

## NORTHCARE NETWORK

<b>POLICY TITLE:</b> Financial Audits	<b>CATEGORY:</b> Financial Management	
<b>EFFECTIVE DATE:</b> 6/5/13	<b>BOARD APPROVAL DATE:</b> 6/25/13	
<b>REVIEW DATE:</b> 10/25/22	<b>REVISION(S) TO POLICY STATEMENT:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>OTHER REVISION(S):</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>RESPONSIBLE PARTY:</b> Chief Financial Officer	<b>CEO APPROVAL DATE:</b> 11/1/22 Dr. Tim Kangas, CEO	

### **APPLIES TO**

NorthCare Network Personnel  
Network Providers

### **POLICY**

NorthCare Network shall ensure that an independent financial audit of the PIHP and all Member CMHSPs and other organizational providers is conducted annually. A copy will be provided to NorthCare Network upon completion. NorthCare Network will cooperate with the annual audit requirements within the MDHHS/PIHP contract.

### **PURPOSE**

To assure compliance with federal and state regulatory statutes and contract compliance with MDHHS.

### **DEFINITIONS:**

N/A

### **REFERENCES**

- MDHHS/PIHP Contract, as amended
- Operating Agreements with Member CMHSPs
- Bylaws for the NorthCare Network Regional Mental Health Entity, as amended

### **HISTORY**

REVISION DATE: 6/14/13, 4/1/16, 12/11/19, 8/24/21

REVIEW DATE: 6/5/13, 6/14/13, 5/14/14, 5/5/15, 4/1/16, 1/30/17, 12/4/17, 11/5/18, 12/11/19, 8/24/21

CEO APPROVAL DATE: 6/5/13, 6/14/13, 5/14/14, 5/5/15, 4/4/16, 12/11/17, 11/6/18, 1/7/20, 9/7/21

BOARD APPROVAL DATE: 6/5/13, 6/25/13

### **PROCEDURES**

The PIHP shall ensure the completion of a fiscal year-end Financial Statement Audit conducted in accordance with General Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS).

Compliance Examination will be conducted in accordance with the American Institute of CPA's (AICPA's) Statements on Standards for Attestation Engagements (SSAE) 18

Attestation Standards-Clarification and Recodification AT-C Section 205, and Compliance Examination Guidelines.

The PIHP must submit to MDHHS the Financial Statement Audit Report, Single Audit Report, the and a Compliance Examination Report, a Corrective Action Plan for any audit or examination findings that impact MDHHS-funded programs, and management letter (if issued) with a response within thirty (30) days after receipt of the practitioner's report, or June 30<sup>th</sup> following the contract year end by email.

The required materials must be assembled as one document in PDF file compatible with Adobe Acrobat (read only). The subject line must state the agency name and fiscal year end. MDHHS reserves the right to request a hard copy of the materials if for any reason the electronic submission process is not successful.

If the PIHP does not submit the required Financial Statement Audit Report, Single Audit Report, Compliance Examination Report, management letter (if issued) with a response, and applicable Corrective Action Plans by the due date and an extension has not been approved by MDHHS, MDHHS may withhold from the current funding an amount equal to five percent of the audit year's grant funding (not to exceed \$200,000) until the required filing is received by MDHHS. MDHHS may retain the amount withheld if the PIHP is more than 120 days delinquent in meeting the filing requirements and an extension has not been approved by MDHHS.

MDHHS will issue a management decision on findings, comments, and questioned costs contained in the PIHP Financial Statement Audit, Single Audit, and Compliance Examination Report. The management decision relating to the Financial Statement Audit will be issued within six months after the receipt of a complete and final reporting package. The management decision relating to the Compliance Examination will be issued within eight months after the receipt of a complete and final reporting package. The management decision will include whether or not the finding or comment is sustained; the reasons for the decision, and the expected PIHP action to repay disallowed costs, make financial adjustments, or take other action. Prior to issuing the management decision, MDHHS may request additional information or documentation from the PIHP, including a request for practitioner verification or documentation, as a way of mitigating disallowed costs.

If there are no findings, comments, and/or questioned costs, the MDHHS will notify the PIHP when the review of the examination reporting package is complete and the results of the review.

The appeal process available to the PIHP relating to MDHHS management decisions on Compliance Examination findings, comments, and disallowed costs can be found in the Appeal Process for Compliance Examination Decisions document on the MDHHS website: <https://www.michigan.gov/mdhhs/keep-mi-healthy/mentalhealth/mentalhealth/practiceguidelines>