



Thomas A. Schweich
Missouri State Auditor

ADMINISTRATION

Children's Trust Fund Board

December 2011
Report No. 2011-113



<http://auditor.mo.gov>



Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Administration, Children's Trust Fund Board (CTFB)

Background	The CTFB was established by Section 210.170, RSMo, to provide child abuse and neglect public awareness and prevention programs throughout the state. The Board is comprised of 21 members, 17 appointed by the Governor, 2 members of Missouri Senate appointed by the President Pro Tem of the Senate, and 2 members of the Missouri House of Representatives appointed by the Speaker of the House. The Board appointed an executive director who, along with three other employees, performs administrative duties.
Monitoring	The CTFB did not comply with its policy for timely monitoring of general prevention program grantees. CTFB written policy requires an on-site monitoring visit of all first year grantees, and stated practice is to conduct these visits within the first 2 years of the 5-year grant cycle. As of June 30, 2011, 21 of 71 (30%) grantees did not receive a monitoring visit within the first 2 years of the grant cycle. Of these, 6 received a monitoring visit in the third or fourth year, but 15 of these had not received a monitoring visit at all. Timely monitoring helps ensure general prevention funds are used for intended purposes.

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

American Recovery and Reinvestment Act 2009 (Federal Stimulus)	The Department of Administration, Children's Trust Fund Board did not receive any federal stimulus monies during the audited time period.
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*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.

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Children's Trust Fund Board

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THOMAS A. SCHWEICH

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the Children's Trust Fund Board
and
Kirk Schreiber, Executive Director
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 4 years ended June 30, 2011. 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; 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) a deficiency in internal controls, (2) no significant noncompliance with legal provisions, and (3) no significant deficiencies in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of the Children's Trust Fund Board.



Thomas A. Schweich
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor: Harry J. Otto, CPA
Director of Audits: Douglas J. Porting, CPA, CFE
Audit Manager: Keriann Wright, MBA, CPA
In-Charge Auditor: Denise Huddleston, MBA

Children's Trust Fund Board

Management Advisory Report

State Auditor's Findings

Monitoring

The Children's Trust Fund Board (CTFB) is not complying with its policy for timely monitoring of general prevention program grantees, providing less assurance that general prevention funds are being used as required. The CTFB provides funding to various organizations through several programs, one of which is the general prevention program. This funding is used to provide programs and services to help families reduce the risk of child abuse and neglect. To promote general prevention program sustainability, the CTFB commits funding to successful grantees on a 5-year cycle. During the 4 years ended June 30, 2011, the CTFB disbursed approximately \$3.7 million to 71 general prevention grantees.

CTFB written policy requires an on-site monitoring visit to be conducted on all first year grantees and stated practice is to perform these site visits within the first 2 years of the grant period. During site visits, CTFB personnel perform both a programmatic review by interviewing recipients and providers, and a financial review of supporting documentation. Other methods used to monitor general prevention grantees include reviewing required annual or biannual reports and detailed reimbursement requests; however, documentation supporting the information submitted is not required.

We found that site visits are not always completed timely, or at all, during the life of the grant. As of June 30, 2011, we noted 21 of 71 general prevention grantees did not receive a site visit within the first 2 years of the grant cycle as required by CTFB written or stated policies. Of these, 6 grantees received a site visit in the third or fourth year of the grant cycle and 15 grantees had not received a site visit at all although they were in at least the third year of the grant cycle or the grant had been finalized. Total funding disbursed to these 15 grantees was approximately \$1.18 million during the current 5-year cycle. According to CTFB personnel, these site visits had not been completed timely due to staffing and funding limitations. To adapt to these limitations, CTFB personnel indicated they schedule site visits based on proximity to other scheduled reviews or delay or waive visits based on low-risk factors, such as past experience with the grantee. CTFB policy does not reflect this practice and such decisions have not been adequately documented.

Timely monitoring of grantees is necessary to ensure general prevention funds are adequately supported and used for intended purposes.

Recommendation

The CTFB ensure site visits are conducted timely in accordance with policy, and any decisions made to deviate from policy should be adequately documented.



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

Auditee's Response

The Executive Director provided the following written response on behalf of the Children's Trust Fund Board (CTFB):

The CTFB will devise and implement a schedule to insure the timely on-site monitoring of general prevention contracts within the first two years of the contract period. Additionally by the close of fiscal year 2012, the CTFB plans to monitor the 15 general prevention grantees as identified by the Missouri State Auditor as not having received timely visits. General prevention grantees are required by the CTFB to retain documentation for a period of five (5) years after the contract period expires or is terminated for purposes of auditing/monitoring by the CTFB. The Board of Directors will review and revise as needed policy governing grant/contract monitoring, taking into account risk factors and history of the recipient organization, staff resources, proximity of scheduled reviews in geographic regions and other factors.

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 his/her income tax refund to be contributed to the CTFB. Additional funding is derived from contributions made directly to the CTFB including to obtain the specialized CTFB 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 members are appointed by the Governor with the advice and consent of the Senate. 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, 2011, the CTFB had nineteen members and two vacancies. Members serving on the board as of June 2011 were:

Members	City	Term Expires
Rev. Eric F. Battle	St. Louis	September 2012
Nela Beetem	Holts Summit	September 2012
Susan E. Block	University City	September 2012
Paula E. Clay	Columbia	September 2009
Lynne Cooper, D. Min.	St. Louis	September 2011
Kathleen Boyle Dalen, Ph.D.	Kansas City	September 2011
Jillian Harris	Jefferson City	September 2010
Robert J. Harris, M.D.	Columbia	September 2011
Stephen F. Huss, Ph.D.	Hillsboro	September 2010
Dena Ladd	St. Louis	September 2010
Patrice Mugg	Kirkwood	September 2010
Martina L. Peterson	Kansas City	September 2012
Charmaine Smith	St. Louis	September 2012
Regina Staves, Ph.D.	Kansas City	July 2012
Thomas M. Vansaghi, Ph.D.	Kansas City	September 2011
Representative Michael McGhee	Odessa	
Representative Jill Schupp	Creve Coeur	
Senator Jolie Justus	Kansas City	
Senator John Lamping	St. Louis	

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



Children's Trust Fund Board
Organization and Statistical Information

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.

American Recovery and
Reinvestment Act 2009
(Federal Stimulus)

The CTFB did not receive any federal stimulus monies during the 4 years ended June 30, 2011.

Appendix A

Children's Trust Fund Board
 Comparative Statement of Receipts, Disbursements, and Changes in Cash

	Year Ended June 30,			
	2011	2010	2009	2008
RECEIPTS				
Private donations	\$ 147,875	172,691	191,510	370,517
Marriage license fees	1,007,571	982,591	999,276	985,334
Vital records sales	424,105	464,740	481,864	561,752
Intergovernmental receipts	614,844	543,273	434,567	387,855
Interest	28,416	49,230	100,667	184,537
Interagency receipts *	665,173	670,125	664,710	653,765
Registration fees	17,619	0	18,209	0
Miscellaneous refunds	0	0	6,811	68,535
Total Receipts	<u>2,905,603</u>	<u>2,882,650</u>	<u>2,897,614</u>	<u>3,212,295</u>
DISBURSEMENTS				
Personal service	202,783	202,783	202,750	196,705
Expense and equipment	38,484	50,325	65,728	65,444
Program disbursements	2,471,292	2,492,446	2,746,481	2,820,452
Office lease	15,682	15,822	18,498	14,569
Refunds	10,105	9,543	10,100	11,079
Total Disbursements	<u>2,738,346</u>	<u>2,770,919</u>	<u>3,043,557</u>	<u>3,108,249</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS BEFORE OTHER FINANCING SOURCES (USES)	167,257	111,731	(145,943)	104,046
OTHER FINANCING SOURCES (USES) **				
Transfers in	85,938	89,050	103,072	114,894
Transfers out	<u>(96,995)</u>	<u>(99,179)</u>	<u>(94,542)</u>	<u>(96,491)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	156,200	101,602	(137,413)	122,449
CASH BALANCE, JULY 1	<u>3,714,321</u>	<u>3,612,719</u>	<u>3,750,132</u>	<u>3,627,683</u>
CASH BALANCE, JUNE 30	<u>\$ 3,870,521</u>	<u>3,714,321</u>	<u>3,612,719</u>	<u>3,750,132</u>

* Interagency receipts include payments received from other state agencies for contracted services.

** Transfers in amounts are income tax contributions designated by individual and corporate taxpayers on their income tax returns under the provisions of Section 143.1000, RSMo. Transfers out amounts include employee fringe benefits, allocation of costs in support of the state's central services and other.

Appendix B

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

	Year Ended June 30,					
	2011			2010		
	Appropriation	Expenditures	Lapsed Balances	Appropriation	Expenditures	Lapsed Balances
CHILDREN'S TRUST FUND						
Program distributions	\$ 3,360,000	2,471,292	888,708	3,360,000	2,492,446	867,554
Personal service	211,199	202,783	8,416	211,199	202,783	8,416
Expense and equipment	145,140	39,102	106,038	145,140	50,234	94,906
Office lease	15,601	14,982	619	16,917	15,597	1,320
Refunds	13,495	9,805	3,690	9,554	9,543	11
IT Consolidation expense and equipment	1,100	382	718	1,100	316	784
Unemployment benefits	146	0	146	146	0	146
Total Children's Trust Fund	\$ 3,746,681	2,738,346	1,008,335	3,744,056	2,770,919	973,137

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Appendix B

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

	Year Ended June 30,					
	2009			2008		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
CHILDREN'S TRUST FUND						
Program distributions	\$ 3,360,000	2,746,481	613,519	3,360,000	2,820,452	539,548
Personal service	211,199	202,750	8,449	205,049	196,705	8,344
Expense and equipment	145,140	66,348	78,792	145,140	65,011	80,129
Office lease	17,748	17,748	0	16,179	13,953	2,226
Refunds	13,495	9,725	3,770	13,495	11,029	2,466
IT Consolidation expense and equipment	1,100	505	595	1,099	1,099	0
Unemployment benefits	146	0	146	146	0	146
Total Children's Trust Fund	\$ <u>3,748,828</u>	<u>3,043,557</u>	<u>705,271</u>	<u>3,741,108</u>	<u>3,108,249</u>	<u>632,859</u>

Appendix C

Children's Trust Fund Board
 Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2011	2010	2009	2008	2007
Salaries and wages	\$ 202,783	202,783	202,750	196,705	187,049
Travel, in-state	3,358	6,100	7,150	5,654	6,942
Travel, out-of-state	1,636	0	4,474	1,266	4,893
Supplies	6,019	7,181	4,747	9,677	18,962
Professional development	265	2,780	3,390	3,710	3,555
Communication service and supplies	3,212	2,018	3,561	2,192	4,564
Professional services	21,872	30,445	38,661	37,265	66,700
Maintenance and repair services	472	419	318	339	407
Computer equipment	0	189	387	1,039	198
Office equipment	536	0	1,412	2,642	699
Other equipment	0	0	115	807	320
Building lease payments	15,682	15,822	18,498	14,569	12,288
Equipment rental and leases	0	0	0	0	1,982
Miscellaneous expenses	1,114	1,193	1,513	853	14,803
Refunds	10,105	9,543	10,100	11,079	12,801
Program distributions	2,471,292	2,492,446	2,746,481	2,820,452	2,687,294
Total Expenditures	\$ 2,738,346	2,770,919	3,043,557	3,108,249	3,023,457