

Office of the Auditor General
Performance Audit Report

Camp Licensing
Bureau of Community and Health Systems
Department of Licensing and Regulatory Affairs

December 2022

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The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

Camp Licensing

Bureau of Community and Health Systems (BCHS)

Department of Licensing and Regulatory Affairs (LARA)

Report Number:
641-0453-22

Released:
December 2022

BCHS's Adult Foster Care (AFC) and Camps Licensing Division's mission is to prevent harm and provide protection to those persons who are reliant on camp services. BCHS licenses children's camps and AFC camps under the Child Care Organizations Act, Public Act 116 of 1973; the Adult Foster Care Facility Licensing Act, Public Act 218 of 1979; and applicable *Michigan Administrative Code* rules. During fiscal year 2021, the Division employed 3 full-time staff and 9 seasonal camp consultants and expended \$767,500 to license and monitor children's camps and AFC camps.

Audit Objective			Conclusion
Objective 1: To assess the effectiveness of BCHS's efforts to license children's camps and AFC camps.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
BCHS allowed 54 of the camps we reviewed to self-certify compliance with selected <i>Michigan Administrative Code</i> rules without a formal risk evaluation process. Also, BCHS did not retain documentation supporting completion of 8% of the camp inspections we reviewed (Finding 1).		X	Agrees
BCHS could not support its on-site inspection conclusions that children's camps maintained documentation of criminal history background checks and Central Registry clearances for all camp employees and volunteers (Finding 2).		X	Agrees
LARA lacks authority to establish, assess, and collect children's camp license fees. Also, fiscal year 2021 costs exceeded revenues by over \$722,000 (94% of the total expenditures) (Finding 3).		X	Agrees

Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Without statutory revisions to lower or eliminate the age requirement for obtaining Central Registry clearances, camps could unknowingly allow child abuse or neglect perpetrators, under 21 years of age, to have access to campers (<u>Observation 1</u>).			Not applicable for observations.

Audit Objective			Conclusion
Objective 2: To assess the sufficiency of BCHS's efforts to investigate complaints.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
BCHS did not sufficiently document 58% of dismissed complaint decisions and did not provide 54% of special investigation reports to licensees within 60 days (<u>Finding 4</u>).		X	Agrees

Audit Objective			Conclusion
Objective 3: To assess LARA's compliance with select statutory requirements.			Complied, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Required annual report statistics were not accurate and supported (<u>Finding 5</u>).		X	Agrees

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Doug A. Ringler, CPA, CIA
Auditor General

December 13, 2022

Ms. Orlene Hawks, Director
Department of Licensing and Regulatory Affairs
Ottawa Building
Lansing, Michigan

Dear Ms. Hawks:

This is our performance audit report on Camp Licensing, Bureau of Community and Health Systems, Department of Licensing and Regulatory Affairs.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

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

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

LICENSING OF CHILDREN'S CAMPS AND AFC CAMPS

BACKGROUND

The Bureau of Community and Health Systems (BCHS) licenses children's camps* and adult foster care (AFC) camps* under:

- Child Care Organizations Act*, Public Act 116 of 1973.
- Adult Foster Care Facility Licensing Act*, Public Act 218 of 1979.
- *Michigan Administrative Code** R 400.11101 - 400.11413.

BCHS consultants conduct comprehensive and systematic inspections, reviewing the intent, activities, characteristics, and qualifications of the licensee to determine compliance with licensing requirements, including:

- Original inspections* of camp programs* and campsites*.
- Renewal* inspections every two years, upon the receipt of a renewal license application, to determine the camp's continued compliance with applicable statute and *Michigan Administrative Code* rules.
- Interim* inspections during a camp's nonrenewal year.

During inspections, consultants observe the campsite and camp's operations, review written policies and procedures, interview staff, and examine:

- Camper records - Required to include demographics, emergency contacts, medications, health considerations, and allergies.
- Personnel records - Required to include demographics, job description, criminal history background checks, Michigan Department of Health and Human Services (MDHHS) Central Registry* clearance, and a health history statement.
- High adventure activities* (HAAs) - Required to have specially trained staff and/or special safety procedures to reduce the possibility of a camper accident.
- Environmental health inspection (EHI) reports - Required for campsites associated with residential* and day* camps having private water or sewer systems or preparing meals on site.

* See glossary at end of report for definition.

- Qualified fire inspection (QFI) reports - Required at least biennially for campsites associated with residential camps.

BCHS utilizes the Bureau Information Tracking System (BITS) to record key licensing and inspection information, including camp program and campsite demographics, inspection dates, corrective action plan (CAP) due dates, and receipt of EHI and QFI reports.

Executive Order No. 2015-04 transferred all regulatory responsibilities for camps from MDHHS to the Department of Licensing and Regulatory Affairs (LARA) effective April 9, 2015.

AUDIT OBJECTIVE

To assess the effectiveness* of BCCHS's efforts to license children's camps and AFC camps.

CONCLUSION

Moderately effective.

FACTORS IMPACTING CONCLUSION

- BCCHS completed the appropriate inspections prior to issuing or renewing the license for the camps we reviewed.
- BCCHS's inspection checklists generally included the applicable *Michigan Administrative Code* rules.
- For the camp inspections we reviewed, BCCHS maintained documentation for:
 - 100% of the required CAPs.
 - 98.7% of the individual criminal history background checks BCCHS was required to perform.
 - 96.5% and 100% of EHI and QFI reports, respectively.
- Reportable conditions* related to improving the inspection and background check review processes and addressing children's camp license fees (Findings 1, 2, and 3).

* See glossary at end of report for definition.

FINDING 1

Inspection process needs improvement.

BCHS needs to improve its children's camp inspection process to help mitigate potential risks to the health and safety of campers.

Section 722.118a(1) of the *Michigan Compiled Laws* requires LARA to periodically assess camps' continued compliance and conduct on-site evaluations, at least once a year, of camps' compliance with the Child Care Organizations Act and the applicable *Michigan Administrative Code* rules. Also, Section 18.1285 of the *Michigan Compiled Laws* requires LARA to maintain the necessary records for the adequate and proper recording of its activities and protection of the legal rights of the State.

For the 60 children's camp programs and associated campsites we selected, BCHS completed 206 inspections from October 1, 2018 through September 30, 2021. Our review of BCHS's records of these inspections noted:

- a. BCHS allowed 54 camps to self-certify their continued compliance with selected *Michigan Administrative Code* rules for their nonrenewal years. Our review of the self-certification process noted BCHS:
 - Did not have a documented process to evaluate camp programs' risk factors to support allowing camps to self-certify. Such risk factors may include prior inspection results, outstanding CAP items, complaints, special investigation* findings, incident reports*, and reliance on prior self-certifications. BCHS:
 - Allowed 5 camps to self-certify their compliance with requirements identified as deficiencies in the camps' previous inspection, including 3 camps with deficiencies related to documentation supporting employee eligibility.
 - Did not have a mechanism to easily identify in BITS which camps self-certified in the previous year. The comment field in BITS cannot be electronically summarized and BCHS did not always clearly and accurately document a self-certification comment in BITS.
 - Did not retain self-certification forms in 9 of the 46 instances when BITS included a comment indicating a self-certification was received.

BCHS allowed camps to self-certify to help manage camp consultant workloads, indicating the individual's workloads

* See glossary at end of report for definition.

dictated which camps were allowed to self-certify. Also, BCHS confirmed it had not developed written guidance for the self-certification process.

b. BCHS did not retain documentation to support:

- 17 (8.3%) of the 206 inspections (6 camp programs and 7 campsites).

The missing inspection documentation related to one BCHS consultant hired during the 2019 inspection season. BCHS indicated the consultant received minimal training prior to conducting inspections. BCHS should implement a better monitoring process to ensure new employees are properly trained.

- 19 (8.8%) of the 217 HAAs, identified by 11 of 57 campsite licensees, were inspected.

The *Michigan Administrative Code* R 400.11401 - 400.11413 prescribe requirements for HAAs, including training, safety precautions, and equipment.

The design of the inspection checklists allowed consultants to indicate the licensee's compliance without detailing which HAAs the consultant inspected.

- 13 (16%) Public Sex Offender Registry (PSOR) clearances of the 80 original or renewal campsite licenses for the 60 campsites we reviewed. Our search of the PSOR did not identify any convicted sex offenders associated with these campsite addresses.

BCHS's May 2021 policy and its inspection checklist in existence prior to May 2021 required consultants to conduct the PSOR clearance at initial application and renewal on all licensed campsite addresses and indicate completion of the check in BITS.

RECOMMENDATION

We recommend that BCHS improve its children's camp inspection process.

**AGENCY
PRELIMINARY
RESPONSE**

BCHS agrees with the recommendation, with comments. Given the length of BCHS's preliminary response, the response is presented on page 23.

FINDING 2

Review of camps' background checks needs improvement.

BCHS needs to improve its process and documentation related to reviewing background checks performed by camps to help reduce the risk that camps might unknowingly allow individuals with criminal backgrounds, or child abuse or neglect perpetrators, to have contact with campers.

Sections 722.115d(1) and 722.119(5) of the *Michigan Compiled Laws* require children's camps to perform a criminal history background check for all employees and obtain MDHHS Central Registry clearance documentation for employees and unsupervised volunteers 21 years of age or older, respectively. Also, the *Michigan Administrative Code* R 400.11101 defines children's camp staff as either a paid employee or volunteer who has responsibility for the direct care of campers or who has unsupervised contact with campers. In addition, BCCHS policy 240 indicates on-site inspections may include a review of personnel records and BCCHS's on-site inspection form indicates compliant means the camp maintained the required documentation for all staff members. Sound on-site inspection practice includes a written record of all observations and tests considered to determine compliance and support conclusions.

Our review disclosed BCCHS did not have documentation to demonstrate its consultants appropriately and thoroughly reviewed camps' documentation of employee and volunteer criminal history background and Central Registry clearance checks. BCCHS indicated it typically reviewed the camps' criminal history background and Central Registry clearance check records for a sample of the camps' employees and volunteers. However, BCCHS's inspection documentation did not include a listing of camp employees and volunteers or indicate how many or which employees and volunteers for whom it examined the camps' documentation.

BCCHS had not established formal guidance and did not require its consultants to document their review of children's camp employee and volunteer background checks beyond checking a box on the inspection checklist.

RECOMMENDATION

We recommend that BCCHS improve its process and documentation related to reviewing background checks performed by camps.

AGENCY PRELIMINARY RESPONSE

LARA provided us with the following response:

BCCHS agrees with the recommendation.

As part of its on-site inspection process for camps, BCCHS reviews a sample of employee and volunteer personnel files to verify background checks are being conducted. While the current process is in conformance with statute and rule, BCCHS will improve its process by documenting in the renewal report that compliance is based on a sample review of employee and

volunteers of a camp. BCHS updated its Licensing Study Report to identify a minimum sample of employee and volunteer background checks, which includes Central Registry checks, to be reviewed during the inspection. The renewal report templates were revised June 1, 2022 and utilized during the 2022 camp season. Staff received training on these changes to the renewal report at a staff meeting on April 29, 2022.

FINDING 3

Authority needed to establish, assess, and collect appropriate and reasonable children's camp license fees.

LARA should work with the Legislature to clarify its authority to establish, assess, and collect children's camp and campsite license fees. Also, LARA should review the license fees to ensure the amounts assessed are appropriate and reasonable in relation to the costs of licensing and inspecting children's camps.

Public Act 116 of 1973 requires LARA to regulate the licensing of childcare organizations, which includes children's camps and campsites. Although the Act established fees for licensing other childcare organizations, it did not establish the fees for licensing children's camps and campsites.

During fiscal years 2019, 2020, and 2021, LARA assessed fees for licensing children's camps, ranging from \$50 to \$200, depending on the capacity of the children's camp, and collected revenues and incurred related expenditures, as follows:

	Fiscal Year		
	2019	2020	2021
Revenues	\$ 40,910	\$ 44,200	\$ 45,036
Expenditures	688,142	694,054	767,493
Total (deficit)*	\$ (647,232)	\$ (649,854)	\$ (722,457)

Percentage of deficit to total expenditures (94.1%) (93.6%) (94.1%)

* Deficit covered by General Fund/general purpose and/or other restricted revenues.

LARA indicated it utilized the same fee structure in existence when the regulation of camps became its responsibility in 2015 and was not aware of how the fee structure had been determined.

RECOMMENDATION

We recommend that LARA work with the Legislature to clarify its authority to establish, assess, and collect children's camp license fees sufficient to cover the related licensing and inspection costs.

AGENCY PRELIMINARY RESPONSE

LARA provided us with the following response:

LARA agrees with the recommendation.

BCHS will continue to work with LARA's legislative liaison, LARA's finance director, and the Legislature to establish appropriate statutory authority to assess and collect a reasonable fee to help cover the programmatic costs for children's camp licensure.

OBSERVATION 1

Age requirement for Central Registry clearance could be lowered or eliminated.

Michigan law does not require camps or LARA to verify whether camp staff or volunteers under 21 years of age obtained MDHHS Central Registry clearance.

Children's camps provide care and supervision to residential, day, troop, or travel campers who are under 18 years of age and are apart from their parents, relatives, or legal guardians. Camps employ numerous individuals including camp directors, counselors, recreation and activities coordinators, nurses, cooks, and administrative and other general staff. Camps can also utilize volunteers to assist with the various camp activities.

Section 722.115d (1) of the *Michigan Compiled Laws* in conjunction with *Michigan Administrative Code* R 400.11101 require criminal history background checks for all camp employees and volunteers. However, Section 722.119(5) of the *Michigan Compiled Laws* requires only MDHHS Central Registry clearance for camp employees and volunteers 21 years of age or older. As a result of this inconsistency, children's camps could unknowingly allow child abuse or neglect perpetrators, under 21 years of age, to have access to campers. Camps are not required to submit, and BCHS does not obtain, data related to camp employees and volunteers; therefore, we did not have the necessary information to be able to perform matches to the Central Registry.

BCHS could work with the Legislature to revise Section 722.119(5) of the *Michigan Compiled Laws* to lower or eliminate the Central Registry clearance age requirement.

COMPLAINT INVESTIGATIONS

BACKGROUND

BCHS is responsible for handling complaints, received by LARA, related to children's camps and AFC camps. BCHS consultants triage complaints to determine whether a special investigation should be opened or the complaint should be dismissed.

AUDIT OBJECTIVE

To assess the sufficiency of BCHS's efforts to investigate complaints.

CONCLUSION

Sufficient, with exceptions.

FACTORS IMPACTING CONCLUSION

- BCHS initiated special investigations on average within 2.4 days of receipt of the complaint.
- BCHS met its goal of initiating special investigations within 2 days for 83% of complaints it investigated.
- BCHS appropriately referred all applicable complaints we reviewed to other agencies.
- Reportable condition related to improving BCHS's complaint process (Finding 4).

FINDING 4

Continued improvement needed in complaint handling process.

BCHS could improve its complaint handling process to mitigate potential risks to the health and safety of campers and limit its exposure to potential litigation.

The complaint process allows interested parties to report alleged law or rule violations to assist BCHS in its responsibility to license and regulate children's camps. State statute and BCHS policy prior to May 2021 did not address LARA's or BCHS's handling of children's camp complaints. However, BCHS's May 2021 policies, which BCHS indicated were primarily based on informal guidance and the processes in existence at the time, required consultants to:

- Document and investigate alleged noncompliance.
- Document the reason and management's approval for dismissing a complaint in BITS.
- If investigated, provide the licensee with the manager-approved special investigation report within 60 days of receiving the complaint.

Also, Section 18.1285 of the *Michigan Compiled Laws* requires LARA to maintain the necessary records for the adequate and proper recording of its activities and protection of the legal rights of the State.

For the 101 children's camp complaints received from October 1, 2018 through September 30, 2021, BCHS opened 89 special investigations and dismissed* the remaining 12 complaints. Our review of BCHS's children's camp complaint records noted BCHS did not:

58% of dismissed complaint decisions not sufficiently documented.

- a. Document sufficient information to support dismissing 7 (58%) complaints, including 1 complaint with no managerial approval. BCHS's documentation for these dismissed complaints did not indicate investigative steps taken to support the dismissals and included only a short statement such as:
 - "Program did not meet applicability rule for being a camp."
 - "Person in question not employed or associated with the site or program."
 - "Camper was not attending during a licensed camp program."

Based on the information documented for dismissing the 6 approved complaints, the manager would likely have had to discuss the case with the consultant prior to their

* See glossary at end of report for definition.

approval. As employee turnover is inevitable, documentation should be sufficient to stand on its own and enable BCHS to defend its actions.

- b. Provide 48 (54%) special investigation reports to the respective licensees within 60 days of receiving the complaints and any applicable other agency investigation reports, as follows:

Number of Days	Number (Percentage) of Special Investigation Reports for Complaints Received	
	Prior to BCHS Policy	After BCHS Policy
61 to 90	15 (44%)	12 (86%)
91 to 177	13 (38%)	2 (14%)
178 to 375	6 (18%)	0
Total	34 (100%)	14 (100%)

BCHS believed its documentation for dismissing complaints was sufficient and that it was not required to document its decision prior to the May 2021 policy. Also, BCHS indicated balancing consultants' workloads and prioritizing completion of annual on-site inspections can impede the timeliness of completing the special investigation reports.

RECOMMENDATION

We recommend that BCHS continue to improve its complaint handling process.

AGENCY PRELIMINARY RESPONSE

LARA provided us with the following response:

BCHS agrees with this recommendation, with comments.

In response to the details of the finding, BCHS maintained documentation for part (a) of the OAG's recommendation; however, agrees the documentation can be improved. BCHS is currently reviewing policies and procedures and will continue refining existing policies to comply with part (b) of the OAG's recommendation.

- a. *BCHS believes documentation is being maintained for complaint intake dismissals. It is not uncommon for BCHS to receive complaints that are not under its statutory authority or scope of work. Complaints are evaluated by trained professionals who determine if the nature of the complaint is within the jurisdiction of BCHS. Once it is determined that the allegation does not fall within the bureau's jurisdiction, BCHS documents the lack of authority and dismisses the complaint intake.*

The referenced complaint intake with no manager approval was dismissed because it was a duplicate complaint intake referred to another LARA bureau (childcare licensing).

- b. In May 2021, BCHS issued a formal policy to help ensure complaints are addressed and investigated within 60 days. The policy was developed using the consensus of historical staff experts conducting similar work. The policy did not contemplate reasonable causes for delay. BCHS will update the policy before the 2023 camp season to accommodate delays in completing an investigation report due to workload prioritization and the time it takes to receive the necessary reports from outside agencies.*

BCHS notes the 2 investigations identified as being completed from 91 to 177 days took place after the policy was implemented. Both of those intakes were received in late August 2021, when the camps were closing for the season making it difficult to contact camp staff and campers. The investigations were completed before campers returned the following season, reducing the risks to future campers.

COMPLIANCE WITH SELECTED STATUTORY REQUIREMENTS

AUDIT OBJECTIVE

To assess LARA's compliance with select statutory requirements.

CONCLUSION

Complied, with exceptions.

**FACTORS
IMPACTING
CONCLUSION**

- LARA included all required elements related to its regulation of camps in its fiscal year 2019 and 2020 reports to the Legislature.
- Reportable condition related to the need for LARA to improve the completeness and accuracy of the required annual reports (Finding 5).

FINDING 5

Statutory reporting needs improvement.

LARA should improve its statutory reporting of camp regulatory activities to ensure complete and accurate information is provided to LARA management and the Legislature for decision-making purposes.

LARA's appropriations acts for fiscal years 2020 and 2021 (Section 226 of Public Act 60 of 2019 and Public Act 166 of 2020) required LARA to submit annual reports summarizing information related to its regulated activities.

Our efforts to verify the camp licensing information reported by LARA identified the following noteworthy differences:

	Fiscal Year 2019		Fiscal Year 2020	
	Reported	Actual	Reported	Actual
Number of license renewals	391	477	236	481
Average number of days to close investigations	No difference noted		Less than 45	125
Camp license fee	\$25 to \$200 per program or site license*		\$120 per applicant*	
<u>AFC camp license fee</u>				
Original		\$ 40		\$120
Renewal		\$ 25		\$120
<u>Children's camp license fee</u>				
5 to 100 children:				
Original		\$100		\$100
Renewal		\$ 50		\$ 50
101 or more children:				
Original		\$200		\$200
Renewal		\$100		\$100

* Information reported did not differentiate camp license fee amount by type or size of camp.

For the license renewals difference, LARA compiled data from individual monthly statistical reports generated from BITS; however, because BCHS staff frequently backdated camp license renewals, the reports did not include the renewals if LARA had already generated the impacted month's report. Also, LARA indicated it mistakenly reported "less than 45" instead of "greater than 45" for the average number of days to close investigations for fiscal year 2020, however, was not able to provide us with the documentation to support it calculated the actual average number of days prior to the date it submitted the legislative report.

RECOMMENDATION

We recommend that LARA improve its statutory reporting of camp regulatory activity.

**AGENCY
PRELIMINARY
RESPONSE**

LARA provided us with the following response:

LARA agrees with the recommendation.

BCHS acknowledges the licensing fees were not accurately reflected, and the number of license renewals issued were underreported in both legislative reports. Moving forward, BCBS will run a single report at the end of the fiscal year which will incorporate any license renewals that were previously missed by cumulative monthly reports. BCBS will also report fees charged detailing the fee for each type/size of license instead of giving a fee range.

BCBS acknowledges that the average number of days to close an investigation in 2020 was reported in error. Going forward, BCBS will provide an average number of days to complete an investigation instead of a less than or greater than 45 days when reporting to the Legislature to eliminate potential errors and provide clearer statistics.

CAMP LICENSING
Department of Licensing and Regulatory Affairs

Finding 1 Agency Preliminary Response

Finding 1: Inspection process needs improvement.

LARA provided us with the following response:

BCHS agrees with the recommendation, with comments.

- a. *BCHS agrees that it had not documented its process to evaluate camp programs' risk factors to support self-certification; however, it did meet and verbally discuss protocols and requirements for using the self-attestation before implementation and believes it executed a reasonable compliance assessment process in a manner consistent with MCL 722.118a(1). Also, camp licensing consultants were able to reject a camp's self-certification if compliance concerns were identified during an inspection or through the review of previous inspections and investigations. BCBS only allowed self-certification for nonrenewal years and only if the license was not in disciplinary status. When a self-certification was used for a nonrenewal year, BCBS conducted an on-site inspection the following year prior to renewing any camp license.*
 - *BCBS acknowledges that some camps were cited for deficiencies the year before self-certifying. All 5 camps identified in the OAG's data that self-certified and had deficiencies in the previous camp season, submitted a corrective action plan that was approved before the self-certification process. Of the 3 camps that the OAG identified as having deficiencies related to documentation supporting employee eligibility, one had completed the background checks but did not have those records on-site as required and instead had them at their corporate office. Another was cited for not having references in their employee files. The third provided a corrective action plan and information that the issue was resolved before the renewal report being written. BCBS did evaluate all cited deficiencies during the next on-site inspection after the self-certification was completed.*
 - *BCBS acknowledges BITS makes it cumbersome to enter and pull data specific to self-certifications and it did not always clearly and accurately document self-certification comments in BITS.*
 - *BCBS agrees that it did not retain self-certification forms in 9 instances. All 9 instances were processed by a new BCBS employee. BCBS notes this employee was not authorized to accept self-attestation forms and the employee did not file documents in the paper camp licensing file as instructed by management. BCBS has since converted all paper camp licensing files into electronic records. While BCBS believes that this was an isolated incident with a single employee, converting the camp files to electronic records allows the manager and lead camp licensing consultant to monitor camp files in real time on a more consistent basis to ensure documents are being filed as required. BCBS will also provide additional training to new employees should BCBS need to utilize self-certification in the future.*

BCBS experienced challenges retaining and recruiting camp licensing consultants during fiscal year 2019. BCBS inspects over 1,000 camps per year over a ten-week period. To help manage camp licensing consultant workloads, BCBS allowed camps not in disciplinary status to self-certify by attesting that their policies and procedures and certain other documentation were up to date during a nonrenewal year in 2019. This did not preclude a camp licensing consultant's ability to reject a self-certification if compliance concerns were identified during a camp's annual inspection. While BCBS does not anticipate having to use self-certifications in the future, BCBS is developing written

guidelines to assist with their provisional use when necessary for workload management. These guidelines will be developed prior to the 2023 camp operating season.

- b. BCCHS believes it maintained documentation in an effort to meet statutory requirements identified under Section 18.1285 of the Michigan Compiled Laws. BCCHS is currently revising its policy and procedures to improve its document management processes. BCCHS's responses regarding the retention of documents is as follows:*
- BCCHS agrees that, at the time, it did not have a sufficient monitoring process in place to identify the missing inspection documentation for the facilities managed by the new employee. BCCHS has since converted all paper camp licensing files into electronic records. While BCCHS believes that this was an isolated incident with a single employee, converting the camp files to electronic records allows the manager and lead camp licensing consultant to monitor camp files in real time on a more consistent basis to ensure documents are being filed as required.*
 - BCCHS acknowledges there were 19 HAAs not clearly documented as being inspected. There are instances identified by the OAG that are the result of applicants checking an HAA within their camp program license application for an activity that does not meet the definition of an HAA. To eliminate confusion and inconsistencies, BCCHS plans to revise the application to remove the section containing HAAs prior to the 2023 camp season. Camp licensing consultants will evaluate the activities provided by camps during inspections to determine which should be identified as HAAs and moving forward will maintain an updated listing of HAAs for each camp. Also, BCCHS revised the Licensing Study Report for the 2022 camp season to more clearly document each HAA provided at a camp for that camp season.*
 - BCCHS acknowledges it did not document in BITS a PSOR check for the 13 instances mentioned. The PSOR is a publicly available system, and although this check is not required by statute (MCL 722.111 et seq.) or camp licensing administrative rule (R 400.11101-R 400.11413) these checks were being done by staff as an extra precaution. During that time, BCCHS never identified any offenders on the PSOR check who worked at or resided at a licensed camp during operation. It is important to note that all camp staff that have access to children must have a background check.*

DESCRIPTION

BCHS's Adult Foster Care and Camps Licensing Division licenses and monitors children's camps and AFC camps operating in the State of Michigan.

Children's camps are childcare organizations which operate residential, day, troop, or travel camps providing care and supervision in a natural environment for 5 or more children, apart from their parents, relatives, or legal guardians, for 5 or more days in a 14-day period. An AFC camp provides foster care to 5 or more adults in a natural or rural environment.

The Adult Foster Care and Camps Licensing Division's mission* is to prevent harm and provide protection to those persons who are reliant on camp services, and its goal* is to ensure safe, healthy, and worthwhile camping experiences for all campers. It seeks to accomplish its mission and goal through:

- The establishment and fair and uniform application of licensing requirements.
- Ongoing monitoring.
- Enforcement of administrative rules.

The Division also provides public information and education regarding requirements pertaining to children's camps and AFC camps.

There were 687 children's camps (520 associated unique campsites) and 8 AFC camps (8 unique campsites) with an active license at any time from October 1, 2018 through September 30, 2021. During fiscal year 2021, the Division employed 3 full-time staff and 9 seasonal camp consultants and expended \$767,500.

* See glossary at end of report for definition.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the records and processes related to BCHS's regulation of children's camps and AFC camps. 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.

As part of the audit, we considered the five components of internal control* (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2018 through September 30, 2021. We included fiscal year 2019 to enable evaluation of BCHS's efforts prior to and during the COVID-19* pandemic.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of BCHS's processes related to camps in order to establish our audit objectives, scope, and methodology. During our preliminary survey, we:

- Interviewed BCHS management and staff to gain an understanding of their organizational structure, responsibilities, and procedures.
- Examined applicable State laws, *Michigan Administrative Code* rules, BCHS camp policies, and BCHS guidance issued to licensed camps.
- Analyzed BCHS revenue and expenditure data from October 1, 2018 through September 30, 2021.
- Reviewed BCHS inspection records of camp programs and campsites to verify our understanding of BCHS's processes.
- Obtained and analyzed camp license, inspection, complaint, and special investigation data from October 1, 2018 through September 30, 2021.

* See glossary at end of report for definition.

OBJECTIVE 1

To assess the effectiveness of BCHS's efforts to license children's camps and AFC camps.

To accomplish this objective, we:

- Selected 60 camp programs and their associated 60 campsites from the 722 children's camps and AFC camps that had an active license at any time from October 1, 2018 through September 30, 2021 (695 camps) or whose license expired prior to October 1, 2018 yet their license was not closed until after that date (27 camps).

For the camp programs and campsites selected, we reviewed the:

- Inspection data, and licensing study reports and/or compliance record checklists related to 189 inspections, to evaluate the sufficiency of BCHS's documentation to support completion of the required annual on-site inspections and BCHS's licensing decisions.
- Self-certification documentation for 54 camps related to fiscal years 2019 and 2020 to identify the compliance requirements BCHS allowed the camps to self-certify.
- Background check records maintained by BCHS for the 153 individuals identified on license documentation for whom BCHS was required to complete criminal history checks.
- 50 licensing study reports and/or compliance record checklists to determine the sufficiency of BCHS's documentation supporting it inspected the 217 HAAs identified on the license applications for compliance with applicable *Michigan Administrative Code* rules.
- 78 EHI and 56 QFI reports to determine whether BCHS maintained the reports as part of its official licensing records and the campsite's compliance rating was sufficient to allow BCHS to issue a license.
- 13 CAPs camps submitted to BCHS in relation to violations identified by BCHS during its on-site inspection to determine whether BCHS received all required CAPs and whether the CAP addressed the applicable violations.
- BITS camp data to determine whether consultants documented the completion of the PSOR address check at the time of a campsite's

enrollment and/or renewal. We also searched the PSOR Web site for the camp addresses for which BCHS had not documented completion of its check.

Our sample was randomly selected to eliminate bias and enable us to project the results to the respective populations.

- Examined the Child Care Organizations Act, Public Act 116 of 1973, and LARA's appropriations acts to determine LARA's authority for assessing and collecting children's camp license fees.
- Reviewed State laws and legislative analysis related to conducting Central Registry clearances.
- Compared BCHS inspection checklists with the *Michigan Administrative Code* rules.
- Obtained an understanding of BCHS's procedure to process camp incident reports.
- Reviewed camp incident report data BCHS compiled for the 181 incident reports it received from May 21, 2021 through September 30, 2021 to identify the types of reported incidents.

OBJECTIVE 2

To assess the sufficiency of BCHS's efforts to investigate complaints.

To accomplish this objective, we:

- Analyzed special investigation data from October 1, 2018 through February 10, 2022 and reviewed documentation related to 12 of the 89 complaints BCHS received and initiated a special investigation from October 1, 2018 through September 30, 2021.

Our review was designed to assess the timeliness of BCHS's efforts to initiate special investigations, complete and issue the special investigation reports, and close special investigations. We randomly and judgmentally selected the 12 special investigations to ensure representation of fiscal years and based on the severity of complaint. Therefore, our results could not be projected to the entire population.

- Reviewed documentation related to the 12 complaints BCHS received and dismissed from October 1, 2018 through September 30, 2021 to assess:
 - Timeliness and appropriateness of BCHS's decision to dismiss the complaint.

- Sufficiency of BCHS's documentation to support its decision.
- Adherence to BCHS policy related to referral to other agencies, if applicable.

OBJECTIVE 3

To assess LARA's compliance with select statutory requirements.

To accomplish this objective, for fiscal year 2019 and 2020, we:

- Compared information presented in the annual reports with statutory reporting requirements for completeness.
- Analyzed source data to verify accuracy of selected information included in the annual reports.
- Obtained an understanding of BCHS's process to review camp-related *Michigan Administrative Code* rules.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions* or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 5 findings and 5 corresponding recommendations. LARA's preliminary response indicates it agrees with all of the recommendations.

The agency preliminary response following each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

adult foster care camp/camp program	An AFC facility with the approved capacity to receive 5 or more adults to be provided foster care. An AFC camp is a facility located in a natural or rural environment.
Adult Foster Care Facility Licensing Act	An act to provide for licensing and regulation of AFC facilities; to provide for the establishment of standards of care for AFC facilities; to prescribe powers and duties of LARA and other departments; to prescribe certain fees; to prescribe penalties; and to repeal certain acts and parts of acts.
AFC	adult foster care.
BCHS	Bureau of Community and Health Systems.
BITS	Bureau Information Tracking System.
campsite	The outdoor setting that has natural or man-made features available for outdoor living or activities and is where children's residential or day camps and AFC camps operate.
CAP	corrective action plan.
Central Registry	The system maintained at MDHHS that is used to keep a record of all reports filed with MDHHS under the Child Protection Law in which relevant and accurate evidence of child abuse or child neglect is found to exist.
Child Care Organizations Act	An act to provide for protection of children through licensing and regulation of childcare organizations; to provide for the establishment of standards of care for childcare organizations; to prescribe powers and duties of certain departments of this state and adoption facilitators; to provide penalties; and to repeal acts and parts of acts.
children's camp/camp program	A residential, day, troop, or travel camp that provides care and supervision and is conducted in a natural environment for 5 or more children, apart from the children's parents, relatives, or legal guardians, for 5 or more days in a 14-day period.
COVID-19	The disease caused by a coronavirus called SARS-CoV-2. It is a potentially severe illness often characterized by fever, coughing, and shortness of breath. The World Health Organization learned of the virus in December 2019.

day camp	A site where a camp provides care more than 4 hours but less than 24 hours a day.
dismissed	After intake and/or preliminary investigation, investigation of the complaint is deemed inappropriate. This decision is used in instances when the allegations are proven to be unfounded after contact with a reliable source, do not amount to an administrative rule or act violation, or are unsupported for any basis in fact for the complaint.
effectiveness	Success in achieving mission and goals.
EHI	environmental health inspection.
goal	An intended outcome of a program or an entity to accomplish its mission.
high adventure activity (HAA)	A camp program that requires specially trained staff or special safety precautions to reduce the possibility of an accident. Programs in this category include but are not limited to the following: target sports, aquatics, trail sports, adventure challenge courses, climbing and/or rappelling, winter sports, horseback riding and equestrian activity, and traveling groups.
incident report	A written report, submitted by a camp to LARA, if a camper dies or has an accident or illness that results in an overnight stay in a hospital or clinic or being sent home.
inspection	An official careful and critical examination, review, and evaluation which may be announced or unannounced that considers statute and administrative rules compliance.
interim	The period halfway through the provisional or regular license.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, strategic plan, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

LARA	Department of Licensing and Regulatory Affairs.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MDHHS	Michigan Department of Health and Human Services.
<i>Michigan Administrative Code</i>	A compilation of all adopted rules and regulations in effect in the State of Michigan. Each rule has been assigned a rule number, which appears at the beginning of each rule in the text of the <i>Michigan Administrative Code</i> .
mission	The main purpose of a program or an entity or the reason the program or the entity was established.
observation	A commentary highlighting certain details or events that may be of interest to users of the report. An observation may not include all of the attributes (condition, effect, criteria, cause, and recommendation) presented in an audit finding.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
PSOR	Public Sex Offender Registry.
QFI	qualified fire inspection.
renewal	The process of inspection used to determine compliance in order to issue a regular license.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of

laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.

residential camp

A camp that provides care on a 24-hour basis at a regulated campsite.

special investigation

A discovery process related to allegations or information received indicating possible statute or administrative rule violation. The goals of a special investigation include ensuring compliance with statute and licensing rules for licensed camps and determining applicability of statutory requirements regarding an unlicensed operation complaint.



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