

## Ensuring Your Vendors Are Ready When You Receive an Audit Notice

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### Objectives

- ▶ To recognize the importance of due diligence in initial vendor selection
- ▶ To understand what should be included in a robust vendor oversight program
- ▶ To learn methods to prepare your team and your vendors' teams for a regulatory audit

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### Coordinate and Educate: Logistically Speaking – Protocols and Procedures

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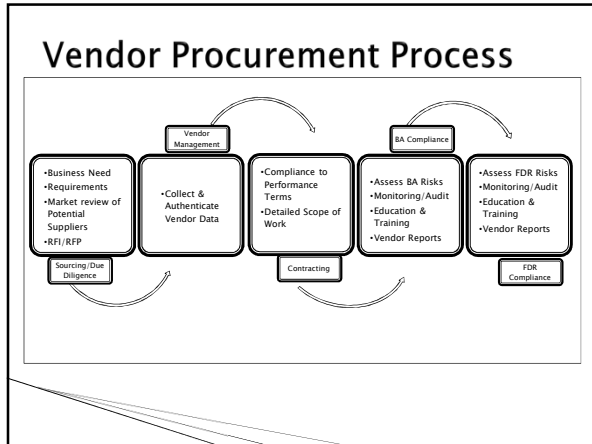
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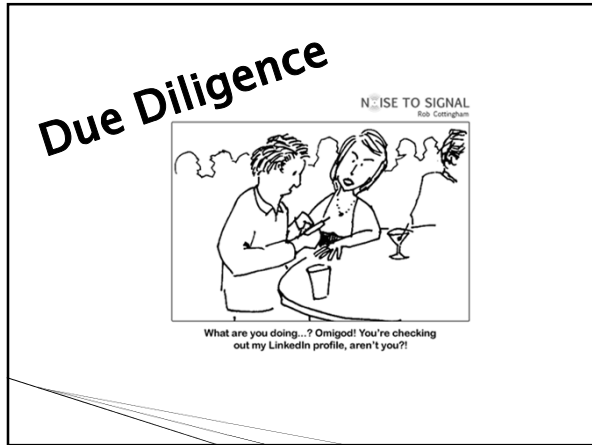
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- ### Due Diligence in Vendor Selection
- ▶ Strategies and Goals
  - ▶ Financial Condition
  - ▶ Insurance Coverage
  - ▶ Business Experience and Reputation
  - ▶ Qualifications, Backgrounds, and Reputations of Company Principals
  - ▶ Conflicting Contractual Arrangements with Other Parties

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### Due Diligence in Vendor Selection

- ▶ Reliance of Subcontractors
- ▶ Human Resource Management
- ▶ Information Security
- ▶ Physical Security
- ▶ Business Continuity & Disaster Recovery
- ▶ Compliance with Laws & Regulatory
- ▶ Risk Management

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### Due Diligence in Vendor Selection

- ▶ Has the vendor had any reportable violations in the past 3 years?
- ▶ Documentation to support an effective compliance program (CPE)
- ▶ Date and results of most recent Compliance Program Effectiveness review?
- ▶ Date of last regulatory risk assessment.
- ▶ Date of last HIPAA privacy/security risk assessment
- ▶ Copy of SSAE 16, if applicable

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### Contract Negotiation



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### Key Compliance Interests in Contract Negotiation

- ▶ Nature and scope of arrangement
- ▶ Performance measures or benchmarks
- ▶ Responsibilities for providing, receiving and retaining information
- ▶ Right to monitor, audit and require remediation
- ▶ Responsibility for compliance with applicable laws and regulations
- ▶ Oversight and accountability
- ▶ Subcontractors

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### Communicate and Motivate: Pass it on – Inspiring Partnership

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### Vendor Management & Oversight



Note: Vendors may have vendors

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### Policies and Procedures



- ▶ Vendor Oversight
- ▶ Monitoring & Audit of FDRs
- ▶ Communication Protocols
- ▶ Audit Notification & Coordination

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### Vendor Oversight Policy

- ▶ Ensure OIG/GSA background checks are performed
- ▶ Receipt of validation of required training
- ▶ Receipt of Code of Conduct
- ▶ Assess for effectiveness of compliance program
- ▶ Annual assessment of due diligence elements
- ▶ CMS Readiness Assessments

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### Monitoring & Auditing Policy

- ▶ Assess vendor review of controls
- ▶ Service Level Agreements (SLAs) & performance metrics
- ▶ Receipt and review of regular reports
- ▶ Compliance and FWA
- ▶ Consistent monitoring and follow-up to ensure corrective actions are implemented

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### Monitoring & Auditing Policy

- ▶ Include vendors in annual risk assessment
- ▶ Share audit tools with vendors and ensure they clearly understand the elements they are responsible for performing – PRACTICE
- ▶ Regular on-site visits
- ▶ Mock audits and practice universe pulls

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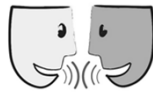
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### Communication Policy

- ▶ Establish an active Delegation Oversight Committee that reports to the Compliance Committee
- ▶ Frequent communication with vendors to confirm understanding of CMS regulatory and sub-regulatory requirements
- ▶ Inspire your vendors to achieve success!



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### Audit Notification & Coordination Policy



- ▶ Internal notification
- ▶ External notification (to vendors)
- ▶ Establish expectations
  - Clear timelines
  - Roles & responsibilities
  - Participation and support
  - Communication plan
  - Deliverables
  - Follow-up

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**You Receive Your  
AUDIT LETTER**



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**Notify Team AND Vendor(s)**

- ▶ As soon as possible after notification call
  - Share engagement letter
  - Hold a meeting with Plan team and Vendor team
  - Clarify with vendor what Plan will need from them
  - Identify vendor point of contact and audit team
  - Establish regular touch point meetings

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**Audit Process with Vendor**

- ▶ Be sure to include vendor in “testing the webinar” with auditor if vendor will be participating
- ▶ Conduct a practice session with vendor prior to universe validation webinar
- ▶ Include vendor in universe validation webinar with auditors, if applicable
- ▶ Conduct practice sessions for sample reviews
- ▶ Include vendor in Entrance Conference

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### Audit Process with Vendor

- ▶ Maintain communication with vendor team during webinar portion of audit
- ▶ Include vendor team in applicable daily de-briefs, including document requests
- ▶ Include vendor in Preliminary Exit Conference
- ▶ 2<sup>nd</sup> week CPE will be much easier from a vendor oversight perspective if you have implemented a strong vendor oversight program

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### Post Audit Activities with Vendor

- ▶ Prepare with vendor for potential CMS required actions
- ▶ Share applicable portions of Draft Audit Report with vendor
- ▶ Maintain close communication with vendor contact to ensure timely deliverables
- ▶ Submit any CAPs and continue monitoring efforts to ensure corrective actions are effective

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**Evaluate:  
It's not over 'til It's over**

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## On-going Activities

- ▶ Conduct a Lesson Learned Session, include vendor where applicable
- ▶ Begin preparing for the follow-up audit, if applicable
- ▶ Share audit close out audit letter with vendor



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## 3 Key Areas of Vendor Oversight to Ensure Audit Readiness

- ▶ Oversight & Accountability
  - Vendor Oversight Committee
  - Ensure vendor risk assessment, monitoring & audit plan
  - Maintain effective communication
  - Ensure continuous audit readiness
- ▶ Documentation & Reporting
  - Receipt of routine reports from vendors
- ▶ Annual Reviews
  - Of vendors risk management, compliance program and operational processes

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## Prepare NOW for 2017

- ▶ Know your vendors
- ▶ Head in the sand is not a defense
- ▶ Willful ignorance is not a defense
- ▶ Follow your own policies and procedures



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Should not be your strategy!

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**Questions / Discussion**

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