

Office of the Auditor General
Performance Audit Report

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

Michigan Department of Health and Human Services

January 2021

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

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

Article IV, Section 53 of the Michigan Constitution



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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:
431-0178-20

Released:
January 2021

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 help to prevent child abuse and neglect. A CTF charitable and educational endowment fund (Trust Fund) provides the necessary resources. In fiscal year 2019, Trust Fund revenues totaled \$3.3 million and expenditures totaled \$3.6 million; fund balance was \$27.5 million as of September 30, 2019.

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

Audit Objective			Conclusion
Objective #1: To assess CTF's compliance with selected child abuse and neglect prevention laws, 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 2018, 2019, and 2020 to establish annual base allocations totaling \$2.6 million to over 70 local councils and for \$248,700 of other allocations to 9 local councils (Finding #1).		X	Agrees
Over a three-year period, CTF did not complete required annual internal evaluations designed to ensure that CTF operated consistent with its mission (Finding #2).		X	Agrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
Sixty percent of CTF Electronic Grants Administration and Management System (EGrAMS) user accounts reviewed were not disabled after 60 days of inactivity, as required. Also, 30% of CTF grantee users reviewed had departed employment and still had active EGrAMS user accounts (<u>Finding #3</u>).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the sufficiency of CTF's internal control to safeguard the Pam Posthumus Signature Auction Event inventory and proceeds.			Sufficient
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.		Not applicable.	

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January 8, 2021

Mr. Robert Gordon, Director
Michigan Department of Health and Human Services
South Grand Building
Lansing, Michigan
and
Ms. Amy Tattrie Loepp, Chair
State Child Abuse and Neglect Prevention Board
(Children's Trust Fund)
3787 West Maple Road
Bloomfield Hills, Michigan

Dear Mr. Gordon and Ms. Loepp:

This is our performance audit report on the State Child Abuse and Neglect Prevention Board (Children's Trust Fund), Michigan Department of Health and Human Services.

This report is issued pursuant to Section 722.612 of the *Michigan Compiled Laws*, which requires the Auditor General to review the functions, responsibilities, and performance of the State Child Abuse and Neglect Prevention Board (Children's Trust Fund) every three years.

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,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive style.

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

COMPLIANCE WITH SELECTED CHILD ABUSE AND NEGLECT PREVENTION LAWS, RULES, AND PROCEDURES

BACKGROUND

The Child Abuse and Neglect Prevention Act (Public Act 250 of 1982) delineates the duties and activities expected of the State Child Abuse and Neglect Prevention Board (currently referred to as the Children's Trust Fund [CTF*]), including:

- Develop a State plan for the distribution of the CTF's charitable and educational endowment fund (Trust Fund*) biennially.
- Review, approve, and monitor the expenditure of Trust Fund money by local councils* and prevention programs.
- Establish a procedure for an annual, internal evaluation of CTF's functions, responsibilities, and performance.
- Hold meetings not less than twice annually in accordance with the Open Meetings Act.

CTF awards the following two types of grants:

- Local council grants provide for the development and facilitation of collaborative community prevention programs. Local councils support children and families with strategies that build resilience, educate parents on child development, connect families to community resources, facilitate concrete supports when needed, and promote the socio-emotional health of children. The grants are noncompetitive and awarded to 73 local councils for a three-year term. CTF provided annual allocations of the grants on a quarterly reimbursement basis through fiscal year 2018 and changed to a monthly reimbursement basis beginning in fiscal year 2019. From July 1, 2017 through March 31, 2020, CTF reimbursed \$2.8 million for local council grants.
- Direct service* grants provide funding through a competitive bid process that is focused on families with risk factors or challenges that could impact positive parenting and optimal child development. The goal is to work collaboratively with other services and funding sources so that communities build a framework of protection and support for all children and families. Direct service grants were typically awarded for a three-and-a-half-year term. CTF provided awards to grantees on a quarterly reimbursement basis through the end of fiscal year 2018. Beginning in fiscal year 2019, CTF awarded direct service grants on an annual basis and

* See glossary at end of report for definition.

provided the awards on a monthly reimbursement basis. From July 1, 2017 through March 31, 2020, there were 96 active direct service grants that CTF reimbursed \$3.5 million.

CTF uses the Web-based Electronic Grants Administration and Management System (EGrAMS) to process and manage its contract activities with direct service and local council grantees.

AUDIT OBJECTIVE

To assess CTF's compliance with selected child abuse and neglect prevention laws, rules, and procedures.

CONCLUSION

Complied, with exceptions.

**FACTORS
IMPACTING
CONCLUSION**

- CTF developed comprehensive State plans for Trust Fund distributions as required covering fiscal years 2018, 2019, and 2020.
- CTF used a competitive process for awarding limited direct service grants which ensured that all applicants were considered and that the highest rated applicants were appropriately awarded grants while also considering geographical dispersion and community needs.
- CTF appropriately reviewed and approved the grant applications, work plans, and contracts for all 15 local council grants and 13 direct service grants that we reviewed.
- CTF appropriately approved expenditure reimbursements for expenditures incurred from July 1, 2017 through March 31, 2020 for the 15 local council grant and 13 direct service grant reimbursements that we reviewed.
- CTF used a risk-based approach for selecting grantees for on-site monitoring visits and maintained documentation to support its performance of the on-site monitoring visits for 8 local council grantees and 3 direct service grantees that we reviewed.
- CTF met more than twice in 2018 and 2019 in accordance with the Open Meetings Act.
- Reportable conditions* related to documentation of annual local council grant funding criteria (Finding #1), completing annual internal evaluations (Finding #2), and improving EGrAMS user access controls* (Finding #3).

* See glossary at end of report for definition.

FINDING #1

Documentation of annual local council grant funding criteria needed to ensure equitable allocations.

CTF had not documented the criteria used to establish the amount of annual grant funding allocated to each local council to ensure that allocations are equitable.

The Child Abuse and Neglect Prevention Act and related administrative rules require CTF to:

- Develop a State plan to ensure that an equal opportunity exists for establishment of prevention programs and receipt of Trust Fund money among all geographic areas in the State.
- Develop and publicize criteria for the receipt of Trust Fund money by eligible local councils.
- Annually establish the proportion and amount of funding that shall be available for allocation to local councils and to establish the formula by which these funds will be distributed.

CTF's annual funding allocations for local council grants are based on a tier structure in which local councils receive a base allocation of \$5,000, \$10,000, or \$20,000 and another \$1,000 annually for each additional county served. There were 73 local council grants across fiscal years 2018, 2019, and 2020.

We reviewed the annual amounts that CTF allocated to the local councils in fiscal years 2018, 2019, and 2020. We noted:

- a. CTF did not maintain documentation of the rationale it used to:
 - Establish its annual base allocation tier amounts of \$5,000, \$10,000, and \$20,000.
 - Determine the tier classification for each local council.
- b. CTF could not provide the criteria it used to determine the additional funding allocated to local councils beyond the base allocation amounts. CTF allocated a total of \$248,700 to 9 (12%) local councils in excess of their annual base grant amount during fiscal years 2018, 2019, and 2020. These 9 local councils were all included in the \$20,000 annual base allocation tier and were granted annual allocations ranging from \$20,041 to \$64,576. The additional funding represented approximately 9% of the total \$2.9 million allocated to local councils during the three-year period.

CTF allocated a total of \$248,700 to 9 (12%) local councils in excess of their annual base grant amount and could not provide the criteria it used for the amounts.

CTF informed us that it has continued to allocate the annual funding for local councils through the approved tier system that was created in fiscal year 2001 as it works to develop new funding methodologies.

We reported a similar condition in the prior audit. The agency response indicated that CTF agreed that the criteria was not documented for determining the three tier levels for funding the Statewide local council network. The agency response indicated that CTF would review existing base levels, determine if they are appropriate, and document the criteria utilized for annual grant funding allocations.

RECOMMENDATION

We again recommend that CTF document the criteria used to establish the amount of annual grant funding allocated to each local council.

**AGENCY
PRELIMINARY
RESPONSE**

The Michigan Department of Health and Human Services (MDHHS) provided us with the following response:

MDHHS agrees. CTF is actively working to review, redesign and implement changes to the entire local council tier system to ensure that technical and financial support is provided equitably across the state. The plan includes active participation from CTF local councils as well as board membership. As of December 2020, CTF has facilitated four tier review meetings with local council leaders and is prepared to develop and implement a tiered system that includes standards, financial guidelines, and processes, with integration expected for the fiscal year 2022 grant cycle.

FINDING #2

Annual internal evaluations needed to ensure that CTF operations are consistently conducted in accordance with CTF's mission.

CTF did not complete annual internal evaluations of its functions, responsibilities, and performance. An annual evaluation would help CTF ensure that it is consistently conducting its operations in accordance with its mission to promote the health, safety, and welfare of children and families.

Section 722.606(1)(g) of the *Michigan Compiled Laws* requires CTF to establish a procedure for an annual internal evaluation of its functions, responsibilities, and performance.

We noted that CTF did not complete an internal evaluation for fiscal years 2017, 2018, and 2019. CTF informed us that, historically, it evaluated the past year's activities during the final CTF meeting of each fiscal year; however, CTF did not complete the evaluation for fiscal years 2017 and 2018 because the requirement was overlooked, and other priorities delayed CTF's completion of the evaluation for fiscal year 2019.

RECOMMENDATION

We recommend that CTF complete required annual internal evaluations of its functions, responsibilities, and performance.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees. MDHHS elected to await the Governor's appointment of a new chairperson of the board to lead the evaluation process in 2020. The appointment occurred in March 2020, and the evaluation was started in November 2020. In addition, approximately half of the board members joined during 2020, so the timing would allow the board to become more familiar with other committee work and board business prior to conducting the evaluation. A presentation to the board summarizing the results of the evaluation is expected by the end of December 2020.

Moving forward, evaluations will be completed annually during the last meeting of the calendar year.

FINDING #3

Improvements needed in CTF EGrAMS user access controls.

MDHHS needs to improve access controls over EGrAMS to help ensure that system access rights for users with access to CTF grant programs are appropriately approved and timely removed and/or disabled, as required. Improving access controls would increase MDHHS's assurance that only authorized individuals can access and edit CTF EGrAMS data and active users' access rights remain appropriate for the users' CTF job responsibilities.

EGrAMS is a Web-based grants administration and management system that supports all functional areas of the grant life cycle from planning through close-out. MDHHS uses EGrAMS to process and manage its CTF contracts with local council and direct service grantees. This includes, but is not limited to, grant applications, contract agreements, quarterly financial status reports, program register reports, and activity reports. As of June 9, 2020, EGrAMS had 594 active user accounts with access to CTF grant programs, including 72 MDHHS users and 522 local council and direct services grantee users.

The Department of Technology, Management, and Budget's (DTMB's) technical standards are applicable to all State of Michigan networks, systems, computers, data, databases, and applications and supersede all security standards that may conflict with them. These standards require:

- Development and documentation of user access agreements and assurance that the user signs the agreement prior to being granted access to the system.
- User accounts to be disabled after 60 days of inactivity.
- System access to be removed within 48 hours when a user is terminated, transferred, or no longer requires access.

Our review of selected EGrAMS access controls for 5 MDHHS CTF users and 20 CTF grantee users disclosed:

- a. Documentation of completed user agreement forms was not consistently maintained for grantee users.

We noted that user agreement forms were not maintained for 17 (85%) of 20 EGrAMS grantee users reviewed.

- b. User accounts were not disabled after 60 days of inactivity.

Our analysis of login activity for the selected CTF EGrAMS user accounts disclosed that 15 (60%) users had not logged into EGrAMS for the 60-day period prior to our review date, including 4 grantee users that had not logged into EGrAMS during the 33-month audit

period. EGrAMS inactivity for the remaining 11 users ranged from 63 to 631 days and averaged 297 days.

- c. Access was not always removed within 48 hours for departed grantee users and grantee users that no longer required access.

We noted that 6 (30%) grantee users reviewed had departed employment and 1 (5%) grantee user reviewed no longer required EGrAMS access for their job responsibilities; however, these 7 users all had active EGrAMS user accounts as of our review on June 9, 2020.

MDHHS informed us that it relies on its grantees to manage CTF EGrAMS access for their respective users in accordance with MDHHS-provided training as it pertains to parts a. and c. of this finding. In addition, MDHHS informed us that it has accepted the risk related to not disabling CTF EGrAMS user accounts after 60 days, as the nature of grants management may result in individuals accessing EGrAMS on only a quarterly basis.

RECOMMENDATION

We recommend that MDHHS improve access controls over EGrAMS to help ensure that system access rights are appropriately approved and timely removed and/or disabled.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees there are always opportunities for improving access controls over MDHHS applications.

DTMB technical standard 1340.00.020.01, part AC-2 requires an agency system owner to ensure implementation and documentation of baseline controls. The standard allows for agencies to require approvals by an authorized requestor for requests to create, modify, or delete information system accounts. Within EGrAMS, each agency is required to establish a project director as the authorized requestor, which is approved by MDHHS. This project director then creates, modifies, or deletes users within the agency and all approvals are documented within EGrAMS. The technical standard does not delineate how documentation of approvals must occur.

Disabling users after 60 days of inactivity is not practical for EGrAMS users as some user roles only require quarterly activity. MDHHS Bureau of Grants and Purchasing (BGP) will submit an exception request for disabling users after 365 days of inactivity and, if approved, this functionality will be built into EGrAMS.

MDHHS BGP will provide guidance to program areas on reminder protocols for their grantees in regard to removal of

users that no longer need EGrAMS access. CTF grant monitors did address this during workshop meetings, beginning in November 2020, and access will be covered during the formal orientation process in 2021.

AUCTION EVENT INVENTORY AND PROCEEDS INTERNAL CONTROL

BACKGROUND	CTF holds an annual auction to raise funds to support child abuse and neglect prevention programs. CTF collected an average of \$358,000 per year for fiscal years 2018 and 2019.
AUDIT OBJECTIVE	To assess the sufficiency of CTF's internal control* to safeguard the Pam Posthumus Signature Auction Event (Auction Event) inventory and proceeds.
CONCLUSION	Sufficient.
FACTORS IMPACTING CONCLUSION	<ul style="list-style-type: none">• CTF implemented on-site cash and check reconciliation procedures at the 2018 and 2019 Auction Events.• CTF performed reconciliation procedures to ensure that Auction Event revenue received was correctly recorded to the Trust Fund.• CTF maintained documentation to support that the winning bidders took possession of the auction item for 96% of the 2018 and 2019 Auction Event items that we reviewed.• CTF maintained documentation to support that unsold auction items were retained by CTF for sale at the next Auction Event, returned to donors, or donated to CTF partners for all 2018 and 2019 Auction Event unsold items that we reviewed.

* See glossary at end of report for definition.

DESCRIPTION

The Child Abuse and Neglect Prevention Act (Public Act 250 of 1982) created the State Child Abuse and Neglect Prevention Board as an autonomous agency within the former Department of Management and Budget. Today, the Board is commonly referred to as CTF and is administered under the supervision of MDHHS.

CTF consists of 11 public members appointed by the Governor, with the advice and consent of the Senate, to serve three-year terms. CTF also includes the MDHHS Director, the Executive Director of the Michigan Children's Services Agency, the Superintendent of Public Instruction, and the Michigan Department of State Police Director, or their designees. The Governor designates the chairperson of CTF from among the public members.

The CTF Unit within MDHHS carries out CTF's duties, functions, and responsibilities. CTF appoints an executive director and approves the number of CTF Unit staff hired and their job descriptions. As of March 31, 2020, the CTF Unit included the executive director and 4 staff.

As used predominantly in this report, CTF collectively refers to the Board and the Unit within MDHHS.

CTF is the Michigan chapter of Prevent Child Abuse America. 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 help to prevent child abuse and neglect.

In addition, Public Act 249 of 1982 created a Children's Trust Fund (Trust Fund) as a charitable and educational endowment fund in the Department of Treasury. Sources of Trust Fund revenues are primarily from the federal Community-Based Child Abuse Prevention grant, fund-raising proceeds from the Auction Event, specialty license plates, State income tax contributions, and earnings on Trust Fund investments. CTF may expend funds from the Trust Fund only for direct service prevention programs, grants to local councils, and CTF administrative costs. Trust Fund revenues for fiscal year 2019 totaled \$3.3 million and expenditures totaled \$3.6 million. As of September 30, 2019, the balance of the Trust Fund was \$27.5 million.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine CTF's activities and records related to selected laws, rules, and procedures, including the Auction Events held on May 16, 2018 and May 15, 2019. 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.

Our audit objectives and corresponding audit procedures do not include the virtual Auction Event held on September 16, 2020. The 2020 Auction Event was scheduled to occur on May 20, 2020; however, it was postponed and modified to a virtual format because of the COVID-19* pandemic.

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 that 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 July 1, 2017 through March 31, 2020.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of CTF's operations and internal control and to establish our audit objectives and methodology. To accomplish these objectives, we:

- Interviewed CTF management and staff.
- Reviewed the *Michigan Compiled Laws*, rules, and procedures applicable to CTF.
- Obtained an understanding of CTF's Auction Event processes.
- Obtained an understanding of CTF's local council grant and direct service grant processes.
- Reviewed CTF meeting minutes from July 1, 2017 through March 31, 2020.

* See glossary at end of report for definition.

OBJECTIVE #1

To assess CTF's compliance with selected child abuse and neglect prevention laws, rules, and procedures.

To accomplish this objective, we:

- Reviewed CTF's State plans covering fiscal years 2018, 2019, and 2020 to ensure that they were comprehensive and demonstrated that all geographical areas within the State had an equal opportunity to establish prevention programs and receive money from the Trust Fund.
- Reviewed CTF's internal evaluation procedures to determine that CTF annually evaluated its functions, responsibilities, and performance.
- Reviewed CTF procedures for holding meetings in accordance with the Open Meetings Act.
- Analyzed federal grant funds, gifts, bequests, donations, and income tax contributions received and dedicated for CTF activities and the Trust Fund from July 1, 2017 through March 31, 2020 to determine that the revenues were appropriately deposited in the Trust Fund.
- Analyzed Trust Fund expenditures from July 1, 2017 through March 31, 2020 to ensure that CTF expended amounts as appropriated by the Legislature and met one of the following criteria: funding of prevention programs, funding of local councils, or funding of the State Board and the CTF Unit.
- Reviewed CTF administrative expenditures from July 1, 2017 through March 31, 2020 to ensure that CTF kept expenditures at a minimum in furtherance of the primary purpose of the Trust Fund and CTF mission.
- Reviewed CTF's methodology and criteria to annually establish the proportion and amount of Trust Fund monies allocated to local councils.
- Randomly and judgmentally selected 15 of 291 local council annual grant allocations to 73 local councils from July 1, 2017 through March 31, 2020 and evaluated whether:
 - Applicable grant applications for the 2016, 2019, and 2020 grant cycles contained required elements, included expected outcomes and measurements, had proposed budgets that included the means to meet matching requirements, and contained proper CTF approval for the sampled applications and resulting contracts.

- Expenditure, program, and activity reports were timely submitted, appropriately approved, and received prior to providing the council requested expenditure reimbursements, as applicable, and that payments made were accurate.
- Reviewed CTF's competitive grant awarding process for fiscal year 2018 and 2020 direct service grants and recalculated CTF's ratings for all 34 applicants.
- Randomly selected 13 of 96 active direct service grants from July 1, 2017 through March 31, 2020 and evaluated whether:
 - Grantee applications contained required elements, included expected outcomes and measurements, included proposed budgets showing means to meet matching requirements, and contained proper CTF approval for the sampled applications and resulting contracts.
 - Grantee expenditure, program, and activity reports were timely submitted, appropriately approved, and received prior to providing the grantees' requested expenditure reimbursement, as applicable, and that CTF's payments to the grantee were accurate.
- Evaluated CTF's risk-based approach to select grantees for on-site monitoring visits. We also randomly selected and reviewed documentation of CTF's site visits conducted between July 1, 2017 through March 31, 2020, for 8 local council grantees from the population of 39 completed local council grantee site visits and 3 direct service grantees from the population of 19 completed direct service grantee site visits, to verify that CTF completed fiscal and programmatic monitoring.
- Randomly selected and reviewed 25 of 594 active CTF EGrAMS users as of June 9, 2020 to verify that:
 - User agreement forms were completed.
 - Access was appropriate for the users' job responsibilities.
 - User accounts were periodically reviewed and timely disabled and/or removed.
- Reviewed CTF's efforts in providing coordination and training for establishing and maintaining prevention programs to grantees and community partners.
- Compared the 2018 and 2019 Auction Event proceeds and expenses to assess the Events' profitability.

Our samples were randomly selected to eliminate bias and enable us to project our testing results to the respective populations. We selected other samples judgmentally and, therefore, could not project those results to the respective populations.

OBJECTIVE #2

To assess the sufficiency of CTF's internal control to safeguard the Auction Event inventory and proceeds.

To accomplish this objective, we:

- Reviewed CTF's procedures for the 2018 and 2019 Auction Events to determine whether CTF implemented a reconciliation of cash and check revenue received at the Auction Events.
- Performed reconciliations of cash and checks collected at the 2018 and 2019 Auction Events and compared them with the auction software. We also reviewed CTF's reconciliation of revenue recorded in the Trust Fund's accounting system and revenue recorded in CTF's auction management inventory program for the 2018 and 2019 Auction Events.
- Randomly selected and reviewed 25 items from the population of 359 auction items sold during the 2018 and 2019 Auction Events to verify that CTF maintained documentation that the winning bidder took possession of the sold auction item.
- Randomly selected and reviewed 5 items from the population of 14 unsold auction items from the 2018 and 2019 Auction Events to verify that CTF maintained documentation to support that unsold auction items were retained by CTF for sale at the next Auction Event, returned to donors, or donated to CTF partners.

Our samples were randomly selected to eliminate bias and enable us to project our testing results to the respective populations.

CONCLUSIONS

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

* See glossary at end of report for definition.

**AGENCY
RESPONSES**

Our audit report contains 3 findings and 3 corresponding recommendations. MDHHS's preliminary response indicates that it agrees with all of the recommendations.

The agency preliminary response that follows 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.

**PRIOR AUDIT
FOLLOW-UP**

Following is the status of the reported findings from our March 2018 performance audit of the State Child Abuse and Neglect Prevention Board (Children's Trust Fund), Michigan Department of Health and Human Services (431-0178-17):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Documentation of annual local council grant funding criteria needed.	Repeated*	1
2	Reassessment and improvement needed in monitoring of direct service and local council grantee programs.	Complied	Not applicable
3	Improvements needed in EGrAMS user access controls and segregation of duties.	Rewritten*	3
4	Continued improvement needed in Auction Event revenue reconciliations.	Complied	Not applicable

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

access controls	Controls that protect data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
Auction Event	Pam Posthumus Signature Auction Event.
COVID-19	The infectious disease caused by the most recently discovered coronavirus. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019. COVID-19 is now a pandemic affecting many countries globally.
CTF	Collectively for this report, the State Child Abuse and Neglect Prevention Board and the Children's Trust Fund Unit within MDHHS.
direct service	Help or benefits provided to children or their families on a person-by-person basis.
EGrAMS	Electronic Grants Administration and Management System.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, 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.
local council	An organization whose primary purpose is the development and facilitation of a collaborative community prevention program.
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.

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.
repeated	The same problem was noted in the current audit, and the wording of the current recommendation remains essentially the same as the prior audit recommendation.
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.
rewritten	The recurrence of similar conditions reported in a prior audit in combination with current conditions that warrant the prior audit recommendation to be revised for the circumstances.
Trust Fund	The Children's Trust Fund created in the Department of Treasury by Public Act 249 of 1982.



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