

## NORTHCARE NETWORK

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| <b>POLICY TITLE:</b><br>Budgeting, General Accounting & Financial Reporting | <b>CATEGORY:</b><br>Financial Management   |  |
| <b>EFFECTIVE DATE:</b><br>6/25/13   | <b>BOARD APPROVAL DATE:</b><br>6/25/13   |  |
| <b>REVIEW DATE:</b><br>7/16/25  | <b>REVISION(S) TO POLICY STATEMENT:</b><br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <b>OTHER REVISION(S):</b><br><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>RESPONSIBLE PARTY:</b><br>Chief Financial Officer                        | <b>CEO APPROVAL DATE:</b> 8/5/25<br>Megan Rooney, CEO  |  |

### **APPLIES TO**

NorthCare Network Personnel  
Member CMHSPs

### **POLICY**

It is the policy of the NorthCare Network Governing Board to oversee compliance for all budgeting, general accounting practices and procedures, and financial reporting compliant with MDHHS/PIHP contract requirements according to generally accepted accounting principles for governmental units.

### **PURPOSE**

To ensure the proper expenditure monitoring of Medicaid funding for the purpose of meeting financial management requirements as specified in the contract with MDHHS and maintain equitable resources within the NorthCare Network region.

### **DEFINITIONS**

**Medicaid Managed Specialty Services and Supports Program (MMSSSP):** This includes the following: 1115 Behavioral Health Demonstration Waiver and the 1915(c) Habilitation Supports Waiver, Children's Waiver Program (CWP), Serious Emotional Disturbance (SED), the MICHild program, MOMS program, and the 1115 Healthy Michigan Plan.

### **REFERENCES**

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

### **HISTORY**

REVISION DATE: N/A, 4/1/16, 11/5/18, 8/24/21, 10/25/22, 5/2/24

REVIEW DATE: 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, 10/25/22, 5/2/24, 7/16/25

CEO APPROVAL DATE: 6/14/13, 5/14/14, 5/5/15, 4/4/16, 2/7/17, 12/11/17, 11/6/18, 1/7/20, 9/7/21, 11/1/22, 5/7/24, 8/5/25

BOARD APPROVAL DATE: 6/25/13

## **PROCEDURES**

In developing an overall budget and financial plan, NorthCare Network shall consider the parameters of the shared-risk corridor, reinvestment of savings, and a strategic approach in the management of these funds.

NorthCare Network must maintain all pertinent financial and accounting records and evidence pertaining to the MDHHS/PIHP Contract based on financial and statistical records that can be verified by qualified auditors. NorthCare Network will then define the parameters and scope of the audit review process and will provide a progress report on audit findings to the Governing Board and/or MDHHS as appropriate and necessary.

NorthCare Network must comply with Generally Accepted Accounting Principles (GAAP) for government units when preparing financial statements. The PIHP must use the principles and standards of 2 CFR Part 200 Subpart E for determining all costs related to the management and provision of MMSSSP services reported on the financial status report.

The accounting and financial systems established by the PIHP must be a double entry system having the capability to identify application of funds to specific funding streams participating in service costs for individuals. The accounting system must be capable of reporting the use of these specific fund sources by major population groups. In addition, cost accounting methodology used by the PIHP must ensure consistent treatment of costs across different funding sources and assure proper allocation to costs to the appropriate source.

The Chief Financial Officer (CFO) shall employ Generally Accepted Accounting Principles (GAAP) and other federal and state regulations to monitor all revenue received by NorthCare Network. The CFO shall monitor all revenue streams, including but not necessarily limited to, Medicaid capitation payments, other appropriations and service revenues, gifts, contributions and bequests, special fund accounts, investment interest, other mental health revenue and grants.

The CFO shall develop a monitoring and management process that will accurately track all expenses within the region's service area in order to maintain adequate funding levels throughout the duration of the MDHHS/PIHP contract. The CFO will utilize GAAP (General Accepted Accounting Principles) and 2 CFR part 200 to ensure the proper accounting of expenses is authorized according to plan. All unauthorized expenses will be researched to ascertain the absence of Medicaid abuse or fraud. The CFO will monitor expenses of the provider network in relation to the quality of care and supports provided to beneficiaries.

NorthCare Network agrees that it will comply with all state and federal statutes, regulations and administrative procedures that are in effect, or will become effective during the term of the MDHHS/PIHP contract.

NorthCare Network must maintain adequate internal control systems. An annual independent audit must evaluate and report on the adequacy of the accounting system and internal controls system.

NorthCare Network shall submit to MDHHS any required financial reports as specified within the MDHHS/PIHP contract. NorthCare Network will supervise any and all audit activities in connection with Medicaid funding related to MDHHS/PIHP contract.

NorthCare Network 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.