



Nicole R. Galloway, CPA
Missouri State Auditor

ADMINISTRATION

Children's Trust Fund Board



July 2015

Report No. 2015-045

<http://auditor.mo.gov>



Nicole R. Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Children's Trust Fund Board

| | |
|----------------------------------|--|
| <p>Program Awards</p> | <p>The Children's Trust Fund Board (CTFB) does not adequately document some factors considered in the approval or denial of applicants for the general prevention program and the discretionary grant program. Inadequate documentation makes it difficult to determine whether awards were issued consistently and fairly. For the general prevention program, which provides resources and services such as crib purchases and home visitations, the CTFB issues a score based on factors related to cost, performance, and expertise; however, it also considers some subjective factors, which are not documented. Additionally, in some cases training requirements were not met before general prevention awards were renewed. The CTFB also does not adequately document some factors considered for discretionary grant program funding, which funds abuse prevention projects. The CTFB evaluates applications using various factors such as location and cost, but does not assign a score. The reasons for awarding or denying applications are not documented.</p> |
| <p>Sunshine Law</p> | <p>Minutes serve as the only official permanent record of decisions made by CTFB committees; however, the CTFB did not prepare meeting minutes for the four committee meetings held during the 2 years ended June 30, 2014. The Sunshine Law requires meeting minutes be maintained as a record of business conducted and to provide an official record of actions and decisions made.</p> |
| <p>Board Appointments</p> | <p>Multiple vacancies on the CTFB can prevent the CTFB from conducting business. The CTFB had three vacancies as of June 30, 2014, and meetings were generally attended by 10 to 11 board members. A quorum of 8 out of 21 members is required in order to hold board meetings. In addition, replacements had not been named for 13 board members serving past the end of their statutorily limited terms.</p> |

In the areas audited, the overall performance of this entity was **Good**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

All reports are available on our Web site: auditor.mo.gov

Children's Trust Fund Board

Table of Contents

| | |
|------------------------|---|
| State Auditor's Report | 2 |
|------------------------|---|

| | |
|---|--|
| Management Advisory Report - State Auditor's Findings | 1. Program Awards.....4 2. Sunshine Law6 3. Board Appointments.....6 |
|---|--|

| | |
|---|---|
| Organization and Statistical Information | 8 |
|---|---|

Appendixes

| | | |
|---|---|----|
| A | Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments, 2 Years Ended June 30, 2014..... | 10 |
| B | Comparative Statement of Appropriations and Expenditures, 2 Years Ended June 30, 2014..... | 11 |
| C | Comparative Statement of Expenditures (From Appropriations), 5 Years Ended June 30, 2014..... | 12 |



NICOLE R. GALLOWAY, CPA
Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Douglas E. Nelson, Commissioner
Office of Administration
and
Members of the Children's Trust Fund Board
and
Kirk Schreiber, Executive Director
Children's Trust Fund Board
Jefferson City, Missouri

We have audited certain operations of the Children's Trust Fund Board in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the 2 years ended June 30, 2014. The objectives of our audit were to:

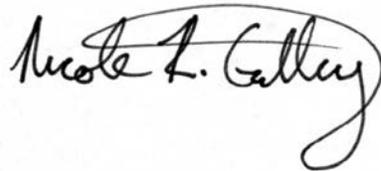
1. Evaluate the board's internal controls over significant management and financial functions.
2. Evaluate the board's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the board, as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the procedures applied in our audit of the board.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Children's Trust Fund Board.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor: John Luetkemeyer, CPA
Director of Audits: Douglas J. Porting, CPA, CFE
Audit Manager: Keriann Wright, MBA, CPA
In-Charge Auditor: Alex R. Prenger, M.S.Acct., CPA

Children's Trust Fund Board

Management Advisory Report

State Auditor's Findings

1. Program Awards

Controls and procedures over awarding general prevention and discretionary grant program funding need improvement.

The general prevention program provides resources and services to reduce the risk of child abuse and neglect, such as crib purchases and home visitations. The discretionary grant program funds similar smaller scale abuse prevention projects adapted to specific communities or other program goals. Awards are made annually, with general prevention awards renewable for up to five years. For the 2 years ended June 30, 2014, the Children's Trust Fund Board (CTFB) issued 35 new general prevention program awards totaling approximately \$953,000, and 19 new discretionary grant program awards totaling approximately \$40,500.

1.1 Documentation of award decisions

The CTFB does not adequately document some factors considered in the approval or denial of applicants for general prevention and discretionary grant program funding. As a result, it is unclear whether contracts were awarded consistently and fairly.

The CTFB typically evaluates general prevention program applications using a panel of CTFB staff, board members, and outside professionals. In addition to assigning a score to the applicant's proposal using various factors relating to cost, performance, and expertise, the panel also considers other subjective factors such as project feasibility and service area. The CTFB generally evaluates discretionary grant applications with internal staff, using various subjective factors such as location, cost, and objective; however, a score is not assigned. The CTFB does not document the consideration of non-scored factors or the overall reasons for awarding or denying applications for funding. Some general prevention applicants with lower scores were awarded funding over other applicants with higher scores due to consideration of other subjective factors; however, the CTFB did not have documentation to support the decisions on approval or denial. Documentation is necessary to adequately support award decisions made.

1.2 Training requirement

The CTFB did not ensure a contractual training requirement was met before renewing some general prevention awards. Without adequately monitoring contract requirements, the CTFB could not consider such performance factors when renewing awards.

As part of fiscal year 2014 awards, the CTFB contractually required general prevention grantees to complete an online training series by June 2014 if any funding would be used for staff salaries; however, the CTFB did not monitor this requirement. Our review noted 12 of 15 grantees (80 percent) did not complete the training as required. The CTFB subsequently renewed awards totaling approximately \$338,000 to the non-compliant grantees during fiscal year 2015. It is unclear whether non-compliance, if identified, would have impacted award renewals or made funding available to other



Children's Trust Fund Board
Management Advisory Report - State Auditor's Findings

qualified applicants. In March 2015, due to our inquiry, the CTFB notified the non-compliant grantees that completion of the training series is now required by June 2015 or subsequent awards may be declined.

Recommendations

The Children's Trust Fund Board:

- 1.1 Document support for decisions made to approve or deny program applications.
- 1.2 Monitor compliance with contractual requirements for program awards.

Auditee's Response

The Executive Director provided the following written responses on behalf of the CTFB:

- 1.1 *The CTFB maintains a rigorous, multi-step evaluation process for all general prevention grant awards. The process includes multiple grant reviewers made up of CTFB staff, board members and professionals outside of the organization. When determining final awards in addition to score, other determining factors may include overall cost; cost per individual or families served; underserved populations or geographic region; whether the proposed prevention model is evidenced-based, a promising practice, or emerging approach; whether the proposal is primary or secondary prevention rather than tertiary intervention; and overall funds available. The CTFB will prepare a written summary of the evaluation meeting including rationale or factors for final award recommendations. Additionally, written rationale for either approving or denying discretionary grant applications will be maintained with each application.*
- 1.2 *Beginning in fiscal year 2014, the CTFB required all newly awarded general prevention grantees to complete a free online training course developed and supported by the National Alliance of Children's Trust and Prevention Funds to support implementation of the Strengthening Families™ Protective Factors Framework (SFF). The training, entitled Bringing the Protective Factors Framework to Life in Your Work – a Resource for Action, was a cost-effective means to offer a training opportunity to provide prevention professionals knowledge of the SFF protective factors to incorporate into their daily work. All but one new general prevention grantee (93%) completed the first module of the training which included seven components within the time frame specified; however, the training in its entirety included seven modules each with several sub components. Currently 93% of new grantees have successfully completed all seven modules. Not completing the*



Children's Trust Fund Board
Management Advisory Report - State Auditor's Findings

protective factors training had no bearing or weight on the successful implementation of a prevention program, model or service(s) provided and did not impact award renewals or funding decisions. The CTFB will ensure that adequate documentation is provided indicating successful completion of the protective factors training as long as this requirement remains in effect. In addition, the CTFB has included a specific question regarding the protective factors training in its site visit monitoring tool and end of year report required of each grantee.

2. Sunshine Law

The CTFB did not prepare meeting minutes for the four committee meetings held during the 2 years ended June 30, 2014.

The program committee meets annually to review applications and make recommendations for various program funding, and is comprised of CTFB staff and board members. The public education committee meets annually to determine various details of promotional advertising campaigns for the upcoming year, and is comprised of CTFB staff and board members. Both committees report recommendations to the CTFB.

Minutes serve as the only official permanent record of decisions made by CTFB committees. Section 610.010, RSMo, defines committees appointed by and reporting to public governmental bodies as subject to Sunshine Law requirements. Section 610.020, RSMo, requires meeting minutes be maintained as a record of business conducted and to provide an official record of actions and decisions made.

Recommendation

The Children's Trust Fund Board comply with the Sunshine Law and ensure meeting minutes are prepared for all committee meetings held.

Auditee's Response

The Executive Director provided the following written response on behalf of the CTFB:

The CTFB Program and Public Education Sub-Committees each convene one time per year. Prior practice has been to provide a verbal report of subcommittee recommendations to the CTFB Board of Directors, including written documentation, which was then included in the official minutes of the CTFB meeting occurring in June of each year. The CTFB, beginning in May 2015 and thereafter, will prepare a written summary or minutes of the Program and Public Education Sub-Committees.

3. Board Appointments

The CTFB should improve procedures to ensure board vacancies are filled timely and members do not serve longer than allowed by state law.

As of June 30, 2014, the CTFB had three vacancies. The positions became vacant in February 2010, March 2013, and January 2014. Section 210.170, RSMo, requires the CTFB to be composed of 21 members, of which 17 are



Children's Trust Fund Board
Management Advisory Report - State Auditor's Findings

appointed by the Governor with the advice and consent of the Senate and are limited to two consecutive 3-year terms. All members serve until a replacement is appointed and qualified.

The day-to-day operations of the Board are overseen by the Executive Director; however, Board vacancies could negatively impact the operations of the Board. In order to have a quorum and hold board meetings, eight members must be present. During the 2 years ended June 30, 2014, meetings were generally attended by 10 to 11 board members. Multiple vacancies can result in the lack of a quorum and prevent the CTFB from conducting business.

In addition, while state laws and regulations allow CTFB members to continue to serve until reappointed or a replacement is named, some board members have served significantly beyond the statutory limitation of up to two consecutive 3-year terms. As of June 30, 2014, 4 of the 15 Governor-appointed members had served between 22 and 46 months past the expiration date of their second term. An additional 9 Governor-appointed members had served between 22 and 58 months past the expiration date of their first term and had not been officially reappointed to their second term.

Recommendation

The CTFB continue to work with the Governor's Office and the Legislature to fill board vacancies timely.

Auditee's Response

The Executive Director provided the following written response on behalf of the CTFB:

The CTFB continues to be compliant with Missouri state statute regarding board member service (Section 210.170.2, RSMo), as board members may serve until a successor is appointed. The CTFB continues to be fully operational and active, holding regularly scheduled meetings by conference call a minimum of three times per year and meeting in-person two times per year, surpassing the minimum required by Section 210.172(1), RSMo. Quorums have been met each meeting to successfully conduct the business of the CTFB. Additionally, five new public member appointments and two Senatorial appointments have been made to the CTFB since June 30, 2014. The CTFB will continue to work with the Office of Governor and the Senate Committee on Board Confirmations in a proactive manner encouraging timeliness of appointments and reappointments.

Children's Trust Fund Board

Organization and Statistical Information

The Children's Trust Fund Board (CTFB) was established by Section 210.170, RSMo, to provide child abuse and neglect public awareness and prevention programs throughout the state. Under the provisions of Section 210.174, RSMo, any individual or corporation may designate a part or all of their income tax refund to be contributed to the CTFB. Additional funding is derived from contributions made directly to the CTFB including to obtain the board's specialized license plate, fees on marriage licenses, vital records, federal and other grants.

Section 210.170, RSMo, provides that the Board shall consist of twenty-one members. Seventeen public members are appointed by the Governor with the advice and consent of the Senate and are appointed to serve three-year terms, limited to two consecutive terms. Members serve until their successor is appointed. Two members of the Missouri House of Representatives are appointed by the Speaker of the House and two members of the Missouri Senate are appointed by the President Pro Tem of the Senate. Members of the Senate and House of Representatives serve on the CTFB until their term in the House or Senate expires. On June 30, 2014, the CTFB had 18 members and 3 vacancies. Members serving on the Board as of June 2014 were:

| Member | City | Term Expires |
|--|----------------|----------------|
| Charmaine Smith, Chair | St. Louis | September 2012 |
| Kathleen Boyle Dalen, Ph.D., Chair-Elect | Kansas City | September 2011 |
| Eric Battle | St. Louis | September 2012 |
| Nela Beetem | Holts Summit | September 2012 |
| Susan Block | St. Louis | September 2012 |
| Nanci Bobrow, Ph.D. | St. Louis | September 2013 |
| Paula Clay | Columbia | September 2009 |
| Michelle Crockett | Carthage | September 2015 |
| Jillian Harris | Jefferson City | September 2010 |
| Robert Harris, M.D. | Columbia | September 2011 |
| Stephen Huss, Ph.D. | Hillsboro | September 2010 |
| Patrice Mugg | Kirkwood | September 2010 |
| Martina Peterson | Kansas City | September 2012 |
| Regina Staves, Ph.D. | Kansas City | July 2012 |
| Thomas Vansaghi, Ph.D. | Kansas City | September 2011 |
| Representative Bill Lant | Pineville | |
| Representative Jill Schupp | Creve Coeur | |
| Senator John Lamping | Ladue | |
| Vacant | | |
| Vacant | | |
| Vacant | | |



Children's Trust Fund Board Organization and Statistical Information

The Board is empowered to enter into contracts with public or private agencies, schools, or qualified individuals to establish community-based educational and service programs focused on the prevention of child abuse and neglect. The programs include crisis care, home visiting, counseling, and support groups. The Board also provides public education about the problem of child abuse and neglect and how Missouri citizens can contribute to prevention efforts.

The Board may appoint an executive director to perform administrative duties. Kirk Schreiber was appointed Executive Director in October 2005. Three other employees perform various administrative duties and responsibilities.

Appendix A

Children's Trust Fund Board

Children's Trust Fund

Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

| | Year Ended June 30, | |
|--|---------------------|------------------|
| | 2014 | 2013 |
| RECEIPTS | | |
| Private donations | \$ 230,251 | 247,922 |
| Marriage license fees | 988,759 | 1,005,222 |
| Vital records sales | 377,471 | 407,212 |
| Intergovernmental receipts | 563,670 | 1,104,760 |
| Interest | 23,115 | 27,407 |
| Interagency receipts (1) | 481,211 | 791,136 |
| Registration fees | 0 | 18,565 |
| Miscellaneous refunds | 1,150 | 1,151 |
| Total Receipts | 2,665,627 | 3,603,375 |
| DISBURSEMENTS | | |
| Personal service | 212,477 | 211,441 |
| Employee fringe benefits | 85,738 | 80,355 |
| Expense and equipment | 60,454 | 63,146 |
| Program disbursements | 2,712,942 | 3,212,962 |
| Refunds | 6,568 | 6,699 |
| State Central Services cost allocation | 1,400 | 11,037 |
| Total Disbursements | 3,079,579 | 3,585,640 |
| RECEIPTS OVER (UNDER) DISBURSEMENTS | (413,952) | 17,735 |
| CASH AND INVESTMENTS, JULY 1 | 4,082,075 | 4,064,340 |
| CASH AND INVESTMENTS, JUNE 30 | \$ 3,668,123 | 4,082,075 |

(1) Interagency receipts include payments received from other state agencies for contracted services.

Appendix B

Children's Trust Fund Board
 Comparative Statement of Appropriations and Expenditures

| | Year Ended June 30, | | | | | |
|--|----------------------------|------------------|--------------------|----------------------------|------------------|--------------------|
| | 2014 | | | 2013 | | |
| | Appropriation Authority | Expenditures | Lapsed Balances | Appropriation Authority | Expenditures | Lapsed Balances |
| CHILDREN'S TRUST FUND | | | | | | |
| Program Disbursements | \$ 3,360,000 | 2,712,942 | 647,058 | 3,360,000 | 3,212,962 | 147,038 |
| Personal Service | 215,210 | 212,477 | 2,733 | 213,845 | 211,441 | 2,404 |
| Expense and Equipment | 119,104 | 45,664 | 73,440 | 141,001 | 49,178 | 91,823 |
| State-owned facilities, utilities, systems, furniture, and structural modifications | 13,951 | 13,950 | 1 | 13,743 | 13,561 | 182 |
| Refunds | 13,495 | 6,568 | 6,927 | 6,700 | 6,699 | 1 |
| Office of Administration - ITSD employee benefits | 1,000,000 | 0 | 1,000,000 | 1,000,000 | 0 | 1,000,000 |
| Office of Administration - ITSD Expense and Equipment | 1,100 | 840 | 260 | 1,100 | 407 | 693 |
| Total Children's Trust Fund | \$ 4,722,860 | 2,992,441 | 1,730,419 | 4,736,389 | 3,494,248 | 1,242,141 |

Appendix C

Children's Trust Fund Board

Comparative Statement of Expenditures (From Appropriations)

| | Year Ended June 30, | | | | |
|-------------------------------------|---------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Salaries and wages | \$ 212,477 | 211,441 | 207,571 | 202,783 | 202,783 |
| Travel, in-state | 4,811 | 5,241 | 5,387 | 3,358 | 6,100 |
| Travel, out-of-state | 3,811 | 2,419 | 5,715 | 1,636 | 0 |
| Supplies | 2,989 | 3,521 | 5,893 | 6,019 | 7,181 |
| Professional development | 2,293 | 5,892 | 3,195 | 265 | 2,780 |
| Communication services and supplies | 1,626 | 1,508 | 1,455 | 3,212 | 2,018 |
| Services: | | | | | |
| Professional | 27,763 | 27,485 | 32,035 | 21,872 | 30,445 |
| Maintenance and repair | 369 | 212 | 262 | 472 | 419 |
| Equipment: | | | | | |
| Computer | 492 | 0 | 0 | 0 | 189 |
| Office | 114 | 680 | 977 | 536 | 0 |
| Other | 0 | 654 | 907 | 0 | 0 |
| Building lease payments | 14,575 | 14,061 | 14,758 | 15,682 | 15,822 |
| Miscellaneous expenses | 1,611 | 1,473 | 1,588 | 1,114 | 1,193 |
| Refunds | 6,568 | 6,699 | 7,257 | 10,105 | 9,543 |
| Program distributions | 2,712,942 | 3,212,962 | 2,807,410 | 2,471,292 | 2,492,446 |
| Total Expenditures | \$ <u>2,992,441</u> | <u>3,494,248</u> | <u>3,094,410</u> | <u>2,738,346</u> | <u>2,770,919</u> |