



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

August 13, 2018

Rick Lowe, Chief Internal Auditor
Office of Internal Audit Services
George W. Romney Building
111 South Capitol, 8th Floor
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are the summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's Performance Audit of the Children's Trust Fund.

Questions regarding the summary table or corrective action plans should be directed to me at 517-241-4237 or MyersP3@michigan.gov.

Sincerely,

Pam Myers, Director
Bureau of Audit

PM:kk

Enclosure

c: Office of the Auditor General
House Fiscal Agency
Senate Fiscal Agency
Executive Office
DHHS, Nick Lyon
DHHS, Nancy Vreibel
DHHS, Dr. Herman McCall

House Appropriations Committee
House Standing Committee
Senate Appropriations Committee
Senate Standing Committee
DHHS, Farah Hanley
DHHS, GERALYN Lasher
DHHS, Karla Ruest

PERFORMANCE AUDIT OF THE
CHILDREN'S TRUST FUND

DEPARTMENT OF HEALTH AND HUMAN SERVICES

AUGUST 13, 2018

AUDIT RESPONSE

Approved: *Farah A. Hanley*
Farah A. Hanley, Senior Deputy Director
Department of Health and Human Services

Date: *8/13/18*



AUDIT REPORT SUMMARY

DEPARTMENT: Children's Services Administration

AUDIT PERIOD: October 1, 2014 through June 30, 2017

REPORT DATED: March 27, 2018

DISPOSITION OF AUDIT RECOMMENDATIONS

CITATIONS COMPLIED WITH	CITATIONS TO BE COMPLIED WITH	CITATIONS DHHS DID NOT AGREE WITH
	Finding 1 (07/15/2018)	
Finding 2		
Finding 3		
Finding 4		

Audit Response
Performance Audit
2017 Children's Trust Fund
Department of Health and Human Services
October 1, 2014 through June 30, 2017

Recommendation 1.: Documentation of annual local council grant funding criteria needed

The OAG recommended that CTF document the criteria used to establish the amount of annual grant funding allocated to each local council.

Response:

CTF has reviewed existing base levels, determined if they are appropriate, and documented the criteria utilized for annual grant funding allocations.

Recommendation 2.: Reassessment and improvement needed in monitoring of direct service and local council grantee programs.

The OAG recommended that CTF reassess and improve its monitoring of direct service and local council grant programs.

Response

CTF has developed monitoring protocols for review of grantee expenditures. An onsite monitoring plan has been developed using a risk-based approach and taking available resources into consideration.

Recommendation 3.: Improvements needed in EGrAMS user access controls and segregation of duties.

The OAG recommended that CTF strengthen its EGrAMS user access controls and provide the appropriate segregation of duties for submitting and approving grant reports.

Response

MDHHS has issued a memo to all MDHHS CTF grantee users advising of the proper usage of the system and how to access technical help. In addition, MDHHS has provided grantee's additional training to reinforce their responsibility for their system users. Finally, MDHHS has worked with grantees to review EGrAMS permissions and ensure each grantee has the three key permissions to provide appropriate segregation of duties.

Recommendation 4.: Continued improvement needed in Auction Event revenue reconciliations.

The OAG recommended that CTF continue to improve its reconciliation procedures for Auction Event revenue while on site.

Response

CTF implemented additional reconciliation protocols after the last audit but acknowledges that the final process of reconciling receipts to purchase records was not conducted. A new software system was purchased in 2017 that has capabilities to perform a reconciliation at the Event. This new software system will be used during the Auction Event to reconcile cash and checks to purchases in an efficient manner.