



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

IV-D MEMORANDUM 2015-020

TO: All Friend of the Court (FOC) Staff
All Office of Child Support (OCS) Staff
All Michigan State Disbursement Unit (MiSDU) Staff

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

DATE: July 30, 2015

SUBJECT: Revisions to the Federal Tax Refund Offset (FTRO) Fraud Process and to *Michigan IV-D Child Support Manual* Section 6.21, "Tax Refund Offset"

RESPONSE DUE: None

POLICY EFFECTIVE DATE: Upon receipt

PURPOSE:

This IV-D Memorandum introduces revisions to OCS's FTRO fraud process that will improve customer service to affected non-custodial parents (NCPs). These revisions will also assist IV-D workers in responding to NCPs who inquire about potentially fraudulent FTRO receipts.

OCS updated Section 6.21 of the *Michigan IV-D Child Support Manual* to include these revisions to the FTRO fraud process. A change bar in the right margin of Section 6.21 indicates significant changes to the policy since its last publication. Content that has been reorganized or reformatted since its last publication is not identified with a change bar.

References to the Department of Human Services (DHS) in the policy have been changed to the Michigan Department of Health and Human Services (MDHHS) to reflect the merger of DHS and the Michigan Department of Community Health, which was effective April 10, 2015. This change is not marked with a change bar within the manual section.

<p>UPDATE(S):</p> <p><input checked="" type="checkbox"/> Manual</p> <p><input type="checkbox"/> Form(s)</p>
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DISCUSSION:

In November 2013, OCS created procedures to identify potentially fraudulent FTRO receipts and prevent the disbursement of these receipts until the Internal Revenue Service (IRS) confirms their validity.¹ OCS Central Operations places holds on FTRO receipts that the Michigan Child Support Enforcement System (MiCSES) has identified as potentially fraudulent.² An identified FTRO receipt remains on hold until OCS Central Operations receives confirmation from the IRS via the federal Office of Child Support Enforcement (OCSE) that the receipt is either fraudulent or valid. In most instances, it takes the IRS from 60 to 90 days to complete its investigation.

NCPs contact the MiSDU, the FOCs, and OCS Central Operations to ask about the status of their potentially fraudulent FTRO receipts. The initial direction from OCSE was to refer these NCPs to the IRS Identity Protection Specialized Unit (IPSU). However, the IRS IPSU handles questions about FTRO receipts that are fraudulent only due to identity theft and cannot respond to inquiries about FTRO receipts that are fraudulent for other reasons (e.g., under-reported income or NCPs claim exemptions they are not entitled to claim).

As a result, when IV-D staff referred NCPs who were not victims of identity theft to the IRS IPSU, the IRS IPSU told the NCPs to contact the Michigan IV-D child support agency. This cycle of referral from one agency to the other frustrated NCPs because neither agency adequately responded to their questions.

OCS asked OCSE to provide contact information for an additional IRS unit that could answer NCP questions unrelated to identity theft. In response, OCSE provided an IRS customer service phone number and clarified its instructions regarding the referral of NCPs to the IRS.

Revisions to the FTRO Fraud Process

When an NCP³ contacts the IV-D worker inquiring about a FTRO receipt that is on hold in MiCSES for potential fraud,⁴ IV-D workers must inform the NCP that OCS is holding the potentially fraudulent tax receipt until the IRS confirms that the receipt is fraudulent or valid. IV-D workers must also determine whether the NCP may be a victim of identity

¹ Ref: [Section 6.21, "Tax Refund Offset," of the Michigan IV-D Child Support Manual](#) for more information on the FTRO process and fraudulent FTRO receipts.

² Ref: Subsection 10.2, "Criteria for Identifying Fraudulent FTRO Receipts," of Section 6.21 of the *Michigan IV-D Child Support Manual* for more information on how MiCSES identifies potentially fraudulent receipts.

³ IV-D workers must verify the caller's identity before sharing any information. Ref: Subsection 10.5.1, "Confirm the NCP's Identity," of Section 6.21 of the *Michigan IV-D Child Support Manual* for more information.

⁴ Ref: Subsection 10 of Section 6.21 of the *Michigan IV-D Child Support Manual* for information on locating an FTRO receipt on hold in MiCSES.

theft.⁵ One of the steps in determining potential identity theft is to confirm the address the NCP used on his/her tax return. IV-D workers with State Services Portal (SSP) Extended FTRO View have access to the NCP's tax filing address.

Note: Each FOC office will need at least one IV-D worker with the SSP Extended FTRO View.⁶

IV-D workers will advise NCPs:

- That it usually takes 60 to 90 days from the date OCS received the FTRO receipt for the IRS to complete its investigation and provide the results to OCS; and
- In cases of possible identity theft, the NCP should immediately call the IRS IPSU⁷ at 1-800-908-4490; in all other cases, the NCP should wait 60 to 90 days before calling the Michigan child support agency or the IRS main customer service number at 1-800-829-1040.⁸

Changes to Section 6.21, "Tax Refund Offset"

OCS has made the following changes to policy in Section 6.21:

- Updated and reorganized Subsection 10.5, "Inquiries From NCPs";
- Added instructions for IV-D workers to inform the NCP that:
 - OCS will hold the FTRO receipt until the IRS confirms its validity;
 - It takes the IRS 60 to 90 days to complete its investigation of the tax return;
 - NCPs who appear to be victims of identity theft must immediately call the IRS IPSU;
 - NCPs who do not appear to be victims of identity theft may call the Michigan IV-D child support agency or the IRS main customer service number after the 60- to 90-day time period has passed.
- Updated Help Desk ticket statuses and the status of future OCS Program Development Division (PDD) work.
- Added footnotes to assist the reader with locating relevant data within Section 6.21 as well as in other sections of the *Michigan IV-D Child Support Manual*.

⁵ Ref: Subsection 10.5.2, "Determine Possible Identity Theft," of Section 6.21 of the *Michigan IV-D Child Support Manual* for more information.

⁶ Ref: [Section 3.06, "State Services Portal," of the Michigan IV-D Child Support Manual](#) for information on requesting the SSP Extended FTRO View.

⁷ In cases of identity theft, the IRS will advise the NCP of actions that can be taken to protect his/her identity.

⁸ If the NCP's tax return is confirmed fraudulent because of errors on the tax return, the IRS will tell the NCP what (s)he must do to correct the tax return.

NECESSARY ACTION:

Review Section 6.21 of the *Michigan IV-D Child Support Manual*. For those maintaining a hard copy of the manual, print the manual section and add it to the manual. Discard the previously published version of Section 6.21 (published December 1, 2014).

With the publication of Section 6.21, IV-D Memorandum 2014-032 is obsolete.

REVIEW PARTICIPANTS:

Enforcement Work Improvement Team (ENF WIT)
Program Leadership Group

CONTACT PERSON:

Julie Vandenboom
OCS Policy Analyst
(517) 241-4453
vandenboomj@michigan.gov

Vanessa P. Washington
OCS Policy Analyst
(517) 241-8328
washingtonv@michigan.gov

CC:

IRS Identity Protection Specialized Unit
All Prosecuting Attorney Staff

ATTACHMENT:

Section 6.21: Tax Refund Offset

EPF/VPW