



OAG

Office of the Auditor General

Report Summary

Performance Audit

Michigan Children's Institute (MCI)

Michigan Department of Health and Human Services (MDHHS)

Report Number:
491-2700-25

Released:
October 2026

MCI was created by Public Act 220 of 1935, as amended to provide family home care for children committed to the State. MCI operates within the Children's Services Administration of MDHHS, and the MCI superintendent represents the State as legal guardian of all children committed as wards to the institute. State law and MDHHS policy require MCI to carry out various activities to ensure the health and welfare of wards while they await adoption. MCI's guardianship activities include, but are not limited to, promulgating necessary rules for the health and welfare of wards, reviewing adoption recommendations prepared by caseworkers and making a final recommendation to the court, and consenting to elective medical procedures performed on wards. As of August 2026, MCI consists of seven personnel including the superintendent.

Audit Objective			Conclusion
Objective: To assess the sufficiency of selected MCI activities related to the guardianship of MCI State ward children.			Not sufficient
Findings Related to This Audit Objective	<u>Material Condition</u>	<u>Reportable Condition</u>	Agency Preliminary Response
Significant improvement is needed in MCI's oversight and monitoring practices for its wards. For example: - Less than half of wards were identified and recorded in MCI's database to facilitate staff monitoring. - Investigative reports of homes where <u>MCI wards</u> were placed were not consistently ordered, procured, and/or reviewed. - Significant <u>caseworker</u> actions, such as communication of medical procedures and case closures, were not always monitored to ensure MCI guardianship responsibilities were consistently carried out on behalf of all MCI wards (<u>Finding 1</u>).	X		Disagrees

Findings Related to This Audit Objective (Continued)	Material Condition	Reportable Condition	Agency Preliminary Response
MCI was unaware the shared drive it used to store an unencrypted Microsoft Access database, with information related to over 17,000 past and present MCI wards, was accessible to other areas within MDHHS. It also did not have procedures in place to identify, segregate, and/or lock down the confidential MCI ward information stored in the database or monitor access to the information. We identified 626 non-MCI employees with permissions to view and edit database records (<u>Finding 2</u>).	X		Agrees
MCI needs to strengthen its adoption consent activities. We noted: - Although only MDHHS county directors, who have been authorized by the MCI superintendent, may provide consent for an MCI ward's adoption, 55% of adoption consents made by county directors were carried out without the appropriate authorization to make the consents. - Half of the MCI staff employed during our audit period did not have conflict-of-interest disclosure forms on file at the time of our review procedures; however, all had worked with MCI ward adoption consent requests for approximately nine years prior to our review (<u>Finding 3</u>).		X	Agrees
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
An evaluation of current statutory language is likely needed to help ensure the laws' overall intent for MCI's guardianship role and responsibility is being met and provides for the best protection of State wards (<u>Observation 1</u>).	Not applicable for observations.		

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