priority level, nature of alleged violation, and date closed. Adverse action logs contained information including licensee name and number, type of adverse action, date of notice of intent letter, date received by licensee, hearing requested, and disposition of the adverse action.

Audit Objective: To assess the CDCLD's and CWLD's effectiveness in the administration of the functions regarding alleged licensing violations and adverse actions taken.

Conclusion: Our assessment disclosed that CDCLD and CWLD were effective in the administration of the functions regarding alleged licensing violations and adverse actions taken.

Noteworthy Accomplishments: Both CDCLD and CWLD had established interpretations related to the licensing rules applicable to the licensees and registrants for which each division is responsible. The interpretations are intended to provide detailed information to help ensure that the licensees and registrants have a better understanding of the licensing rules and to know what is required of them. Also, the interpretations are intended to help the field consultants apply the rules consistently to all licensees.

CDCLD developed an education training program for licensing and registrant applicants and current licensees through the use of videos. The videos may be borrowed or purchased from local offices and/or central office. The videos include various topics, such as how to start a day care center, positive discipline, complaint handling, and fire safety.

Glossary of Acronyms and Terms

CDCLD	Child Day Care Licensing Division.
child care organization	A governmental or nongovernmental organization having as its principal function the receiving of minor children for care, maintenance, training, and supervision, notwithstanding that educational instruction may be given. This includes organizations commonly described as child caring institutions, child placing agencies, children's camps, child care centers, day care centers, nursery schools, parent cooperative preschools, foster homes, group homes, or day care homes.
CWLD	Child Welfare Licensing Division.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
goals	The agency's intended outcomes or impacts for a program to accomplish its mission.
licensee	A person, partnership, firm, corporation, association, non-governmental organization, or local or State government child care organization that has been issued a license to operate a child care organization.
mission	The agency's main purpose or the reason the agency was established.

outcome(s)	The actual impact(s) of a program. Outcomes should positively impact the purpose for which a program was established.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
performance indicators	Information of a quantitative or qualitative nature indicating program outcomes, outputs (products or services produced by the program), or inputs (resources that a program consumes). Performance indicators are typically used to assess achievement of goals and/or objectives.
performance standards	A desired level of output or outcome as identified in statutes, regulations, contracts, management goals, industry practices, peer groups, or historical performance.
registrant	A person that has been issued a registration to provide family day care home services to children.
reportable condition	A matter coming to the auditor's attention that, in his/her judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.
type II transfer	A transfer of an existing department, board, commission, or agency to a principal department established by the Executive Organization Act of 1965 (Act 380, P.A. 1965).