

EXECUTIVE DIGEST

CHILDREN'S TRUST FUND

INTRODUCTION

This report, issued in May 1998, contains the results of our performance audit* of the Children's Trust Fund (CTF), Family Independence Agency (FIA).

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General and pursuant to Section 722.612 of the *Michigan Compiled Laws*, which requires a performance audit of CTF. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency* or as required by law.

BACKGROUND

CTF was created by Act 249, P.A. 1982 (Sections 21.171 and 21.172 of the *Michigan Compiled Laws*), to receive funds for the prevention of child abuse* and neglect*. The State Child Abuse and Neglect Prevention Board was created by Act 250, P.A. 1982 (Sections 722.601 - 722.613 of the *Michigan Compiled Laws*), to administer CTF and to help prevent child abuse and neglect. The Board consists of 15 members. Hereafter, "CTF" will be used to mean the Fund, the Board, and operations.

CTF's enabling legislation provides that one half of taxpayer designations* deposited in the Fund are not available for disbursement. When the Fund assets exceed

\$20,000,000, interest earnings will be used to fund CTF and the authorization for taxpayer designations on State income tax returns will expire. As of September 30, 1997, CTF had total assets of \$6,975,346.

In addition to taxpayer designations, amounts received as donations, grants, and interest can also be distributed. Expenditures and operating transfers out totaled \$1,605,260 and \$1,392,796 during fiscal years 1996-97 and 1995-96, respectively. A large percentage of the expenditures were grants to child abuse and neglect prevention programs and local child abuse and neglect prevention councils. As of November 30, 1997, CTF staff included the executive director, 4 full-time employees, and 1 part-time employee.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of CTF in supporting and funding programs and services that prevent child abuse and neglect.

Conclusion: We concluded that CTF was effective in supporting and funding programs and services that prevent child abuse and neglect.

Noteworthy Accomplishments: CTF has developed a mission* statement, strategic plan, and action plan. CTF has reviewed its operations and sought stakeholder input in order to improve its effectiveness. The mission statement and the strategic plan have assisted CTF in focusing its efforts and evaluating its effectiveness on an ongoing basis.

Audit Objective: To assess the effectiveness of CTF in awarding grants and monitoring grant recipients.

Conclusion: We concluded that CTF was generally effective in awarding grants and monitoring grant recipients. Our assessment disclosed reportable conditions* regarding documentation of the direct service grant award process and local council matching funds (Findings 1 and 2).

Audit Objective: To assess CTF's compliance with applicable laws, the *Michigan Administrative Code*, and State policies and procedures.

Conclusion: We concluded that CTF was generally in compliance with applicable laws, the *Michigan Administrative Code*, and State policies and procedures. We noted one reportable condition related to State Plan development (Finding 3).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the Children's Trust Fund. 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.

The financial statements of the Children's Trust Fund are audited biennially and reported separately in the financial audit, including the provisions of the Single Audit Act, of the Family Independence Agency.

Our audit methodology included examination of CTF's records and activities for the period October 1, 1995 through November 30, 1997.

We reviewed applicable State statutes and administrative rules, discussed CTF program goals* and objectives* with program personnel, and analyzed direct service grants.

We evaluated the direct service grant award, reporting, and monitoring processes. Also, we reviewed local council grants and evaluated the reporting process.

**AGENCY RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit includes 3 findings and recommendations. CTF agreed with all the recommendations and informed us that it has initiated corrective action.

CTF complied with 5 of the 6 prior audit recommendations included within the scope of our current audit. We rewrote 1 prior audit recommendation for inclusion in this report.