Session Objectives

- Outline the key elements in developing an entity-specific compliance audit and monitoring plan
- Develop a draft audit and monitoring plan based upon Anchor Health Services

Audit & Monitoring:

Key Element of an Effective Compliance Program

- Monitoring and auditing provide *early identification* of program or operational weaknesses and may *substantially reduce exposure* to government or whistleblower claims.
Systematic Approach to Mitigating Risks

Key Differences: What is Monitoring?

**Monitoring:** an ongoing process usually directed by management to ensure processes are working as intended… *It measures "processes"*. Typical characteristics of monitoring efforts include the following:

- Less structured than auditing, through audit techniques may be employed
- Usually completed by operations or compliance personnel
- Involves on-going checking and measuring

Key Differences: What is Monitoring?

- Can be periodic spot checks, daily/weekly/monthly tests
- May identify the need of an audit
- Accountability for monitoring is typically to operations leadership
- If completed in relation to a compliance work plan, formal communication is reported to the Compliance Officer and Compliance Committee.
Key Differences: What is Auditing?

- Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.

- It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Institute of Internal Auditors

Key Differences: What is Auditing?

- Formal review governed by professional standards
- Completed by professionals independent of the operation
- Formal, systematic, and structured approach
- Involves planning, sampling, testing, and validity

Key Difference: What is Auditing?

- Formal communication with recommendations and corrective action measures
- Documented follow-up of corrective actions
- Audit accountability
- Report findings and observations to leadership, as appropriate.
### Examples

<table>
<thead>
<tr>
<th>Monitoring</th>
<th>Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Current Licensure/certification of contracted staff within policy timeframes</td>
<td>- Confirmation of system updates/revisions</td>
</tr>
<tr>
<td>- Mandatory training completed</td>
<td>- High risk regulatory updates or changes</td>
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<tr>
<td>- LEIE/SAM screening</td>
<td>- Follow-up to regulatory corrective action plans</td>
</tr>
<tr>
<td>- Receipt of Code of Conduct</td>
<td>- Determination of accuracy of newly instituted service line</td>
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<tr>
<td>- Others, as identified in risk assessment</td>
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</tbody>
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### Identifying Compliance Risks:

- Compliance Risk Assessment
  - Can be leveraged with other risk assessments, e.g., internal audit, risk management
- OIG Work Plan
- Industry issues
- Internal/External Surveys (state survey)
- New Service Lines
- New or updated claims generation systems

### Prioritizing Compliance Risks

- Based upon risk assessment findings, determine and display per agreed upon classifications:
  - High Volume/High Risk
  - Low Volume/High Risk, etc
- Work with management and compliance committee to prioritize and assign responsibilities:
  - Available resources
  - Anecdotal versus potential systematic issue
Audit & Monitoring Plan Template

<table>
<thead>
<tr>
<th>Identified Risk</th>
<th>Audit or Monitoring</th>
<th>Frequency</th>
<th>Responsible FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory education completed and attendance signed</td>
<td>Monitoring</td>
<td>Annually</td>
<td>CO</td>
<td>●</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100% access accuracy</td>
<td>Audit</td>
<td>Bi-Annually</td>
<td>CO</td>
<td>●</td>
<td>●</td>
<td></td>
</tr>
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Summary

Compliance audit and monitoring activities are:

- Tools to detect, deter, and prevent fraud, waste, and abuse (FWA)
- Compliance audit and monitoring plans are NOT static – need to be able to react to current situations
- Reflect the organizational commitment to mitigate potential compliance risk activities

Group Participation
Scenario

Anchor Health System opened a new skilled nursing facility and rehabilitation center. Several months after its opening a complaint to the state was made regarding a quality of care concern. A corrective action plan has been developed and continues to be implemented. Management is supportive of “getting back on the right track” related to a strong compliance program. So....

Question 1

What should be the CO’s first step in developing an audit and monitoring plan?

Question 2:

What types of data should the CO review in developing the plan?
Question 3

What do you anticipate will be the key compliance risks identified?

Question 4

How will you differentiate what will be an audit versus a monitor?