



## Michigan Health Information Network Shared Services and Subsidiaries

Independent Auditor's Reports Required by  
*Government Auditing Standards* and Title 2  
U.S. *Code of Federal Regulations* Part 200,  
*Uniform Administrative Requirements,  
Cost Principles, and Audit Requirements  
for Federal Awards (Uniform Guidance)*  
and Schedule of Expenditures of Federal  
Awards  
For the Year Ended September 30, 2021

## **Michigan Health Information Network Shared Services and Subsidiaries**

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Independent Auditor's Reports Required by *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2021

# Michigan Health Information Network Shared Services and Subsidiaries

## Contents

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Schedule of Expenditures of Federal Awards for the Year Ended September 30, 2021	4
Notes to Schedule of Expenditures of Federal Awards	5
Independent Auditor's Report on Internal Control Over Consolidated Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	8-11
Schedule of Findings and Questioned Costs for the Year Ended September 30, 2021	12

## **Schedule of Expenditures of Federal Awards**

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# Michigan Health Information Network Shared Services and Subsidiaries

## Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Health and Human Services</b>				
Medicaid Cluster:				
Passed through Michigan Department of Health and Human Services:				
Medical Assistance Program	93.778	E20211393-001	\$ -	\$ 8,942,182
Medical Assistance Program	93.778	E20214775-001	-	2,828,690
Medical Assistance Program	93.778	E20214743-001	-	2,535,639
Medical Assistance Program	93.778	E20211391-002	-	801,231
Medical Assistance Program	93.778	E20214744-001	-	788,759
Medical Assistance Program	93.778	E20211321-002	-	419,016
Medical Assistance Program	93.778	E20211394-002	-	401,129
Medical Assistance Program	93.778	E20214742-001	-	256,518
				16,973,164
Passed through the New Jersey Innovation Institute, Inc.:				
Medical Assistance Program	93.778	N/A	-	377,804
Passed through the State of Connecticut Office of Health Strategy:				
Medical Assistance Program	93.778	N/A	-	289,776
<b>Total Medicaid Cluster</b>				- 17,640,744
Passed through Michigan Department of Health and Human Services:				
Innovative State and Local Public Health Strategies to prevent and Manage Diabetes and Heart Disease and Stroke				
	93.435	(E20203145-001)	-	29,651
Passed through The Office of the National Coordinator for Health Information Technology (ONC): Strengthening the Technical Advancement & Readiness of Public Health via Health Information Exchange Program				
	93.462	N/A	-	24,143
Passed through the New Jersey Innovation Institute, Inc.:				
New Jersey HIT	93.RD	N/A	-	440,771
<b>Total U.S. Department of Health and Human Services</b>				- 18,135,309
<b>U.S. Department of Treasury</b>				
Passed through Michigan Department of Health and Human Services:				
COVID-19 - Coronavirus Relief Fund	21.019	E20213956-003	-	1,360,610
COVID-19 - Coronavirus Relief Fund	21.019	E20213357-002	-	527,618
COVID-19 - Coronavirus Relief Fund	21.019	E20214323-001	-	90,000
<b>Total U.S. Department of Treasury</b>				- 1,978,228
<b>U.S. Department of Transportation</b>				
Passed through Michigan Department of Labor and Economic Opportunity:				
AmeriCorps	94.006	N/A	-	4,893
<b>Total U.S. Department of Transportation</b>				- 4,893
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 20,118,430

*The accompanying notes are an integral part of this schedule.*

# Michigan Health Information Network Shared Services and Subsidiaries

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2021

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Michigan Health Information Network Shared Services and Subsidiaries and its wholly owned subsidiary, Interoperability Institute LLC (collectively, the Organization) under programs of the federal government for the year ended September 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Michigan Health Information Network Shared Services and Subsidiaries, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Michigan Health Information Network Shared Services and Subsidiaries.

### 2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate

Michigan Health Network Shared Services and Subsidiaries has elected to use the 10% de minimis indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.



## **Independent Auditor's Report on Internal Control Over Consolidated Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Michigan Health Information Network Shared Services and Subsidiaries  
East Lansing, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Michigan Health Information Network Shared Services and Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2021 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated January 28, 2022.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered Michigan Health Information Network Shared Services and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Michigan Health Information Network Shared Services and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Michigan Health Information Network Shared Services and Subsidiaries' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Michigan Health Information Network Shared Services and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

January 28, 2022





## **Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Directors  
Michigan Health Information Network Shared Services and Subsidiaries  
East Lansing, Michigan

### **Report on Compliance**

#### ***Opinion on Compliance for Each Major Federal Program***

We have audited Michigan Health Information Network Shared Services and Subsidiaries' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Michigan Health Information Network Shared Services and Subsidiaries' major federal programs for the year ended September 30, 2021.

Michigan Health Information Network Shared Services and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Michigan Health Information Network Shared Services and Subsidiaries' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Michigan Health Information Network Shared Services and Subsidiaries' and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Michigan Health Information Network Shared Services and Subsidiaries' compliance with the types of compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Michigan Health Information Network Shared Services and Subsidiaries' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Michigan Health Information Network Shared Services and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Michigan Health Information Network Shared Services and Subsidiaries' compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Michigan Health Information Network Shared Services and Subsidiaries' compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Michigan Health Information Network Shared Services and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Michigan Health Information Network Shared Services and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of Michigan Health Information Network Shared Services and Subsidiaries' as of and for the year ended September 30, 2021, and have issued our report thereon dated January 28, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and



reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BDO USA, LLP*

January 28, 2022

# Michigan Health Information Network Shared Services and Subsidiaries

## Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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### Section 1. Summary of Auditor's Results

#### *Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.019	COVID-19 - Coronavirus Relief Fund
93.778	Medical Assistance Program (Medicaid Cluster)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

### Section 2. Financial Statement Findings

There were no findings related to the consolidated financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

### Section 3. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

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