



# OAG

Office of the Auditor General

## Report Summary

### Performance Audit

State Child Abuse and Neglect Prevention Board  
(Children's Trust Fund)

Michigan Department of Health and Human  
Services (MDHHS)

Report Number:  
431-0178-17

Released:  
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The State Child Abuse and Neglect Prevention Board is administered under the supervision of MDHHS. The Board is commonly referred to as the Children's Trust Fund (CTF) and is the Michigan chapter of Prevent Child Abuse America. The CTF Unit within MDHHS carries out the duties, functions, and responsibilities of the Board. As used predominantly in this report, CTF collectively refers to the Board and the Unit within MDHHS. CTF's mission is to serve as a voice for Michigan's children and families and to promote their health, safety, and welfare by funding effective local programs and services that prevent child abuse and neglect. A CTF charitable and educational endowment fund (Trust Fund) provides the necessary resources. In fiscal year 2016, Trust Fund revenues totaled \$2.5 million and expenditures totaled \$2.0 million; fund balance was \$26.7 million as of September 30, 2016.

This performance audit was required by Section 722.612 of the *Michigan Compiled Laws*.

Audit Objective			Conclusion
Objective #1: To assess CTF's compliance with selected child abuse and neglect prevention laws, regulations, rules, and procedures.			Complied, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
CTF had not documented the criteria used in fiscal years 2015, 2016, and 2017 to establish annual base allocations of \$2.6 million to 73 local councils and for \$248,000 of other allocations to 6 local councils to help ensure that the Trust Fund allocations were equitable ( <a href="#">Finding #1</a> ).		X	Agrees
CTF needs to reassess and improve its monitoring of direct service and local council grant programs. CTF did not conduct 64% of direct service grantee on-site monitoring visits as planned, did not have a policy to conduct on-site monitoring visits of local council grantees, and did not augment its on-site monitoring by obtaining underlying support for grantee activities and expenditures ( <a href="#">Finding #2</a> ).		X	Agrees
CTF needs to strengthen its Electronic Grants Administration and Management System (EGrAMS) user access controls and segregation of duties for submitting and approving grant reports. Some grantees shared user accounts or used the accounts of terminated employees ( <a href="#">Finding #3</a> ).		X	Agrees

Audit Objective		Conclusion	
Objective #2: To assess the sufficiency of CTF's internal control to safeguard the Pam Posthumous Signature Auction Event (Auction Event) inventory and proceeds.		Sufficient, with exceptions	
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
CTF needs to continue to improve its on-site reconciliation procedures for Auction Event revenue to help ensure that the cash and checks collected during the Auction Event are properly accounted for and safeguarded. On-site reconciliation will help CTF reduce any risk of shortage, theft, or misappropriation ( <u>Finding #4</u> ).		X	Agrees

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