



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

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IV-D MEMORANDUM 2017-015

TO: All Friend of the Court (FOC) Staff
All Prosecuting Attorney (PA) Staff
All Office of Child Support (OCS) Staff

FROM: Erin P. Frisch, Director
Office of Child Support

DATE: July 6, 2017

UPDATE(S):

Manual

Form(s)

SUBJECT: Fiscal Year (FY) 2016 Self-Assessment (SASS) Audit Results

ACTION DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum provides information related to the FY 2016 SASS audit and findings. This includes:

- A brief overview of the SASS audit process; and
- An explanation of the SASS audit findings.

In IV-D Memorandum 2016-024¹ (published on July 26, 2016), OCS provided information about FY 2015 SASS audit findings, Establishment program compliance criterion findings, Case Closure program compliance criterion findings, and Michigan's Establishment and Case Closure corrective action plans (CAPs). In FY 2016, Michigan met the federal benchmarks for all program compliance criteria, thus satisfying the previous year's CAPs for Establishment and Case Closure. Michigan is under no federal CAP going forward. However, OCS will address case closure findings with a Case Closure Improvement Plan in the future.

This IV-D Memorandum replaces and obsoletes IV-D Memorandum 2016-024. Exhibit 2017-015E1² replaces and obsoletes Exhibit 2016-024E1. The exhibit remains

¹ *Fiscal Year 2015 Self-Assessment (SASS) Audit Findings – Corrective Action Plans (CAPs) for the Case Closure and Establishment of Paternity and Support Order (Establishment) Criteria*

² Michigan Office of Child Support: Self-Assessment Audit – Establishment Criterion

unchanged since its previous publication except for an added footnote reference, which is indicated by a change bar in the right margin.

DISCUSSION:

A. Annual Self-Assessment (SASS) Audit³

1. Background

Federal regulations require the Michigan child support program to perform a yearly SASS audit to ensure its compliance with eight program criteria:

- Case Closure;
- Disbursement of Collections (Disbursements);
- Expedited Processes;
- Establishment of Paternity and Support Order (Establishment);
- Review and Adjustment of Orders (Review and Adjustment);⁴
- Enforcement of Orders (Enforcement);
- Securing and Enforcing Medical Support Orders (Medical); and
- Intergovernmental Services (Intergovernmental).

The federal Office of Child Support Enforcement (OCSE) indicates that the principal purpose of the SASS process is to serve as a management tool for the state's IV-D program. States must use the process to determine what, if any, deficiencies exist in their IV-D program so that these deficiencies can be addressed and corrected.

Failure to meet federal benchmarks requires the state to implement a federally monitored CAP. OCSE offers technical assistance and other support in helping a state improve its performance. However, if the state fails to correct deficiencies identified in previous SASS audits, OCSE may conduct its own audit to determine compliance with the federal requirements.⁵ If the state fails that audit, OCSE may then assess a financial penalty against Michigan's public assistance program under Title IV-A of the Social Security Act. If this penalty is imposed, it can reduce the amount payable to the state under Title IV-A by between 1 and 5 percent until the state is in substantial compliance.⁶ Consequently, Michigan must act to resolve any audit findings.

OCS compiles the audit results in a SASS report, which the Program Leadership Group (PLG) may use to identify the program's strengths, weaknesses and best practices. The [FY 2016 SASS report](#) is available on mi-support. The PLG's

³ Ref: Subsection 454(15) of the Social Security Act and 45 Code of Federal Regulations (CFR) 308.2.

⁴ In Michigan, this is more commonly known as "Review and Modification."

⁵ Ref: Subsection 454(15) of the Social Security Act and 45 CFR 305.60.

⁶ Ref: 45 CFR 305.61. The penalty may be 1 to 2 percent for the first finding, 2 to 3 percent for the second consecutive finding, and 3 to 5 percent for the third or subsequent consecutive finding.

review can also provide insight regarding potential impacts resulting from changes to business processes and the Michigan Child Support Enforcement System (MiCSES).

2. SASS Audit Process

The SASS audit review process requires the analysis of a random selection of a limited number of cases. For each program criterion, the sample must meet a 90 percent confidence level.⁷ This means that for a given criterion, Michigan can say with 90 percent certainty that the actual result for that criterion's universe⁸ falls within a specific range (called the "margin of error") of the result for that criterion's sample.

For example, Michigan has determined that the sample of cases reviewed for the Medical criterion passed at a rate of 94.15 percent. The margin of error of plus or minus 1.84 percent means that Michigan is 90 percent confident that the passing rate for the universe is somewhere between 92.31 percent and 95.99 percent.

Michigan ensures that the sample size for each criterion is large enough that the margin of error is less than plus or minus 5 percent.

The Michigan child support program must meet the federal benchmark for each program compliance criterion to satisfy federal regulations. To determine whether Michigan meets the federal benchmarks, OCS forms a SASS team to review case samples for each of the criteria. The percentage of cases that passes for each criterion must meet or exceed the federal benchmark for that criterion. Michigan has defined specific case conditions that must be met for a case to pass each criterion. These are detailed below.

a. Case Closure

The SASS audit reviewed IV-D cases that were closed during the review period. A IV-D case that was closed during that period met the Case Closure criterion if:

- One or more federal case closure criteria were applicable;⁹ and
- A 60-day notice was sent timely, when appropriate.

All IV-D cases require a 60-day advance notice of termination to be sent prior to the case closing, except for closures due to:

⁷ Ref: 45 CFR 308.1.

⁸ The "universe" is the entire set of IV-D cases that meet requirements for inclusion in the audit for each criterion.

⁹ Ref: [Section 3.50, "Case Closure," of the Michigan IV-D Child Support Manual](#) for detailed information on federal case closure criteria.

- The existence of a duplicate case;
- A IV-D case being opened in error;
- Locate-only services being provided;
- A non-public assistance applicant requesting case closure;
- Good cause being approved; and
- An initiating state being uncooperative or no longer needing services in an intergovernmental case.

b. Disbursements¹⁰

The SASS team read a sample of IV-D cases with a Michigan State Disbursement Unit (MiSDU) disbursement within the audit period.¹¹ A case met the Disbursements criterion if the payment was disbursed within two business days after receipt by the MiSDU. If the payment was held in suspense for a valid IV-D reason, the case was excluded from the sample.

c. Expedited Processes – 6 or 12 Months

Expedited Processes is a dual measure. The state is required to establish an order within 6 months of service of process (SOP) for 75 percent of cases, and within 12 months for 90 percent of cases.

The SASS team read a sample of IV-D cases that had an order established within the audit period. A case met the Expedited Processes criterion if the order was established within 6 or 12 months from the date of SOP.¹²

d. Establishment¹³

There are three federal Establishment criterion regulations that must be met:

- The 20-day case-open timeframe;
- The 75/90-day locate timeframe; and
- The 90-day service of process (SOP) timeframe.

These rules are described below.

1) 20-Day Case-Open Timeframe

IV-D staff must open a IV-D case within 20 calendar days of receiving:

¹⁰ Ref: [Disbursement documentation](#) on mi-support.

¹¹ Ref: 45 CFR 308.2(d)

¹² Ref: [Section 4.15, "Service of Process \(SOP\)," of the Michigan IV-D Child Support Manual.](#)

¹³ [Exhibit 2017-015E1](#) provides detailed information on MiCSES screens used to assess IV-D cases for the Establishment criterion.

- a) A request for IV-D services (application),¹⁴ such as:
- (1) The IV-D Child Support Services Application/Referral (DHS-1201);
 - (2) The *Application for IV-D Child Support Services (For Privately Filed Domestic Relations Cases Only)* (DHS-1201D);¹⁵ or
 - (3) The online version of the *IV-D Child Support Services Application/Referral (e1201)*; or
- b) A public assistance referral.

Note: An application is not required if there is a public assistance referral. MiCSES automatically opens a IV-D case when a public assistance referral is received through the Bridges/MiCSES interface.

2) 75/90-Day Locate Timeframe¹⁶

IV-D staff must ensure that:

- a) Locate activities for the non-custodial parent (NCP) begin within 75 days of the case-open date or a change in the locate status of the NCP; and
- b) Locate activities must continue every 90 days thereafter or when new possible locate information is received, until the NCP is located or there is a change in case conditions, such as case closure.

3) 90-Day SOP Timeframe

Within 90 days of locating the NCP (i.e., prior to the *Federal Expiration Date* [FED]), IV-D staff must:

- a) Establish a support order;
- b) Complete SOP necessary to begin proceedings; or
- c) Satisfy the Michigan IV-D program's due diligence requirements:
 - (1) Complete a minimum of three unsuccessful SOP attempts and document them in MiCSES; or

¹⁴ For information related to applying for IV-D services and opening IV-D cases, refer to [Section 2.05, "Referrals and Applications,"](#) of the *Michigan IV-D Child Support Manual*.

¹⁵ Ref: [IV-D Memorandum 2016-003, Actions for Meeting Federal Requirements in the IV-D Application Process and Clarifications of Policy Regarding IV-D Services in Domestic Relations Cases.](#)

¹⁶ Ref: [Locate documentation](#) on mi-support and [Combined IV-D Policy Manual, 4DM 200, Regulatory and Statutory Location Requirements.](#)

- (2) Complete a IV-D qualifying summons extension. The summons extension must meet IV-D-qualifying criteria in order to satisfy the federal SOP requirement.¹⁷

e. Review and Adjustment¹⁸

The SASS team reviewed a sample of IV-D cases for which the review and adjustment occurred during the audit period, or the case was selected for a review before or during the audit period, and the review was still ongoing.

A case met the Review and Adjustment criterion if:

- The review was completed within 180 days of the review request date or the location of the non-requesting party(ies), whichever was later;
- Determination was made that the case was not eligible for review;
- Parties received the review eligibility notice (or eligibility language included in the order) at least once every three years; and
- Review notices were sent appropriately during the review.

f. Enforcement¹⁹

The SASS team reviewed a sample of IV-D cases with a support order that included a child support or medical support obligation. A case met the Enforcement criterion if:

- There was an income withholding collection within the last three months of the audit period, and the case was submitted for state and federal tax refund offset, if appropriate;
- There was any collection within the audit period, and the case was submitted for state and federal tax refund offset, if appropriate; or
- The last required action (e.g., NCP located, income withholding notice sent to employer, other enforcement action) occurred timely.

g. Medical

The SASS team reviewed a sample of IV-D cases with a new or modified order within the audit period. A case met the Medical criterion if, during the review period:

¹⁷ For more information on due diligence, reference Section 4.15 of the *Michigan IV-D Child Support Manual*.

¹⁸ Ref: [Section 3.45, "Review and Modification," of the Michigan IV-D Child Support Manual](#).

¹⁹ Ref: 45 CFR 308.2(c). The SASS team also verified that collections were disbursed within two business days.

- 1) At least one child on the IV-D case:
 - a) Had health care coverage/insurance provided;
 - b) Had at least one party on the case ordered to provide insurance, but it was not provided because it was not available or not available at reasonable cost; or
 - c) Had cash medical support and/or birth expenses ordered.²⁰

and

- 2) The *National Medical Support Notice* (NMSN) was sent timely to the custodial party's (CP's) or NCP's new employer during the review period, if appropriate.

h. Intergovernmental

The SASS team reviewed a sample of IV-D cases identified as Intergovernmental cases within the audit period. A case met the Intergovernmental criterion if the last action during the audit period met the standards defined in 45 CFR 308.2(g).

The last action could include:

- Responding to inquiries and information received from the other state;
- Forwarding documentation to the other state;
- Forwarding support payments to the appropriate jurisdiction;
- Notifying the other state of new information;
- Notifying the other state that Michigan's IV-D case has closed; or
- Sending a request for a review to another state.

B. Overall SASS Audit Findings

In FY 2016, Michigan met or exceeded the federal benchmark for all criteria. The following table shows Michigan's compliance percentages (with margin of error) compared to the federal benchmarks.

²⁰ This bullet refers to active obligations with an MD, MR, MS, CF, CM, or PC debt type in the review period. Ref: [Section 5.10, "Debt Types," of the Michigan IV-D Child Support Manual](#) for information about debt types.

Criterion	Sample Size	Compliance Rate	Federal Benchmark	Margin of Error
Case Closure	651	92.47%	90%	+/- 1.78%
Disbursements	874	99.89%	75%	+/- 0.27%
Expedited Process – 6 months ²¹	408	95.34%	75%	+/- 1.84%
Expedited Process – 12 months	408	100%	90%	+/- 0.28%
Establishment	596	76.17%	75%	+/- 2.95%
Review and Adjustment	492	91.87%	75%	+/- .2.13%
Enforcement	398	99.75%	75%	+/- 0.59%
Medical	496	94.15%	75%	+/- 1.84%
Intergovernmental	368	82.61%	75%	+/- 3.38%

1. Disbursements, Enforcement, and Expedited Processes

Michigan exceeded the federal benchmarks for the Disbursements, Enforcement, and Expedited Processes criteria and had no significant findings to report.

2. Case Closure

Michigan passed the SASS audit for Case Closure in FY 2016, after failing in FY 2015. While Michigan is no longer under a CAP, the audit revealed that there is still a significant misuse of manual case closure reason codes by IV-D staff. This results in the closure of IV-D cases without the federally required closure notice being sent to the family.

To determine whether Michigan met the federal regulations and timeframes for the Case Closure criterion, the SASS team reviewed 651 statewide sample cases that were closed in FY 2016.

Forty-nine of the 651 cases reviewed failed the Case Closure criterion. Out of those cases:

- 63 percent were closed without a notice being sent;
- 16 percent were closed after the notice was sent but before the required 60 days had elapsed; and
- 4.9 percent were identified as system issues.

²¹ If a case was established within 12 months using long-arm jurisdiction, it was counted as having been established within six months.

Although there is no federally required CAP for Case Closure based on Michigan's performance in the FY 2016 SASS audit, OCS is pursuing a Case Closure Improvement Plan. OCS will publish details in an upcoming IV-D Memorandum.

3. Establishment

Michigan passed the SASS audit for the Establishment criterion in FY 2016, after failing in FYs 2013 through 2015. The success in FY 2016 is largely attributed to collaborative efforts between staff in PA offices, FOC offices, and OCS to improve business practices.

Policy updates and system improvements have highlighted the importance of meeting the FED. Support specialists are working to ensure that when a court action referral (CAR)²² is sent to the PA office, PA staff have adequate time and information to serve the NCP. PA offices have worked to improve business practices, including the timely logging of all service attempts into MiCSES, both successful and unsuccessful attempts.

Out of 596 cases reviewed, 142 failed the Establishment criterion. A single case could fail up to three times; therefore, the number of failures is greater than the number of actual cases that failed. The SASS team identified 155 failures in the cases reviewed. The following is a breakdown of the reasons for those failures:

- 16 percent failed case-open requirements;
- 7 percent failed the locate requirements; and
- 77 percent failed SOP requirements.

a. Case Opening

Out of the 25 cases that failed case-open requirements:

- 68 percent were not opened within 20 days of the date the application or referral was received; and
- The remaining 32 percent failed because they were opened without or prior to the receipt of a IV-D application or referral.

b. Locate

The 11 cases that failed for locate did so because locate activity did not occur timely.

c. SOP

²² Ref: [Section 2.20, "Court Action Referrals \(CARs\)," of the Michigan IV-D Child Support Manual.](#)

Eighty-nine percent of the 119 cases that failed for SOP did so because SOP or due diligence was not timely. This includes cases where the county received the CAR with the FED already expired or without adequate time to act.

The remaining 11 percent of cases failed for various other reasons, including:

- The Agency Complaint²³ process took too long, and the FED was missed;
- A CAR was transferred from another county after the FED; or
- A CAR was placed into noncooperation but the IV-D case was not, so the FED did not pause.

In many of the failing cases, the FED was missed prior to 2014 (i.e., prior to Michigan's Establishment CAP, related policy updates, and system enhancements). In these instances, the condition that caused the case to fail happened prior to the beginning of FY 2016, and no action taken by any IV-D staff in FY 2016 could have caused the case to pass.

Although there is no federally required CAP for Establishment based on the FY 2016 results, Michigan's child support program will continue to work on actions identified in previous CAPs, including further system improvements and the development of reports. Local offices will continue to monitor the timeliness of establishing cases and court orders.²⁴

4. Review and Adjustment

Michigan passed the SASS audit for the Review and Adjustment criterion in FY 2016; however, the 40 cases that failed the Review and Adjustment criterion did so for one of two reasons:

- In 57.5 percent of the failing cases, the review took longer than 180 days to complete as measured from the review request date to the order issue date;²⁵ or
- In the remaining failing cases, the federally required review eligibility notice (or eligibility language included outside of the notice; e.g., in the order) was not provided every three years as required.

²³ Ref: [Section 4.03, "Agency Complaints," of the Michigan IV-D Child Support Manual.](#)

²⁴ Several reports are available for monitoring order establishment: [Business Objects Report Description: Initial CAR Management Details \(ES-101\)](#), [Business Objects Report Description: Initial CAR Evaluation Details \(ES-201\)](#), [Business Objects Report Description: Service of Process Details \(ES-202\)](#), [Business Objects Report Description: Establishing Court Orders Details \(ES-203\)](#), and [Business Objects Report Description: Locate Details \(ES-204\)](#).

²⁵ Ref: Section 3.45 of the *Michigan IV-D Child Support Manual*.

5. Medical

Michigan passed the SASS audit for the Medical criterion in FY 2016. The 29 cases that failed the Medical criterion did so for one of two reasons, which were evenly split between the following:

- Qualifying insurance was not provided or not ordered, and no cash medical support or birth expense obligations existed;²⁶ or
- A NMSN was not sent timely for new employers.

6. Intergovernmental

Michigan passed the SASS audit for the Intergovernmental criterion in FY 2016. Sixty-four cases failed the Intergovernmental criterion for the following reasons:²⁷

- Michigan failed to provide the other state with information timely (50 percent of the cases);
- Michigan failed to respond to the other state's request for information timely (25 percent of the cases);
- A Responding intergovernmental case had a payment that did not disburse timely (9.4 percent of the cases); or
- Other miscellaneous reasons (15.6 percent of the cases).

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice. This IV-D Memorandum replaces and obsoletes IV-D Memorandum 2016-024. Exhibit 2017-015E1 replaces and obsoletes Exhibit 2016-024E1.

REVIEW PARTICIPANTS:

Performance Management Workgroup
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None

²⁶ Ref: [Section 6.06, "Medical Support," of the Michigan IV-D Child Support Manual.](#)

²⁷ Ref: [Intergovernmental documentation](#) on mi-support.

SUPPORTING REFERENCES:

Federal

Subsection 454(15) of the Social Security Act

45 CFR 303.11

45 CFR 305.60

45 CFR 305.61

45 CFR 308.1

45 CFR 308.2

45 CFR 308.2(c)-(d)

45 CFR 308.2(g)

State

None

ATTACHMENTS:

Exhibit 2017-015E1: Michigan Office of Child Support: Self-Assessment
Audit – Establishment Criterion

EPF/JJV