

Office of the Auditor General
Performance Audit Report

**Interstate Compact on the
Placement of Children**
Michigan Department of Health and Human Services

August 2024

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



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Office of the Auditor General

Report Summary

Performance Audit

Interstate Compact on the Placement of Children (ICPC)

Michigan Department of Health and Human Services (MDHHS)

Report Number:
431-0273-23

Released:
August 2024

The ICPC ensures protection and services to children placed across state lines for foster care, adoption, and residential facility placements by establishing procedures to verify interstate placements are safe, suitable, and able to provide proper care for a child. The MDHHS interstate compact office administers ICPC activities in Michigan by working with other states' central compact offices, local placement agencies, and MDHHS local county offices.

Audit Objective			Conclusion
Objective: To assess the sufficiency of MDHHS's efforts to ensure the safe placement of children across state lines and comply with required time frames for certain interstate placement activities.			Sufficient, with exceptions
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDHHS did not conduct initial face-to-face visits within 30 days for nearly 1/3 of the sampled children placed within Michigan. In addition, MDHHS did not obtain or timely obtain over 1/2 of the required supervision reports for sampled Michigan children placed in other states (Finding 1).	X		Agrees
MDHHS was late in returning more than 25% of sampled home study reports to other states and received more than 60% of sampled reports from other states late (Finding 2).	X		Agrees
MDHHS could not consistently support it provided or received timely placement decisions for the sampled placement requests for children with proposed placements within and outside of Michigan (Finding 3).	X		Agrees

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August 23, 2024

Elizabeth Hertel, Director
Michigan Department of Health and Human Services
South Grand Building
Lansing, Michigan

Director Hertel:

This is our performance audit report on the Interstate Compact on the Placement of Children, Michigan Department of Health and Human Services.

Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

SAFE AND TIMELY PLACEMENT OF CHILDREN ACROSS STATE LINES

BACKGROUND

The Interstate Compact on the Placement of Children (ICPC) was created to ensure cooperation among states regarding conditions and requirements for the interstate placement* of children. The ICPC is a uniform law enacted by all 50 states, the District of Columbia, and the U.S. Virgin Islands. This interstate cooperation helps to ensure each child* who is placed across state lines receives the maximum opportunity to be placed in a suitable environment and with persons or institutions having appropriate qualifications and facilities to provide the necessary and desirable type of care.

Each state appoints an ICPC compact administrator and one or more deputy administrators who oversee or perform the day-to-day tasks associated with the administration of the ICPC. The American Public Human Services Association's Guide to the ICPC indicates the compact administrator is designated to serve as the central clearing point for all referrals for interstate placements, and after a placement is approved and the child is moved into the state, the compact administrator is responsible for overseeing the placement as long as it continues. In addition, ICPC regulations require each state establish a procedure for all ICPC referrals to and from the state to be made through a central compact office. Michigan's ICPC compact administrator, deputy administrators, and interstate compact office are located within the Michigan Department of Health and Human Services' (MDHHS's) Children's Services Administration Division.

A sending state* retains jurisdiction over the child while placed across state lines sufficient to determine all matters in relation to the custody, supervision, care, treatment, and disposition of the child, as if the child had remained in the sending state. The receiving state* is responsible for performing all supervision activities, such as face-to-face visits, and providing written supervision reports*, including updates on the child's placement, to the central compact office in the sending state.

Prior to placing a child across state lines, ICPC regulations require states to receive an approved placement decision from the state where a child will be placed. The Association of Administrators of the Interstate Compact on the Placement of Children* (AAICPC) has established time frames for completing home studies and providing placement decisions and expiration time frames for approved placements. MDHHS has also established additional time frames within its ICPC policies to help ensure timely placement decisions (see supplemental information).

Each ICPC case is classified as either expedited or non-expedited. The intent of an expedited case is to shorten the

* See glossary at end of report for definition.

length of time to complete home studies and make placement decisions to minimize any potential trauma to a child. Expedited cases are sought when a child is four years of age or younger; for emergency placements; when unexpected dependency occurs because of a sudden incarceration, incapacitation, or death of a parent or guardian; or when a child has a substantial relationship with the proposed placement resource.

When the MDHHS interstate compact office receives a request from another state for the placement of a child in Michigan, the office forwards the home study* request to child welfare caseworkers* at an MDHHS local county office or contracted agency for completion. After the home study is completed, the caseworker sends the information back to the interstate compact office for the compact administrator, or designee(s), to approve or deny based on the caseworker's recommendation. The interstate compact office then sends the home study and approval information to the requesting state to make the final placement decision for the child.

For the ICPC cases active between October 1, 2021 and June 30, 2023, MDHHS:

- Provided placement decisions for 1,347 ICPC cases for 1,879 out-of-state children to be placed in Michigan, including 130 (10%) cases for 195 (10%) children with expedited placement requirements.
- Received placement decisions from out-of-state agencies for 1,088 ICPC cases for 1,339 Michigan children to be placed in other states, including 24 (2%) cases for 37 (3%) children with expedited placement requirements.
- Monitored the supervision of 612 ICPC cases for 828 out-of-state children placed in Michigan and 597 ICPC cases for 693 children who were placed in other states.

AUDIT OBJECTIVE

To assess the sufficiency of MDHHS's efforts to ensure the safe placement of children across state lines and comply with required time frames for certain interstate placement activities.

CONCLUSION

Sufficient, with exceptions.

FACTORS IMPACTING CONCLUSION

- MDHHS:
 - Completed the required home study prior to placement for all sampled cases requesting a child be placed in Michigan.

* See glossary at end of report for definition.

- Conducted all required criminal history and Central Registry checks for all sampled home studies requested by other states for the placement of children in Michigan.
- Obtained the required home study from the receiving state prior to placement for all sampled cases requesting the placement of a Michigan child in another state.
- Received an assertion and support from other states that all the required criminal history and Central Registry checks had been conducted for all sampled home studies requested for the placement of Michigan children across state lines.
- Confirmed the appropriate Michigan licensure was in place at the time of placement for all sampled cases in which an out-of-state child was placed in a foster care* home in Michigan.
- Ensured timely placement after an approved placement decision for 97% of children placed within and outside of Michigan.
- Generated all sampled monitoring reports for incoming and outgoing interstate compact placement requests and conducted timely follow-up, as applicable.
- Ensured all individuals with access to the Michigan ICPC general e-mail account and the ICPC database had appropriate access for the individual's job responsibilities.
- Material conditions* related to:
 - Timeliness, performance, documentation, and monitoring of caseworkers' monthly face-to-face visits and supervision reports for interstate placed children (Finding 1).
 - Timely completion and monitoring of home study reports for the proposed out-of-state placements of children within and outside of Michigan (Finding 2).
 - Timely completion and monitoring of placement decisions for the proposed out-of-state placements of children within and outside of Michigan (Finding 3).

* See glossary at end of report for definition.

FINDING 1

Improvements needed in face-to-face visits and supervision reports for interstate placed children.

MDHHS needs to improve its timeliness, performance, documentation, and monitoring of caseworkers' face-to-face visits and supervision reports for interstate placed children.

Improvements would help ensure caseworkers are regularly verifying and appropriately reporting the status of the safety and well-being of out-of-state children placed in Michigan and Michigan children placed in other states.

Requirements

ICPC regulations require:

- The receiving state child welfare caseworker to conduct monthly face-to-face visits beginning no later than 30 days from the date on which the receiving state is notified of the child's placement, with a majority occurring in the child's placement location.
- If significant issues are identified during the face-to-face visits, the receiving state must send prompt notification to the sending state.
- The receiving state child welfare caseworker to complete supervision reports for out-of-state children placed within the state once every 90 days after the receiving state is notified of the child's placement, based on the face-to-face visits, and to submit the reports to the sending states.

Tests Performed and Results

Tests in relation to face-to-face visits:

We randomly sampled 31 cases active during the audit period requiring at least one monthly face-to-face visit and assessed MDHHS's applicable activities related to:

- 248 required monthly visits for 23 out-of-state children placed in Michigan.
- 127 required monthly visits for 21 Michigan children placed in other states.

Results:

- MDHHS caseworkers did not timely conduct an initial face-to-face visit within 30 days for 7 (30%) children placed in Michigan. MDHHS's initial visits ranged from 4 days to over 3 months late for these children.
- The MDHHS interstate compact office could not document receiving states had conducted 18 (14%) of the 127 required monthly visits related to 12 Michigan children placed in other states. This represented insufficient documentation to support from 1 to 4 monthly visits for each of these 12 children.

MDHHS did not conduct initial face-to-face visits within 30 days for nearly 1/3 of the sampled children placed within Michigan.

- MDHHS caseworkers did not maintain documentation to support they had conducted 15 (6%) of the 248 required monthly face-to-face visits related to 11 children from other states placed in Michigan. This represented insufficient documentation to support from 1 to 4 monthly visits for each of these 11 children.

Tests in relation to supervision reports:

We randomly sampled 31 cases active during the audit period requiring at least one 90-day supervision report and assessed MDHHS's applicable activities related to:

- 115 required supervision reports for 23 out-of-state children placed in Michigan.
- 45 required supervision reports for 21 Michigan children placed in other states.

Results:

MDHHS did not obtain or timely obtain over 1/2 of the required supervision reports for sampled Michigan children placed in other states.

- MDHHS interstate compact office did not always acquire or timely acquire 23 (51%) of the 45 required supervision reports for 20 Michigan children placed in other states. We noted:
 - 9 missed reports included no reports for approximately one year (367 days) after 1 child's placement, missing reports for 273 consecutive days for 3 children, no reports for 1 child who had already been in a placement for 150 days as of the end of our audit period, and sporadically missed reports for 4 children.
 - 14 untimely reports were a week or more overdue, ranging from 7 to 89 days late, with an average of 31 days late.
- MDHHS caseworkers did not prepare or timely provide 22 (19%) of the 115 required supervision reports for 16 children placed in Michigan. The 18 untimely reports were a week or more overdue, ranging from 7 to 125 days late, with an average of 29 days late.

Our review did not identify any documented safety issues or unmet needs within the face-to-face monthly reports or supervision reports MDHHS prepared or obtained for the sampled children.

Monitoring of face-to-face visits and supervision reports:

MDHHS tracked the receipt of face-to-face visits and supervision reports within its ICPC database and utilized a monthly report to monitor the status of upcoming or past due supervision reports. MDHHS used periodic analyses of the face-to-face visit report receipt dates and review of the supervision monthly monitoring reports to send reminders via e-mail to the applicable MDHHS

local county office or sending state ICPC office requesting prompt completion of these items; however, as described within the results sections, 87% of the sampled cases reviewed had at least one exception related to untimely, missing, or undocumented face-to-face visits and/or supervision reports.

Why These Conditions Occurred

MDHHS informed us face-to-face visits and supervision reports were impacted by the COVID-19* pandemic and caused delays in meeting face-to-face for some cases. MDHHS also indicated face-to-face visits and supervision reports are impacted by a variety of factors outside the control of the ICPC office, including delays in out-of-state processes.

Why This Finding Is Considered Material

We consider this finding to be a material condition because of the:

- Persistent and significant exception rates.
- Critical role of face-to-face contact with placed children.
- Importance of supervision reports which serve as the key communication source between states during a child's placement.
- Potential impact which inconsistent face-to-face contact and supervision reports could have on MDHHS's ability to ensure a child's safety and well-being while placed across state lines.
- Lack of documentation. For auditing purposes, without proof visits occurred, we must presume they did not occur.

We reported a similar condition in the prior audit. In its response, MDHHS indicated it agreed and had implemented several corrective actions to improve its documentation, timeliness, and monitoring of face-to-face visits and supervision reports, and additional corrective actions were in process.

RECOMMENDATION

We recommend MDHHS improve its timeliness, performance, documentation, and monitoring of caseworkers' face-to-face visits and supervision reports for interstate placed children.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees continuous improvement is needed for the completion and monitoring of face-to-face visits and supervision reports for out-of-state placements of children within and outside the state of Michigan.

* See glossary at end of report for definition.

The MDHHS ICPC Program Office has implemented several improvements since the last audit, including updating ICPC policy, enhancing internal ICPC tracking and monitoring, providing extensive ICPC training opportunities, enhancing ICPC office processes, and implementing multiple internal monitoring procedures for face-to-face visits and supervisory reports prior to due dates and after they become overdue.

To enhance monitoring processes for Michigan face-to-face visits and supervisory reports, the ICPC Office sends monthly status reminders to the local offices on requests pending a supervisory report due within the current month. Also, the ICPC office implemented an escalation process for overdue supervisory report requests that engages local office staff within MDHHS and the Business Service Centers to expedite the supervisory reports. To improve monitoring processes for out of state requests, the ICPC Office provided representation on the National Training Committee for the AAICPC as well as participation in national meetings seeking assistance and support from other states in improving compliance. The same status requests are also sent to the out of state offices on a regular and timely basis.

It is important to recognize that despite these multiple and comprehensive steps, the MDHHS ICPC Program Office does not have authority to govern or demand accountability for out of state office delays. MDHHS leadership will continue to explore opportunities to improve compliance for timeliness, performance, documentation, and monitoring of caseworkers' face-to-face visits and supervision reports.

FINDING 2

Improvement needed in timely completion and monitoring of home study reports.

MDHHS needs to improve its timely completion and monitoring of home study reports for the proposed out-of-state placements of children within and outside of Michigan. Timely home studies help minimize placement delays while agencies explore alternative placement resources and reduce the length of time children remain in potentially less favorable situations, such as interim or multiple placements.

Requirements

ICPC regulations require:

- The state proposing an out-of-state placement must request a home study be completed by the state to which the child will be sent.
- The receiving state's central compact office must provide a completed home study report as quickly as possible, but not more than:
 - 60 calendar days after receipt of the request for non-expedited requests.
 - 20 business days after receipt of the request for expedited requests.

Tests Performed

We randomly sampled 82 cases active during the audit period with a home study report request and assessed MDHHS's related timeliness and monitoring for:

- 45 proposed placements in Michigan for 60 out-of-state children, including 37 non-expedited and 8 expedited cases.
- 37 proposed placements for 51 Michigan children in other states, including 34 non-expedited and 3 expedited cases.

Results

Timeliness:

MDHHS was late in returning more than 25% of sampled home study reports to other states and received more than 60% of sampled reports from other states late.

- For proposed placements of children in Michigan, approximately 50% of home study reports for expedited cases and over 25% of non-expedited cases exceeded required time frames.
- For proposed placements of Michigan children in other states, 100% of home study reports for expedited cases and over 60% of the non-expedited cases exceeded required time frames.

The following table outlines the results for our timeliness review of the sampled home study reports:

Testing Results for Timeliness of Home Reports		
	Expedited	Non-Expedited
ICPC Regulation for Home Study Completion	20 business days	60 calendar days
Placement of Children in Michigan		
	Expedited	Non-Expedited
Sampled Cases Reviewed	8	37
Untimely Home Study Reports Completed by MDHHS	4 (50%)	10 (27%)
Average Days Exceeding ICPC Regulation	6	46
Out-of-State Placement of Michigan Children		
	Expedited	Non-Expedited
Sampled Cases Reviewed	3	34
Untimely Home Study Reports Received by MDHHS	3 (100%)	22 (65%)
Average Days Exceeding ICPC Regulation	49	95

Monitoring:

MDHHS utilized daily and weekly reports to monitor the status of requested home study reports for proposed placements within and outside of Michigan. Using the daily and weekly reports, MDHHS sent reminder notifications via e-mail to the applicable MDHHS local county office or sending state ICPC office prior to and following the required completion date of the home study report; however, we noted untimely home study reports persisted in 14 (31%) of the 45 sampled cases for children to be placed in Michigan and 25 (68%) of the 37 sampled cases for children to be placed in other states.

Why These Conditions Occurred

MDHHS informed us timeliness was impacted by the COVID-19 pandemic and transitioning the entire home study report process from paper to a more efficient electronic format, which initially caused delays during implementation in calendar years 2021 and 2022. MDHHS further indicated the COVID-19 pandemic caused delays in out-of-state processes, obtaining clearances, meeting face-to-face, and accessing local services to assist with and complete required home evaluations for some cases.

Why This Finding is Considered Material

We consider this finding to be a material condition because of the persistent and substantial exception rates related to the timeliness of home study reports and the potential negative impact(s) on children awaiting a placement decision (see Finding 3).

We reported a similar condition in the prior audit. In its response, MDHHS agreed and indicated it was in the process of, or already had, implemented several corrective actions to improve its monitoring and timely completion of home study reports.

RECOMMENDATION

We again recommend MDHHS improve its timely completion and monitoring of home study reports for the proposed out-of-state placements of children within and outside of Michigan.

**AGENCY
PRELIMINARY
RESPONSE**

MDHHS provided us with the following response:

MDHHS agrees continuous improvement of home study report timeliness is needed for proposed out-of-state placements of children within and outside of Michigan. MDHHS has implemented several improvements, including streamlining the overall home study report process, sending weekly reminders to local offices and out-of-state offices, tightening allowable timeframes so that internal ICPC policy requirements are more stringent than national ICPC timeframes, and providing ICPC training opportunities. The ICPC Office provided representation as co-chair on the AAICPC Training Committee and attends national meetings and conferences to seek assistance and support from other states to improve timeliness. Significant progress has been made and is demonstrated by the sharp decrease in exceptions cited during calendar year 2023 with 32 (82%) of the 39 total cases identified, including 7 (100%) of the 7 expedited cases identified occurring prior to calendar year 2023.

MDHHS also implemented more robust monitoring processes for home study reports. To enhance monitoring, the ICPC Office implemented an escalation process for overdue home study requests that engages local office staff within MDHHS and the Business Service Centers to expedite the home study report.

MDHHS will continue to explore opportunities to improve timeliness of home studies requested from other states, and the same improvement opportunities will apply for states requesting home studies from Michigan.

FINDING 3

Improvements needed in timely completion and monitoring of placement decisions.

MDHHS needs to improve its timely completion and monitoring of placement decisions for the proposed out-of-state placements of children within and outside of Michigan. Timely interstate placement decisions are essential in helping to minimize the length of time children remain in potentially less favorable placements; however, placement decisions often exceeded the ICPC established maximum time frames.

Requirements

ICPC regulations require:

- The state requesting an out-of-state placement receives an approved placement decision from the receiving state prior to placement.
- The receiving state's central compact office must provide final approval or denial of a placement as quickly as possible, but not more than:
 - 3 business days after receipt of a request for placement of the child in a residential facility*.
 - 20 business days after receipt of an expedited request for placement of a child in a nonresidential facility.
 - 180 calendar days after receipt of a non-expedited request to place a child in a nonresidential facility.

Tests Performed

We randomly sampled 111 cases active during the audit period requiring at least one placement decision and assessed MDHHS's timeliness and monitoring related to:

- 53 selected placement decisions for 70 out-of-state children placed in Michigan, including 6 residential facility placements and 47 nonresidential facility placements.
- 58 selected placement decisions for 72 Michigan children placed in other states, including 15 residential facility placements and 43 nonresidential facility placements.

Results

Timeliness:

- For proposed placements of children in Michigan, selected placement decisions exceeded required time frames for 63% of expedited nonresidential facility placements, 50% of residential facility placements, and 8% of non-expedited nonresidential facility placements.
- For proposed placements of Michigan children in other states, selected placement decisions exceeded required

MDHHS could not consistently support it provided or received timely placement decisions for the sampled placement requests for children with proposed placements within and outside of Michigan.

* See glossary at end of report for definition.

time frames for 100% of expedited nonresidential facility placements, 23% of non-expedited nonresidential facility placements, and 7% of residential facility placements.

The following table outlines the results of our timeliness review of the sampled cases with placement decisions:

Testing Results for Timeliness of Placement Decisions			
	Residential Facility Placement	Nonresidential Facility Placement	
		Expedited	Non-Expedited
ICPC Established Time Frame for Placement Decisions	3 business days	20 business days	180 calendar days
For Placement of Children in Michigan			
	Residential Facility Placement	Nonresidential Facility Placement Expedited	Non-Expedited
Sampled Cases Reviewed	6	8	39
Untimely Placement Decisions Completed by MDHHS	3 (50%)	5 (63%)	3 (8%)
Average Days Exceeding ICPC Regulation	9	12	195
For Out-of-State Placement of Michigan Children			
	Residential Facility Placement	Nonresidential Facility Placement Expedited	Non-Expedited
Sampled Cases Reviewed	15	3	40
Untimely Placement Decisions Received by MDHHS	1 (7%)	3 (100%)	9 (23%)
Average Days Exceeding ICPC Regulation	2	49	61

Monitoring:

- For residential facility placements, MDHHS had not implemented any formal reports or reminder notification processes to monitor overdue placement decisions by the Michigan ICPC office or the ICPC offices in other states.
- For nonresidential facility placements, MDHHS tracked the timeliness of final placement decisions using a monthly report; however, we noted approximately 70% of the untimely placement decisions reviewed were late because of untimely home studies (see Finding 1).

Why These Conditions Occurred

MDHHS informed us timeliness was impacted by the COVID-19 pandemic and caused delays in obtaining clearances, meeting face-to-face, and accessing local services to assist with and complete the required home studies needed to issue placement decisions for some cases. MDHHS also indicated timeliness of

placement decisions is impacted by a variety of factors outside the control of the ICPC office, including delays in out-of-state processes involving home studies and required steps which need to be taken by potential caregivers.

Why This Finding Is Considered Material

We consider this finding to be a material condition because of the:

- Persistent and substantial exception rates.
- Importance of timely placement decisions for children waiting to be placed.
- Average length of time placement decisions remained outstanding.

We reported a similar condition in the prior audit. In its response, MDHHS indicated it agreed and was in the process of implementing, or already had implemented, several corrective actions to improve its monitoring and timely completion of placement decisions.

RECOMMENDATION

We again recommend MDHHS improve its timely completion and monitoring of placement decisions for the proposed out-of-state placements of children within and outside of Michigan.

**AGENCY
PRELIMINARY
RESPONSE**

MDHHS provided us with the following response:

MDHHS agrees continuous improvement is needed for the timely completion and monitoring of placement decisions for proposed out-of-state placements of children within and outside the state of Michigan. MDHHS has implemented several improvements including timeliness and monitoring of placement decisions, sending weekly reminders to local offices and out-of-state offices, updating ICPC policy, tightening allowable timeframes so that internal ICPC policy requirements are more stringent than national ICPC timeframes, providing extensive ICPC training opportunities, and streamlining the overall home study report process that impacts placement decisions. The ICPC Office provided representation as co-chair on the AAICPC Training Committee and attends national meetings and conferences to seek assistance and support from other states to improve timeliness. Significant progress has been made and is demonstrated by the sharp decrease in exceptions cited during calendar year 2023 with 23 (96%) of the 24 total cases identified, including 8 (100%) of the 8 expedited cases identified occurring prior to calendar year 2023.

MDHHS also implemented more robust monitoring processes for placement decisions. To enhance monitoring, the ICPC Office implemented an escalation process for overdue placement decision requests that engages local office staff within MDHHS

and the Business Service Centers to expedite the placement decision.

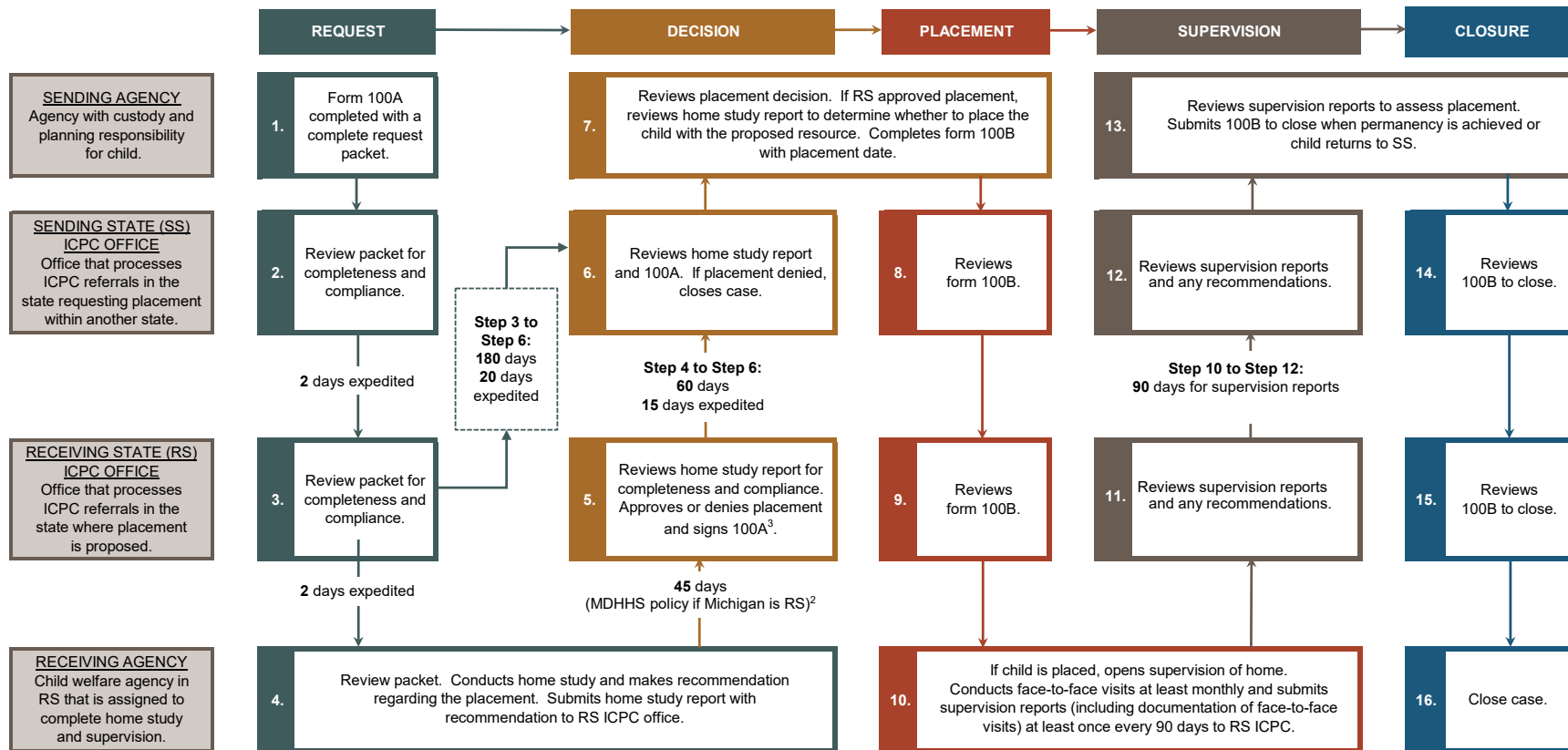
MDHHS will continue to explore opportunities to improve timeliness of placement decisions requested from other states, and the same improvement opportunities will apply for states requesting placement decisions from Michigan.

SUPPLEMENTAL INFORMATION

UNAUDITED

Interstate Compact on the Placement of Children
Michigan Department of Health and Human Services

ICPC Process Overview¹
From October 1, 2021 Through June 30, 2023



¹ This ICPC process overview is applicable to the following placement categories: public adoptions, foster care, parents, and relatives*. This overview does not include ICPC residential or private adoption placement categories because these categories have other home study and/or supervision requirements.

² When Michigan is the RS, MDHHS implemented a policy on September 1, 2022 for its local agencies to complete the home study within 45 days to help ensure compliance with the ICPC regulation's 60-day requirement.

³ For public adoption and foster care placement referrals, the local agency may perform an initial home study to meet the 60-day requirement and then followup with a final home study, with placement and licensing decisions, to meet the 180-day requirement.

Source: The OAG created this exhibit using process information obtained from ICPC regulations and MDHHS.

* See glossary at end of report for definition.

DESCRIPTION

The ICPC is located within MDHHS's Children's Services Administration Division. The MDHHS interstate compact office administers ICPC activities in Michigan by working with other states' central compact offices, local placement agencies, and MDHHS local county offices.

The ICPC was created by Public Act 114 of 1984 (Sections 3.711 - 3.717 of the *Michigan Compiled Laws*) to ensure cooperation among states regarding conditions and requirements for interstate placement of children. The ICPC ensures protection and services to children placed across state lines for foster care, adoption*, and residential facility placements by establishing procedures to verify interstate placements are safe, suitable, and able to provide proper care for a child.

For the ICPC cases active from October 1, 2021 through June 30, 2023, the MDHHS interstate compact office received 1,502 case referrals for 2,111 out-of-state children to be placed in Michigan and sent 1,240 case referrals for 1,563 Michigan children to be placed in other states.

The MDHHS interstate compact office had seven full-time staff as of June 2023.

* See glossary at end of report for definition.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine MDHHS's ICPC activities and other records related to the placement of children across state lines and the timeliness of interstate placements. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As part of the audit, we considered the five components of internal control* (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2021 through June 30, 2023.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of ICPC processes, programs, and activities in order to establish our audit objectives, scope, and methodology. During our preliminary survey, we:

- Interviewed MDHHS management and staff.
- Reviewed applicable sections of the *Michigan Compiled Laws*, ICPC regulations, and MDHHS policies and procedures related to ICPC.
- Analyzed available ICPC records, data, and statistics.
- Analyzed ICPC expenditure data from October 1, 2021 through June 30, 2023.
- Conducted a walk-through of the ICPC access database.
- Contacted MDHHS Business Service Centers, other states' central compact offices, MDHHS local county offices, and local placement agencies to inquire about their processes and interactions with the MDHHS interstate compact office.

* See glossary at end of report for definition.

- Performed preliminary testing of selected ICPC case files to determine if MDHHS complied with select ICPC requirements for sending and receiving cases and to assess the accuracy of the ICPC access database.

OBJECTIVE

To assess the sufficiency of MDHHS's efforts to ensure the safe placement of children across state lines and comply with required time frames for certain interstate placement activities.

To accomplish this objective, we:

- Randomly sampled 122 cases from the population of active ICPC cases from October 1, 2021 through June 30, 2023, consisting of 1,502 cases for out-of-state children to be placed in Michigan and 1,240 cases for Michigan children to be placed in other states. We performed the following audit procedures, as applicable:
 - Inspected all sampled case files for select required documentation and communications.
 - Reviewed 22 cases for out-of-state children with proposed Michigan placements and 34 cases for Michigan children with proposed out-of-state placements to determine if home studies were completed prior to a child's placement.
 - Reviewed 38 sampled approved placement cases for out-of-state children placed in Michigan to determine if appropriate criminal history and Central Registry checks were performed prior to placement. We:
 - Performed independent Michigan Department of State Police criminal history records checks to corroborate the criminal history record assertions documented in the sampled home study requests to the extent possible.
 - Completed independent Central Registry checks to help validate the Central Registry record assertions documented in the sampled home study requests.
 - Reviewed 21 sampled approved placement cases for Michigan children placed in other states to determine if documentation indicated criminal history and Central Registry checks were performed prior to placement.
 - Assessed 10 sampled foster care home placement requests for cases active during our audit period in Michigan to determine if the

appropriate licensures were held prior to an approved placement decision.

- Examined 18 sampled cases for out-of-state children placed in Michigan and 13 sampled cases for Michigan children in out-of-state placements where all case files had placement decisions to determine if the required monthly face-to-face visits and supervision reports were documented.
 - Analyzed 45 sampled cases for out-of-state children with proposed Michigan placements and 37 sampled cases for Michigan children with proposed out-of-state placements to determine the timeliness of home studies conducted.
 - Analyzed 53 sampled cases for out-of-state children with proposed Michigan placements and 58 sampled cases for Michigan children with proposed out-of-state placements to determine the timeliness of placement decisions.
- Conducted analytical review procedures related to select timeliness standards for the entire population of active ICPC cases from October 1, 2021 through June 30, 2023.
 - Randomly and judgmentally sampled 25 of the 565 ICPC monitoring reports from October 1, 2021 through June 30, 2023 and a related ICPC case from each sampled report to verify the MDHHS interstate compact office generated the reports and conducted timely follow-up on the identified cases.
 - Reviewed all individuals with access to the Michigan ICPC general e-mail account and the ICPC database as of June 30, 2023 to determine if access was appropriate for the individual's job responsibilities.
 - Surveyed 13 randomly selected MDHHS local county offices and local placement agencies of the 123 during the audit period to evaluate the MDHHS interstate compact office's communication regarding ICPC cases, availability of training for ICPC requirements, and ICPC processes.
 - Interviewed staff from 8 judgmentally selected interstate compact offices located in other states to obtain information related to their experiences utilizing the National Electronic Interstate Compact Enterprise (NEICE) system and interactions with the MDHHS interstate compact office.

- Researched the NEICE system implementation information.

Our random samples were selected to eliminate bias and enable us to project the results to the respective populations. We selected other samples judgmentally to ensure representativeness or based on risk and could not project those results to the respective populations.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions or reportable conditions*.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 3 findings and 3 corresponding recommendations. MDHHS's preliminary responses indicate it agrees with our 3 recommendations.

The agency preliminary response following each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

PRIOR AUDIT FOLLOW-UP

Following is the status of the reported findings from our December 2017 performance audit of the Interstate Compact Programs: Interstate Compact on the Placement of Children and Interstate Compact for Juveniles, Michigan Department of Health and Human Services (431-0273-15):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Monitoring and documenting caseworkers' face-to-face visits and supervision reports.	Rewritten*	1

This table continued on next page.

* See glossary at end of report for definition.

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
2	Monitoring and timely completion of non-expedited home study reports.	Repeated*	2
3	Timely non-expedited placement decisions and monitoring the non-expedited placement decisions requested from other states.	Repeated	3
4	Background checks for adults living in proposed residences prior to relocating juveniles.	Not within scope of this audit.	
5	Conducting monthly face-to-face visits with out-of-state juveniles placed in Michigan.	Not within scope of this audit.	
6	Monitoring and training family division staff and court officials.	Not within scope of this audit.	

SUPPLEMENTAL INFORMATION

Our audit report includes an ICPC process overview, presented as supplemental information. Our audit was not directed toward expressing a conclusion on this information.

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

adoption	The method provided by state law establishing the legal relationship of parent and child between persons who are not so related by birth or some other legal determination, with the same mutual rights and obligations existing between children and their birth parents.
Association of Administrators of the Interstate Compact on the Placement of Children (AAICPC)	A governmental entity which consists of compact parties from the 50 states, the District of Columbia, and the U.S. Virgin Islands. Established in 1974, the AAICPC, via statutory authority, carries out the rules and terms of the ICPC more effectively. The Interstate Compact on the Placement of Children (ICPC) establishes uniform legal and administrative procedures which govern the interstate placement of children and is statutory law and a binding contract between member jurisdictions in all fifty-two member jurisdictions. The AAICPC administers the ICPC and obtains its Secretariat Services as an affiliate of the American Public Human Services Association.
child	A person who, by reason of minority, is legally subject to parental guardianship or similar control.
child welfare caseworker	A person assigned to manage the cases of dependency children who are in the custody of a public child welfare agency and may include private contract providers of the responsible state agency.
COVID-19	The disease caused by a coronavirus called SARS-CoV-2. It is a potentially severe illness often characterized by fever, coughing, and shortness of breath. The World Health Organization first learned of the new virus in December 2019.
foster care	Twenty-four-hour-a-day substitute care for children placed away from their parents or guardians and for whom the state agency has placement and care responsibility. This includes, but is not limited to, placements in foster family homes, foster homes of relatives, group homes, emergency shelters, residential facilities, child care institutions, and pre-adoptive homes.
home study	An evaluation of a home environment conducted in accordance with applicable requirements of the state in which the home is located to determine whether a proposed placement of a child would meet the individual needs of the child, including the child's safety; permanency; health; well-being; and mental, emotional, and physical development.
ICPC	Interstate Compact on the Placement of Children.

internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, strategic plan, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
material condition	A matter, in the auditor's judgment, which is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MDHHS	Michigan Department of Health and Human Services.
NEICE	National Electronic Interstate Compact Enterprise.
performance audit	An audit which provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
placement	The arrangement for the care of a child in a family free home, in a boarding home, or in a child-caring agency or institution, but does not include any institution caring for the mentally ill, mentally defective, or epileptic or any institution primarily educational in character, and any hospital or other medical facility.
receiving state	The state to which a child is sent, brought, or caused to be sent or brought, whether by public authorities or private persons or agencies, and whether for placement with state or local public authorities or for placement with private agencies or persons.
relative	An individual who is related to the child within the fifth degree by marriage, blood, or adoption.

repeated	The wording of the current recommendation remains essentially the same as the prior audit recommendation.
reportable condition	A matter, in the auditor's judgment, less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
residential facility	A facility providing a level of 24-hour, supervised care beyond what is needed for assessment or treatment of an acute condition. Residential facilities do not include institutions primarily educational in character, hospitals, or other medical facilities. Residential facilities may also be called by other names, such as group home care, residential treatment center, and child-caring institution.
rewritten	The recurrence of similar conditions reported in a prior audit in combination with current conditions warranting the prior audit recommendation to be revised for the circumstances.
sending state	The state where the sending agency is located, or the state in which the court holds exclusive jurisdiction over a child, which causes, permits, or enables the child to be sent to another state.
supervision report	A report provided by the supervising caseworker in the receiving state. The report contains a written assessment of a child's current placement, school performance, and health and medical status; a description of any unmet needs; and a recommendation regarding continuation of the placement.



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