Project Management in Compliance

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Compliance Regulatory AVP
Scope and Objective

General idea of how does Project Management (PM) support an effective compliance program.

Specifically for Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

Agenda:
✓ Project Management briefing
✓ PM Knowledge Areas vs. Elements of an Effective Compliance Program … A general view
✓ PM in Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

Project Management

PROJECT MANAGEMENT
- Application of knowledge, skills, tools, and techniques to project activities to meet the project requirements.

PROJECT
- A temporary endeavor undertaken to create a unique product, service, or result. The temporary nature of projects indicates a definite beginning and end.

PROGRAM
- A group of related projects, subprograms, and program activities managed in a coordinated way to obtain benefits not available from managing them individually.
Project Management

**PROJECT PORTFOLIO**
- Refers to projects, programs, subportfolios, and operations managed as a group to achieve strategic objectives.

**PORTFOLIO MANAGEMENT**
- The collective oversight of a grouping of projects in alignment with the strategic goals of the organization.

**PROJECT MANAGEMENT OFFICE**
- A management structure that standardizes the project-related governance processes and facilitates the sharing of resources, methodologies, tools, and techniques.

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[Image of diagram showing portfolio, program, and project management interactions]

*Figure 1-1. Portfolio, Program, and Project Management Interactions*

Source: A GUIDE TO THE PROJECT MANAGEMENT BODY OF KNOWLEDGE; (PMBOK® Guide) – Fifth Edition
PM Knowledge Areas

Integration

• Scope
• Time
• Cost
• Quality
• Human Resources
• Risk
• Communication
• Stakeholder
• Procurement

Table 3-1. Project Management Process Group and Knowledge Area Mapping

Source: A GUIDE TO THE PROJECT MANAGEMENT BODY OF KNOWLEDGE; (PMBOK® Guide) – Fifth Edition
### PM Knowledge Areas vs. Elements of an Effective Compliance Program

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Source: A GUIDE TO THE PROJECT MANAGEMENT BODY OF KNOWLEDGE; (PMBOK Guide) – Fifth Edition
PM in Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

- Compliance Risk Assessment = Portfolio Management

PM Risk Management Purpose: reduce the overall risk to a level that is acceptable to the project sponsor and other stakeholders

<table>
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<tr>
<th>Risk</th>
<th>Impact</th>
<th>Probability</th>
<th>Severity</th>
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<td>3</td>
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Result of the Exercise

Risks to be included in your organization’s Risk Assessment Tool to assess risk for each of the organization’s processes.
These come from the prioritization exercise.

**Type of Effort Guide**

- **Low** = Nothing
- Through 175 = Dashboard
- Through 200 = Monitor
- > 200 = Audit

If only three or four risks, a bubble chart is an option.

- Size of the bubble = Results of Last Audit
- Color of the bubble = Date of Last Audit
PM in Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

- Auditing and Monitoring Plan = Project Portfolio

Project Portfolio: refers to projects, programs, subportfolios, and operations managed as a group to achieve strategic objectives.

Regular items required

- Project Portfolio: refers to projects, programs, subportfolios, and operations managed as a group to achieve strategic objectives.
- The audits to be performed;
- Audit schedules, including start and end dates;
- Announced or unannounced audits;
- Audit methodology;
- Necessary resources;
- Types of Audit: desk or onsite;
- Person(s) responsible;
- Final audit report due date to compliance officer;
- Follow up activities from findings.

Source: Medicare Managed Care Manual: Chapter 21, Compliance Program Guidelines

Managed Care Manual: Chapter 21

PM in Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

... PLUS...

Project Management tools
- Pert Analysis
- Gantt Chart
- Resource Leveling / Capacity Plan
- Status KPIs
PM in Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

PERT Analysis to estimate the time it takes an auditor to complete an audit from engagement to final report:

\[ T_e = \frac{O + 4M + P}{6} \]

- \( T_e \): expected time estimate
- \( O \): Optimistic time estimate
- \( M \): Most likely time estimate
- \( P \): Pessimistic time estimate

Benefits:
- Optimize time of resources
- Increase team productivity
- Allocate efforts in time
- Allocate resources

Gantt Chart to visualize and keep track of when things are planned to be completed and are completed.
PM in Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

Resource Leveling to balance the workload. May cause:
- Changes in scheduling for the auditing and monitoring efforts
- Changes in resource allocation

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<th>Feb</th>
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PM in Element VI: Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

How is your audit going?...

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<tr>
<td>Universes received</td>
<td>25%</td>
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<tr>
<td>Test results discussed with area</td>
<td>50%</td>
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<td>Draft Report shared with Compliance Office and Area</td>
<td>75%</td>
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<tr>
<td>Final Report shared with Area</td>
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Manage the progress of your audit in a tangible way:
- Audit Notice sent = 5%
- Universes received = 25%
- Test results discussed with area = 50%
- Final report shared with area = 75%
- Corrective Action Plan received from area = 100%
**Project Life Cycle / Audit Life Cycle**

- Planning
- Executing and Monitoring
- Engagement
- Fieldwork
- Reporting
- Validating and Closeout
- Initiating
- Closing

**PM Knowledge Areas vs. Elements of an Effective Compliance Program**

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**Other PM Concepts**

- Project Management Office (PMO)
  - X X X X
Conclusion

- Project Management offers structure that facilitates:
  - Implementing the Compliance Program
  - Do more with less
  - Increasing team accountability
  - Providing a clearer sense of direction

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