



Michigan Supreme Court

State Court Administrative Office

Child Welfare Services

Michigan Hall of Justice

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Kelly Wagner
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MEMORANDUM

DATE: April 19, 2016

TO: Chief Circuit Court Judges
Family Division Judges
Circuit Court Administrators
Family Court Administrators
IV-E Court Contacts

FROM: Kelly Wagner

RE: 2016 Federal Title IV-E Audit

The 2016 Federal Title IV-E Onsite Review will take place **September 19-23, 2016**, in Lansing, Michigan. The federal government reviews state Title IV-E programs approximately once every three years. Michigan's last onsite review was in 2013, and the state passed with zero errors. Michigan completed the "period under review" (PUR) on March 31, 2016. Any case that received Title IV-E funding during the PUR (October 1, 2015 – March 31, 2016) may be selected for the 2016 Title IV-E onsite review.

The Title IV-E onsite review is to determine whether the case files, court orders, licensing requirements, and payment records meet federal Title IV-E requirements. The review examines the child's eligibility and the placement's reimbursability, and determines if the Michigan Department of Health & Human Services (MDHHS) paid an allowable rate for each case. The federal Department of Health & Human Services will review 80 randomly selected case files that were eligible for Title IV-E funding during the PUR. To pass the review, those 80 cases cannot contain more than 4 errors.

MDHHS Federal Compliance Division (FCD) is doing several things to prepare for the upcoming federal onsite review. First, FCD staff recently conducted a preliminary random sampling of case reads on cases that were eligible to receive Title IV-E payments during the PUR.¹ After each county's case read sampling was completed, the results were sent to the local MDHHS County Director who will take

¹ This is a new and additional level of review for audit preparation. MDHHS has not previously conducted preliminary random sampling case reads in each county prior to federal onsite Title IV-E reviews.

necessary steps to resolve potential audit errors identified by FCD, where appropriate. For example, if a case is determined to be ineligible for IV-E funding because the *Contrary to the Child's Welfare to Remain in the Home* finding in the initial removal order is inadequate, the Child Welfare Funding Specialist (CWFS) will request to review the hearing transcript. If the transcript reveals that the court made the required finding on the record during the removal hearing, the CWFS can utilize that portion of the transcript to maintain IV-E funding in that case.²

Secondly, after the PUR ended March 31, 2016, the FCD began generating a statewide list of all child welfare cases that were eligible for IV-E payments during the PUR. A county specific list of cases was recently sent to each county MDHHS office and that office will perform full case file reviews of each case on the list, as they are potential cases that could be selected for the federal review. The purpose of these case reads is to identify compliance problems and resolve them prior to the federal government's selection of cases for formal onsite review. In essence, the state will turn off IV-E funding ("reconcile" or "cancel") on a case that is found to be noncompliant to prevent that case from being pulled for the federal audit and cited as an error.

When a compliance issue is identified during these case reads in preparation for the federal audit, and it is determined the issue cannot be remedied and Title IV-E funding must be discontinued, MDHHS notifies the Lawyer Guardian Ad Litem (LGAL), who has the option to appeal the decision pursuant to the Administrative Hearing System. The LGAL may file an appeal within 90 days of receiving the formal notice of cancellation. Courts are also provided a copy of this notice (DHS-176). The notice will list the reason(s) why the case is not Title IV-E eligible.

The State Court Administrative Office (SCAO) recently worked with MDHHS to establish an informal review process for these heightened IV-E funding redeterminations being made in preparation for the federal onsite review. If the court receives a DHS-176 notice of funding cancellation on a case that they do not agree with, the court may elevate the issue to SCAO for consideration. SCAO & MDHHS will provide an informal second level of review of the funding redetermination. The courts and MDHHS share the mutual interest of maximizing federal Title IV-E dollars and will continue to collaborate to accomplish this goal.

Over the next several months of federal IV-E review preparation, each court should be prepared to respond quickly to MDHHS requests for case information; particularly requests for copies of court orders that are missing from the agency file and hearing transcripts that may show the basis for the court's findings, and thereby preserve IV-E funding. Since it is likely that any financial penalty the federal government may impose as a result of the review will be shared to some degree by all counties, it makes sense for all counties to do whatever they can to show that federal funding for every IV-E case is appropriate and well-documented.

We will provide additional information about the Title IV-E onsite review once the cases are selected by the federal government. If you have any questions, please contact me at 517-373-8671 or by e-mail at WagnerK@courts.mi.gov, or Casey Anbender at 517-373-5234 or by e-mail at AnbenderC@courts.mi.gov.

² The court does not have to provide the entire hearing transcript in order to prove Title IV-E compliance. The court may print only the portion of the hearing that is applicable to reduce costs. Further, the CWFS should review the hearing by audio or video before requesting printed copies of the transcript.