



# CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

## FACT SHEET

November 27, 2012

Report No. 2012-105

The California State Auditor released the following report today:

### Departments of Public Health and Social Services

*Weaknesses in the Administration of the Child Health and Safety Fund and the State Children's Trust Fund Limit Their Effectiveness*

#### BACKGROUND

With thousands of children dying each year from unintentional injuries, child abuse, and neglect, the Child Health and Safety Fund (health and safety fund) and the State Children's Trust Fund (trust fund) were created to support programs to prevent childhood injuries and abuse. Although the Department of Social Services (Social Services) administers both funds, the Department of Public Health (Public Health) manages the Kids' Plates Program—a prevention program that is financed by the health and safety fund, which is mostly supported from the sale of certain specialized license plates—and awards grants to community-based organizations for projects and programs that prevent childhood injuries. Similarly, Social Services awards grants from the trust fund to certain entities that operate local child abuse and neglect prevention and intervention programs.

#### KEY FINDINGS

During our review of the administration of the health and safety fund and the trust fund, we noted the following:

- Public Health and its predecessor agency, the Department of Health Services (Health Services), inadequately managed the Kids' Plate Program.
  - ✓ They violated state law by contracting with the San Diego State University Research Foundation (research foundation)—when state employees could have performed the work—to manage the Kids' Plates Program from 2004 to 2010, and it continued to ask the research foundation to perform services even though its contract had expired.
  - ✓ In violation of state law, Health Services and Public Health spent roughly 40 percent of the total appropriations they received over a four-year period, or nearly \$2.1 million, on the research foundation's administrative costs even though the Legislature intended the funds to pay only for costs directly associated with preventing unintentional childhood injury.
  - ✓ Public Health awarded 115 grants to community-based organizations 21 months after its contract with the research foundation expired—representing only a fraction of the funds it had available to award. Further, it did not comply with its contracting procedures in awarding the grants nor did it adequately monitor reimbursements made to grantees or contractors.
- Of the 30 expenditures from the trust fund that we reviewed, Social Services did not fulfill certain contracting requirements for 10 payments made to six grantees.
  - ✓ It did not request detailed records from grantees to support payments they made nor did it conduct site visits for these grantees, and thus cannot ensure that their expenditures are consistent with program requirements—in fact, one grantee overcharged the State by \$10,189, and Social Services could not demonstrate that another \$10,000 paid from the trust fund was for permissible purposes.
  - ✓ For two other payments, Social Services may have violated state law by not adhering to the permissible uses of the trust fund—in both cases federal funds would have been the appropriate funding source rather than the trust fund to pay the expenditures.
- Social Services did not publish certain information such as identifying all programs and services it pays for using the trust fund and the target population these programs serve in accordance with state law.

#### KEY RECOMMENDATIONS

Among the numerous recommendations we made were that both Public Health and Social Services comply with the *State Contracting Manual* in substantiating expenditures that grantees claim. Further, that Public Health establish adequate justification as to why state employees are not able to perform the work when requesting approval for personal services contracts and that it comply with state contracting laws prohibiting contractors from starting work without an approved contract. Further, our recommendations to Social Services include those aimed at ensuring it uses trust fund moneys only for permissible uses and that it ensures it publishes all the required information regarding the trust fund.

