Policy Level: UW Medicine

Policy Title: COM-01 Auditing and Monitoring Policy

Policy Number: 01

Date Established: 07/26/2010

Date Revised:

Date of Last Cyclic Review:

**Purpose**

Establish a consistent standard and approach for UW Medicine compliance audits based on systematic risk identification at UW Medicine and taking into account the specific risk elements at each site.

**Definitions**

**Auditing** is a formal, systematic, and disciplined approach designed to evaluate and improve the effectiveness of processes and related controls. Compliance audits are typically completed by professionals who are independent of the operation being evaluated. Audit results and recommendations for corrective action are communicated in writing and there is documented follow-up to ensure that the recommendations have been implemented. Accountability for the audit process resides with the responsible Compliance Officer.

**Monitoring** is the on-going checking of operational processes, usually directed by management, to ensure processes are working as intended. Monitoring is an effective detection control that may identify the need for an audit. Accountability for monitoring resides with operational and executive leadership.

**Policy**

It is the policy of UW Medicine to audit compliance system processes and internal controls.

Each UW Medicine entity\(^1\) Compliance Office shall develop and maintain an annual Compliance Auditing and Monitoring Plan based on a risk assessment of the entity’s relevant compliance requirements. Factors that contribute to the likelihood and impact of noncompliance will be considered in determining audit priorities.

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2 For purposes of this policy, UW Medicine entities include: HMC, UWMC, UWP, NWH, ALNW and UWP.
Compliance is responsible for coordinating with UW and entity specific Internal Audit departments to avoid duplication of effort.

Each entity’s Plan will be approved by the relevant board or oversight committee, reprioritized periodically in response to emerging risks, and communicated to the appropriate entity stakeholders.

Compliance audits shall adhere to the audit standards reflected in this policy, and will be conducted by appropriately trained and/or certified compliance professionals who are free from real or perceived conflicts of interest.

Appropriate and timely steps shall be taken to address noncompliance, including, but not limited to the following:

a. Stop the noncompliant activity
b. Report the noncompliance to relevant leadership and oversight bodies
c. Recommend actions to improve compliance and/or correct deficiencies
d. Coordinate effective meaningful management responses
e. Repayment/remediation of any overpayment
f. Re-audit to assure that the remediation activities have been successfully deployed

Roles and Responsibilities

The entity Compliance Officer, working closely with the entity’s senior leaders, is responsible for the following:

a. coordinating the risk assessment process, and engaging appropriate entity stakeholders
b. preparing the Annual Compliance Auditing and Monitoring Plan
c. advocating for adequate resources to execute on the audit plan
d. developing audit methodology, documentation requirements, and communication protocols
e. ensuring that records are retained in accordance with regulatory and institutional requirements
f. ensuring that appropriate and timely steps are taken to address noncompliance discovered through the audit or monitoring process
g. provide leadership to overpayment/repayment processes
h. reporting at least annually to the relevant board or oversight committee

The entity Executive Director is responsible for ensuring that operational and support units provide the Compliance Officer with timely and appropriate access to all information needed to assess risk and conduct audits.
Audit Standards

UW Medicine Compliance conducts three types of audits, all of which are expected to have a pre-determined purpose, sample size and definition of an error. If an audit deviates from the standards below, the reason for deviation will be documented in the audit report. Depending on the type of audit, an error rate greater than five percent (5%) triggers further analysis.

a. Audit Types:
   b. Probe Audit – The purpose of a probe audit is to determine whether a compliance issue exists. The sample size of a probe audit is usually 30 or less.
   c. Routine Audit\(^3\) - The purpose of a routine audit is to identify potential compliance issues. Routine audits are scheduled in the annual audit plan. The sample size of an audit is usually 30 for a department or system review and 10 for an individual provider. An error rate greater than five percent (5%) or a score that does not meet the point threshold established for professional billing audits, triggers analysis by the compliance officer to determine whether additional actions are required.
   d. Expanded Review Audit (e.g., focus reviews)
      The purpose of an expanded review audit is to determine the records that require repayment and the amount of each repayment. All applicable records are audited in this audit type.

Audit Process

a. Compliance Notification – Compliance always notifies the appropriate individuals or department contacts (referred to as the audit subjects) that a routine audit will be conducted, explains the nature of the audit, the process to be followed, and the anticipated timeline for completing the audit. The appropriate notifications for probe and expanded review audits will be determined on a case-by-case basis by the compliance officer.

b. Draft Audit Report - Compliance always shares a draft report with the department and/or subject(s) of the audit, and will offer to meet in person. The report documents scope, sample size, time period, audit methodology, findings and recommendations. This provides the opportunity for the subject of the audit to provide explanation or additional documentation.

c. Subject of Audit Response - The subject of the audit works collaboratively with Compliance to create a corrective action plan that will address any adverse findings, with consideration of the practicality and efficacy of the remediation steps. This plan will identify the deliverables, the expected completion date, and the individual responsible for each action. If the timeline must be extended, the audit subject and Compliance will agree on a new completion date.

\(^3\) Examples include: coding confirmation audits, electronic medical record audits, clinical research billing audits, etc.
d. **Report Finalized** – The audit report, including the corrective action plan if appropriate, is considered to be finalized upon the signature of the analyst and Compliance Officer or designee.

e. **Report Distribution** - Compliance distributes the final audit report. At a minimum, the final audit report will be sent to the following individuals:
   - Manager of the individual or department that was audited or reviewed
   - Entity leadership

f. **Remediation Assurance** - As necessary, Compliance monitors each corrective action plan for completion. As appropriate, Compliance performs a follow-up audit to evaluate the effectiveness of the corrective actions taken.

g. **Reporting Audit Outcomes** - Compliance routinely reports to the relevant board or oversight committee on audit activities.

h. **Audit Documentation Retention** - Audit documentation is maintained for ten years from the last date of audit activity, or in accordance with the entity’s retention requirements, whichever is greater.

**Approvals**

_UW Medicine Executive Compliance Committee_    07/26/2010
Policy Approved By    Date

**Additional Contacts**

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