



STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

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IV-D MEMORANDUM 2011-016

TO: All Friend of the Court Staff
All Prosecuting Attorney Staff
Michigan County Controllers / Fiscal Officers
Michigan Attorney General Child Support Program

FROM: Marilyn F. Stephen, Director
Office of Child Support (OCS)

DATE: October 27, 2011

SUBJECT: **Fiscal Year (FY) 2011 and FY 2012** Federal Financial Participation (FFP) Percentages and Applicable Catalog of Federal Domestic Assistance (CFDA) Numbers Needed for the U.S. Federal Office of Management and Budget (OMB) Circular A-133

Guidance for Risk Assessment per OMB Circular A-133

RESPONSE DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum replaces and obsoletes IV-D Memorandum 2010-016,¹ which was issued on June 24, 2010. This IV-D Memorandum:

- Updates the previous policy to identify FY 2011 and future FYs State of Michigan general fund/general purpose (GF/GP) funding;
- Provides CFDA numbers; and
- Informs OCS contractors and auditors of the audit requirements and program risk information for FY 2011 and future FYs. (The program risk information is not intended to be all-inclusive.)

UPDATE(S):

Manual

Form(s)

¹ *Fiscal Year (FY) 2009 and 2010 Federal Financial Participation (FFP) Percentages and Applicable Catalog of Federal Domestic Assistance (CFDA) Numbers Needed for the U.S. Federal Office of Management and Budget (OMB) Circular A-133; Guidance for Risk Assessment per OMB Circular A-133; FY 2009 and FY 2010 Reporting Requirements Under the American Recovery and Reinvestment Act of 2009 (ARRA) Related to the Use of Federal Performance Incentives As IV-D Matching Funds*

A change bar in the right margin indicates where information has been updated since the last publication of this policy.

DISCUSSION:

All guidelines and regulations cited in this IV-D Memorandum are mandatory for all parties who are reimbursed for their expenditures and receive other funds through their child support Cooperative Reimbursement Program (CRP) agreements to provide services for the Department of Human Services (DHS) - OCS / Michigan Title IV-D child support enforcement program.

1. FFP Related to Payments Made in FY 2011

1.1 CRP / Legal Support Agreements

For FY 2011 (October 1, 2010 through September 30, 2011), OCS reimbursed contractors for eligible CRP agreement expenditures for the Title IV-D program using FFP funds.

- 1.1.1 OCS reimburses 66 percent of Title IV-D eligible expenditures billed. The entire amount paid by OCS for the reimbursed expenses is considered federal funding (100 percent FFP).
- 1.1.2 OCS reimbursement amounts are considered a federal award and must be reported on the Schedule of Expenditures of Federal Awards (SEFA).
- 1.1.3 Accepting the reimbursement requires that the contractor match and be responsible for the remaining 34 percent of the Title IV-D eligible expenditures.
- 1.1.4 The CFDA number is 93.563.

1.2 Federal Incentives Payments for the Michigan Child Support Enforcement Program

For FY 2011, OCS paid federal IV-D financial incentives to county contractors of the Michigan Title IV-D program.

- 1.2.1 Incentive payments are entirely federally funded (100 percent FFP).
- 1.2.2 Incentive payments are considered a federal award and must be reported on the SEFA.
- 1.2.3 Incentive payments are subject to a reinvestment requirement and must be used to supplement and not supplant other funds used to carry out the IV-D program.

1.2.4 The CFDA number is 93.563.

1.3 State General Fund/General Purpose (GF/GP) Payment

In August of FY 2011, OCS made a separate payment identified as **FY 2011 GF/GP** to county contractors of the Michigan Title IV-D program under the terms of the DHS appropriation budget (Public Act [PA] 190 of 2010). The GF/GP payment was paid entirely with State of Michigan GF/GP funds. Therefore, none of the amount paid was FFP. None of these amounts is reported on the SEFA.

1.4 Excess Retained Child Support

The FY 2011 DHS appropriation budget (PA 190 of 2010 under Section 909) requires a payment if certain statewide retained child support collection levels are met. At this time, it does not appear likely that collection levels will require payments under Section 909. If Section 909 payments are made, they would be made entirely with State of Michigan GF/GP funds. Therefore, no Section 909 payments are FFP. None of these amounts would be reported on the SEFA.

2. FFP Related to Payments Made in FY 2012

The FFP as described above for FY 2011 (unless otherwise modified by a future IV-D Memorandum) also applies to FY 2012.

In FY 2012, the GF/GP payment described in Subsection 1.3 above will be paid quarterly.

3. Preparation of the SEFA

The 66 percent FFP amounts identified under Subsection 1.1 of this IV-D Memorandum and the amount of the federal incentives payments identified in Subsection 1.2 should equal the amount of federal expenditures that appear on the SEFA contained in the counties' Single Audit under OMB Circular A-133.

4. Sanctions

IV-D staff should refer to OMB Circular A-133 § .225 for sanctions if the requirements of OMB Circular A-133 are not met.

5. Guidance for Risk Assessment in Determining Major Program(s)

5.1 Auditors should follow the Federal Circular A-133 Compliance Supplement when evaluating the Michigan child support enforcement program. The

compliance supplement can be found at www.whitehouse.gov/omb/circulars.²

5.2 Pursuant to OMB Circular A-133 § .520(h), the following information is provided by DHS (the pass-through entity) as guidance to assist auditors in evaluating the risk criteria to be considered:

5.2.1 This program is required to operate under multiple internal control structures, including those imposed by the circuit court/county, OCS, and federal regulations.

5.2.2 This program uses extensive computer processing. The Michigan Child Support Enforcement System (MiCSES) is audited at the state level. The system meets all the federal certification requirements; however, it continues to be modified to improve worker efficiency and program effectiveness.

5.2.3 Audits performed at the overall program level identified audit findings related to program compliance that could have a significant impact on the ability of the program to remain in compliance with the applicable federal regulations. (Ref: the [State of Michigan, Office of Auditor General's Performance Audit of the Statewide Child Support Program, issued September 2004.](#))

5.2.4 OCS recommends that the Michigan child support enforcement program be audited as a major program if it meets all other criteria identified in the OMB Circular A-133.

6. Procedures

6.1 No required procedures are established for this IV-D Memorandum; however, because this IV-D Memorandum provides risk assessment guidance to the auditors, OCS strongly recommends that the contractors' fiscal officers forward a copy of this IV-D Memorandum to their respective independent auditors.

6.2 Payment information can be verified through the [DHS Office of Monitoring and Internal Control \(OMIC\) Web site](#).

NECESSARY ACTION:

Obsolete IV-D Memorandum 2010-016, ***Fiscal Year (FY) 2009 and 2010 Federal Financial Participation (FFP) Percentages and Applicable Catalog of Federal Domestic Assistance (CFDA) Numbers Needed for the U.S. Federal Office of Management and Budget (OMB) Circular A-133; Guidance for Risk Assessment per OMB Circular A-133;***

² Under "OMB Circular A-133," click a link to a compliance supplement; then, next to "Department of Health and Human Services (HHS)," click a link for "PDF" or "Word." When the compliance supplement opens, locate "CFDA 93.563" within the document.

FY 2009 and FY 2010 Reporting Requirements Under the American Recovery and Reinvestment Act of 2009 (ARRA) Related to the Use of Federal Performance Incentives As IV-D Matching Funds.

Retain this IV-D Memorandum until further notice.

EXCEPTIONS/EXCLUSIONS:

None

REVIEW PARTICIPANTS:

DHS Administration for Budget Analysis & Financial Management
Budget Division
Bureau of Accounting – Federal Reporting, Contracts, & Recoupment – Federal Reporting Section
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SUPPORTING REFERENCES:

Single Audit Act
Child Support Performance and Incentive Act of 1998

PA 190 of 2010, Section 909

45 Code of Federal Regulations (CFR) Parts 74; 95; 302; 304; 303; and 305

U.S. OMB Circulars:

- A-87;
- A-133; and
- A-133 Compliance Supplement

Related Resources:

- Grant Award Letter from U.S. Department of Health and Human Services (HHS) – Administration for Children and Families (*print copy only*)
- CFDA: www.cfd.gov

ATTACHMENTS:

None