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**INDEPENDENT STATE AUDITOR'S REPORT ON
CERTAIN ACTIVITIES OF THE
CHILD ABUSE PREVENTION BOARD AND THE
CHILDREN'S TRUST FUND
JULY 1, 2008 TO JUNE 30, 2009**

**OFFICIAL AUDIT
REPORT
JULY 9, 2010**

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Chapter 6, Section 202 and 203, of the Massachusetts General Laws established the Child Abuse Prevention Board (CAPB) and set forth its powers and duties. Chapter 10, Section 50, of the General Laws established the Children’s Trust Fund (CTF) as a separate Commonwealth fund from which funds are to be expended for the purposes set forth in the fourth paragraph of Section 202 and subsections (1) to (9), inclusive of Section 203 of Chapter 6. Together, CTF and CAPB have formed a partnership to prevent child abuse by bringing together private, state, and federal resources to fund, evaluate, and promote effective family support programs. The purpose of our audit was to review and analyze CTF financial and management activities to determine whether adequate internal controls are in place to safeguard assets; whether CAPB is meeting its goals and objectives in an efficient and effective manner; and whether CTF funds were expended for the purposes set forth in the General Laws.

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During our follow-up review we determined that CTF has made improvements to (a) documentation of policies and procedures, (b) controls over fixed assets, and (c) monitoring of service contracts.

a. Improvements to Documentation of Policies and Procedures

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CTF, in accordance with Chapter 647 of the Acts of 1989, developed internal control policies and procedures for its functional operations. Additionally, CTF continues to review and expand on its policies and procedures to ensure they are fully defined for each process.

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CTF implemented procedures whereby its fixed asset inventory is now properly identified, tagged, valued, and recorded. Additionally, an annual physical inventory is taken and reconciled.

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INTRODUCTION

Background

The Child Abuse Prevention Board (CAPB) was established under the authority of Chapter 6, Section 202, of the General Laws. This statute set guidelines for the CAPB's board members and the Executive Director. Chapter 6, Section 203, of the General Laws set guidelines for meetings, reports, powers and duties of CAPB. Chapter 10, Section 50, of the General Laws established the Children's Trust Fund (CTF) as a separate Commonwealth Fund from which funds are to be expended for the purposes set forth in the fourth paragraph of Section 202 and subsections (1) to (9), inclusive of Section 203 of Chapter 6 of the General Laws. The CAPB is headed by an Executive Director who is appointed by majority of the CAPB with approval by the governor.

According to Chapter 6, Section 202 of the General Laws, the Child Abuse Prevention Board shall consist of between 25 and 50 members, including:

- a. The following 10 ex-officio members: the Secretary of Health and Human Services, the Secretary of Housing and Economic Development, the Commissioner of Early Education and Care, the Commissioner of Children and Families, the Commissioner of Mental Health, the Commissioner of Youth Services, the Commissioner of Elementary and Secondary Education, the Commissioner of Public Health, the Commissioner of Transitional Assistance, and the Child Advocate, or their designees.
- b. The following 12 persons from the private sector appointed by the governor from recommendations by the board: one parent, one pediatrician, one child psychiatrist, one early childhood education specialist, one mental health specialist in child abuse, one district attorney, one teacher, one judge, one member of the Massachusetts bar, one criminal justice professional, one social worker from a private child welfare agency, and one representative of a private charitable foundation.
- c. Between three and 28 additional members appointed by the governor from recommendations by the board. These individuals shall be appointed based upon their knowledge of and interest in child abuse prevention. The governor shall seek to provide diverse geographical representation, with particular attention given to appointing members who reflect the ethnic and racial diversity of the Commonwealth's children, youth and families, and shall assure that each of the Commonwealth's six human service regions, established by the executive office of health and human services, is represented by one of the appointments.

Each appointed member serves for a term of three years and the governor designates one of the appointed members of the board as chair. The CAPB employs an Executive Director, Assistant Executive Director, Secretary and any other staff that it deems necessary in order to carry out its

duties and responsibilities. Expenditures for salaries and other administrative functions are approved by the CAPB within the limitations of Section 50 of Chapter 10.

The Executive Director is required to have at least two years of direct service experience in child welfare or child clinical work and two years of experience in human service administration or policy making and have a master's degree in a related field.

According to Chapter 6, Section 203, of the General Laws, CAPB must meet at least four times annually, and on or before March 15 of every year CAPB must file a report with the governor and the house and senate committees on ways and means detailing the recipients and amounts of grants awarded by the board in the preceding calendar year.

Chapter 6, Section 203, of the General Laws sets forth CAPB's powers and responsibilities, which include the following:

- To contract with public or private non-profit organizations, agencies, schools, or qualified individuals, or to issue grants to cities, towns, or political subdivisions, for the purpose of establishing community-based educational and service programs designed to reduce the occurrence of child abuse and neglect; provided, however, that (a) each contract or grant entered into by the board shall contain an evaluation provision; (b) contracts or grants may be awarded to existing programs as well as demonstration projects; and (c) the continuation of contracts or grants shall be based upon goal attainment.
- To facilitate the exchange of information between groups concerned with families and children and with child maltreatment.
- To consult with state departments, agencies, commissions and boards to help determine the probable effectiveness, fiscal soundness, and need for proposed educational and service programs for the prevention of child abuse and neglect.
- To authorize the expenditure of all funds deposited into the Children's Trust Fund.
- To maintain files, records and reports which shall be retained and made available in accordance with law.
- To implement and continually develop the priority areas and recommendations identified in the Massachusetts Blueprint for a Comprehensive Approach to Strengthening Families and Preventing Child Abuse.
- To promote academic research on the efficacy and cost effectiveness of child abuse prevention initiatives.

- To issue state of the family annual reports, on the trends and developments affecting the incidence of child maltreatment.
- To establish, by a majority vote of its membership, procedures, guidelines, rules and regulations; provided, however, that these policies take into consideration such factors as need, geographic distribution, capacity to coordinate with existing services, and such other factors as the board seems relevant. Such guidelines shall provide, including without limitation, that no state, executive, legislative or judicial agency funded in whole or in part by the commonwealth shall be eligible to receive any such grants. The awarding of any grant shall be by a majority vote of the membership.
- To serve as an advocate, subject to appropriation, and provide an articulate focus for the needs of children and disseminate information to the public regarding children's services and to work in collaboration with the office of the child advocate, the department of early education and care, the department of public health, the department of children and families, the department of elementary and secondary education and any other state agency which serves the needs of children, to promote the development of programs and services for all children, emphasizing programs for children with special needs.

CTF brings together private and public resources to fund, evaluate, and promote effective family-support programs. The public aspect primarily involves cooperation with other state agencies, whereas the private-sector aspect involves generating contributions in addition to cooperative efforts. As an umbrella organization, CTF funds, evaluates, and promotes the work of over 100 agencies that serve parents. Supported by the state, federal, and private funding, CTF also raises public awareness about child abuse and neglect, spearheads efforts to train family support providers, brings public and private organizations together to work on behalf of families and children, and educates public policy makers.

To meet its private-partnership objectives, CTF solicits contributions from individuals and corporations. However, many corporations are reluctant to make contributions to a state-run agency. As a result, in July 1991 CTF and CAPB established a tax-exempt charitable organization, the Friends of the Children's Trust Fund, Inc. (FCTF), incorporated under Chapter 180 of the General Laws and Chapter 3, Section 501, of the Internal Revenue Code. The articles of organization are on file with the Massachusetts Secretary of State's Office, and FCTF has corporation bylaws as required by law.

Because FCTF is a public charity, its funds are not controlled by the Office of the State Treasurer and are kept separate and distinct from CTF's and CAPB's state appropriations. FCTF generates and spends funds directly from its own accounts and has its own Board of Directors, consisting of

three members all of whom are members of CAPB. All expenditures must be approved by the Board of Directors. The support garnered through FCTF generates private funds to support prevention programs not funded, or under-funded, through CTF's public dollars.

FCTF has an endowment to help fund the charity in its child-abuse prevention work. The endowment receives contributions that are made with the stipulation that they be applied toward the endowment only.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the General Laws, we conducted an audit of CTF's and CAPB's compliance with applicable laws, rules, and regulations and examined their financial activities for the period July 1, 2008 to June 30, 2009.

The purpose of our audit was to review and analyze financial and management activities to determine whether adequate internal controls are in place to safeguard assets and whether CAPB is meeting its goals and objectives in an efficient manner. Our audit was also intended to determine whether CTF expenditures were for the purposes set forth in Chapter 6, Sections 202 and 203 of the General Laws. We conducted our audit in accordance with applicable generally accepted government auditing standards.

To accomplish our objectives, we:

- Conducted interviews and discussions with CTF management and staff.
- Reviewed CTF's Internal Control Plan relating to financial and management activities over CTF operations and funds.
- Reviewed relevant laws, regulations, and CTF policies and procedures.
- Reviewed contracts and site review reports for contracted providers.
- Performed, on a test basis, such other procedures as we considered necessary.

At the conclusion of our audit, the results of our review were communicated to CTF's Executive Director, Director of Administration and Finance, and Deputy Director.

Based on our review, we have concluded that CTF has adequate internal controls in place, accurate financial records are maintained, and it complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

PRIOR AUDIT RESULTS RESOLVED

During our follow-up review we determined that CTF has made improvements to (a) documentation of policies and procedures, (b) controls over fixed assets, and (c) monitoring of service contracts.

a. Improvements to Documentation of Policies and Procedures

Our prior audit noted that, contrary to Chapter 647 of the Acts of 1989, CTF did not adequately document detailed policies and procedures for its functional operations. Although CTF had developed and documented general guidelines for its operations, it had not defined specific steps for each process. Without documented policies and procedures in place, there was inadequate assurance that CTF would achieve its objectives efficiently, effectively, and in compliance with applicable laws, rules, and regulations or ensure that its assets were properly safeguarded against loss, theft, or misuse.

Our follow-up audit noted that CTF, in accordance with Chapter 647 of the Acts of 1989, developed internal control policies and procedures for its functional operations. Additionally, CTF continues to review and expand on its policies and procedures to ensure they are fully defined for each process.

b. Improvements over Fixed Assets

Our prior audit disclosed that CTF procedures for the acquisition, identification, and recording of its fixed asset inventory was incomplete and did not have values associated with each asset. In addition, inventory tests disclosed that not all property and equipment was tagged and that, contrary to Office of the State Comptroller guidelines, an annual physical inventory and reconciliation to Massachusetts Management Accounting and Reporting System records had not been performed. As a result, there was inadequate assurance that CTF's inventory was adequately safeguarded from loss, theft, or misuse or otherwise protected.

Our follow-up audit noted that CTF implemented procedures whereby its fixed asset inventory is now properly identified, tagged, valued, and recorded. Additionally, an annual physical inventory is taken and reconciled.

c. Improvements over Monitoring of Service Contracts

Our prior audit disclosed that CTF did not have a formal process for tracking contract and regulatory compliance regarding its Healthy Families, Family Centers, and other major programs. Additionally, CTF needed to improve its documentation of site visits and the administration of the contract process. As a result, CTF could not ensure that its program mission was being effectively administered and that programs were complying with all aspects of contract requirements and that records were being maintained as required.

Our follow-up audit noted that CTF established a contract unit for monitoring contract compliance. Additionally, site visits are made and documented to ensure contract compliance and records are being maintained as required.

APPENDIX

Children's Trust Fund Financial Activity July 1, 2008 to June 30, 2009

Beginning Balance – July 1, 2008		
State Trust Fund	\$ 294,653	
Federal Grant	<u>205,011</u>	
Total Beginning Balance		\$ 499,664
Revenues:		
State Appropriations	\$13,746,874	
Federal Grant Award	570,471	
Interest Income	<u>20,395</u>	
Total Revenues		14,337,740
Expenditures:		
State Appropriation 3000-2050	\$ 1,243,128	
State Appropriation 3000-7000	12,304,740	
Federal Grant	573,318	
State Trust Fund	12,408	
ISA-DPH	71,430	
ISA-DCF	<u>50,000</u>	
Total Expenditures		<u>14,255,024</u>
Balance – June 30, 2009		<u>\$ 582,380</u>
Analysis of Balances as of June 30, 2009		
State Appropriations (Reverted to General Fund)		\$ 77,575
State Trust Fund Account		302,641
Federal Grant Account		<u>202,164</u>
Total Account Balance as of June 30, 2009		<u>\$ 582,380</u>