SCCE ALASKA REGIONAL CONFERENCE

CONTRACT COMPLIANCE OVERVIEW

Presented by: Sheryl Vacca, CHC-F, CCEP-F, CHRC, CHPC

Providence St. Joseph Health

SVP/Chief Risk Officer

1

OBJECTIVES

- Understand the elements needed related to a contract compliance program
- Identify 3 key priority areas for the compliance professional in the contracting process
- Develop a monitor tool for the contract management process

2

RISKS ASSOCIATED WITH CONTRACT LIFECYCLE MANAGEMENT (PROCESS) *

*GREEN AND RED ARE ESPECIALLY COMPLIANCE RELATED

- Fragmentation, manual processes for requesting, authorizing, negotiating, approving, signing and storing contracts
- Creation and storage of contracts done manually and offline and/or not tracked
- Business transactions occurring without a active contract in place
- Contract information does not flow to transactional systems to allow for automated matching
- No contract management policy exists to govern people, process, and technology

3

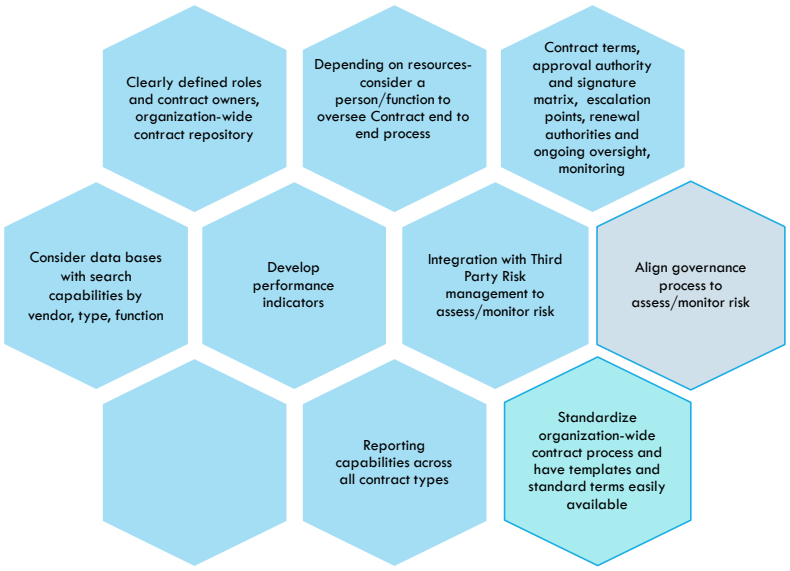
RISKS ASSOCIATED WITH CONTRACT LIFE MANAGEMENT (PROCESS) (CONT) *

*GREEN AND RED ARE ESPECIALLY COMPLIANCE RELATED

- Potential duplicate or redundant contracts, ie right hand doesn't know what the left hand is doing
- Lack of process to identify and broadly deploy updated contract terms based on new regulations/ requirements
- Inability to coordinate contract lifecycle management (CLM) with third party risk management (TPRM) in order to effectively monitor risk exposure across various risk domains (e.g., financial, compliance, cybersecurity, data privacy, etc.)
- Lack of visibility into contract terminations and ability to effectively manage offboarding

4

Suggested Key elements of Contract Lifecycle Management (process), not all inclusive and not in consecutive order



5

Suggested Key elements of Contract Lifecycle Management (process), not all inclusive and not in consecutive order

6

COMPLIANCE MONITORING TOOLS – 3 EXAMPLES

One

Contract terms, approval authority and signature matrix, escalation points, renewal authorities and ongoing oversight, monitoring

- Does policy exist to address these areas?

If not, identify what is used to define these areas, ie: protocol, Templates, etc.

- If policy exists, develop a check list for monitoring from the Policy. Ie: approval authority matrix is followed, contract Exceptions were escalated, renewals according to policies, Active contracts exist for services rendered

Other areas which could be monitored for compliance:

Two

- Does a process to identify and broadly disseminate updated contract terms based on new regulations/ requirement exist? If yes, use that process description for areas to monitor. If no, ask how this is done, if at all.

Three

- Are contract terminations effectively managed and offboarded?

Is there a policy which defines contract termination process that includes considerations from the finance, information security, information services, human resources, operations, compliance, legal? If not, then determine what the process is and identify gaps in your controls/compliance.

7

IN SUMMARY…

By having a Contract Compliance program we will assure that management has:

- Defined & executed consistent risk management practices across the organization's contract lifecycle integrated with third party risk management
- Minimized the risk of potential fines or penalties for lack of compliance
- Enhanced the process and control environment to prevent non-compliance issues
- Decreased redundancy and duplication of contracts
- Assured that contracts are executed according to terms and terminated appropriately

8

QUESTIONS?

9