

<b>KS Plan Administrators</b>	<b>SUBJECT: Monitoring and Auditing</b>	<b>POLICY NO: CP 8 PAGE 1 of 4</b>
<b>Reference: Medicare Managed Care Manual Ch 21 Compliance Program Guidelines</b>	<b>DATE: October 2012 REVISION: December 2018</b>	
<b>DISTRIBUTION: All Departments</b>	<b>FUNCTIONAL AREAS: All Departments</b>	
<b>SUPERCEDES POLICY: N/A</b>	<b>REFERENCE/ATTACHMENT:</b>	
<b>PREPARED BY: Johnathan Randle, Revised by Susan Matthews and Nellie Chavez</b>	<b>DATE APPROVED: October 11, 2012</b>	

## I. Goal

To continuously evaluate compliance, rapidly detect potential violations, and establish and implement an effective system for routine monitoring and identification of compliance risk. This includes:

- Routine monitoring of compliance risk areas by business unit and delegate.
- Routine internal audits to confirm results of monitoring.
- External audits of entity as appropriate, including to evaluate KSPA and first tier compliance with requirements.
- Evaluation of overall effectiveness of the Compliance Program.

## II. Definitions:

**Monitoring:** Is an ongoing check and measurement of performance directed by management to ensure processes are working as intended. Although auditing techniques may be employed, monitoring is often less structured than auditing. Monitoring is typically performed by department staff and communicated to department management. Monitoring efforts are generally more frequent and closer to real time than audit activities.

**Auditing:** Formal, systematic review of past performance against applicable internal and external standards, using structured methodology and evaluation tools. Audits are typically performed by individuals outside of the department or function under review, such as the Compliance Department.

## III. Policy

KSPA will develop and implement appropriate monitoring and auditing processes to evaluate compliance with applicable laws, regulations and policies, and rapidly detect potential issues, problems or violations. KSPA will provide proactive, targeted efforts to prevent, detect, and respond to fraud, waste, and abuse issues. Monitoring and auditing of first tier, downstream, and related entities will be conducted and may result in programmatic actions. The Compliance Committee is responsible for oversight of KSPA monitoring and auditing efforts and will receive regular

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reports regarding performance, updates to systems, staffing, etc.

<b>Procedure / Guidelines for Compliance</b>		<b>Responsible Party</b>
<b>Monitoring</b>		
1.	<b>Risk Assessment</b> The Compliance Department will conduct monthly and or quarterly risk assessment and monitoring meetings with all internal business units and delegates considered to be high risk.	KSPA Compliance
2.	<b>Performance Indicators</b> Performance indicators will coincide with the business units and or delegates corresponding Part C and D Manual Chapter, CMS audit Guide and other applicable state and federal laws and regulations.	Department Management
3.	<b>Monitoring Method</b> A suitable monitoring method must be implemented for each performance indicator. Examples of possible monitoring methods include conducting risk assessments, data review, charts and graphs, spot checks, random sample review etc.	Compliance Committee and Department Management
4.	<b>Frequency</b> Monitoring should be performed by all managers /supervisors/Compliance Committee members on an ongoing basis. One should monitor a performance indicator with frequency appropriate to the nature of the process and relative risk it represents. (e.g. monitoring efforts can be periodic spot checks or test on a daily/weekly/monthly basis)	Department Management
5.	<b>Follow-up and Corrective Action</b> Any monitoring result indicative of a potential issue, problem or noncompliance must be adequately addressed. If necessary, the Department Manager should conduct a more thorough review to determine whether the monitoring result accurately reflects reality. Negative monitoring results may be reported to the Compliance Officer, based on the scope and severity of the issue. When there are severe monitoring results, the Compliance Officer and Department Manager will determine appropriate next steps, such as conducting a focused audit. Confirmed problems or cases of noncompliance must be remediated with appropriate corrective action.	Compliance Committee and Department Management

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6.	<p><b>Reporting</b> Monitoring activities are directed by and reported back to management as an ongoing feedback mechanism to demonstrate that key controls in a process are working effectively. If completed in relation to the Compliance Work Plan, formal communication should be made to the Compliance Officer and the Compliance Committee.</p>	Compliance and Department Management
<b>Auditing</b>		
1.	The Compliance Department will conduct or facilitate operational and first-tier audits sufficient to evaluate KSPA level of compliance with applicable laws, regulations and company policies. All operational and first-tier audits will be appropriately planned and structured according to established methodology, using an accepted tools and standards (e.g., one of the CMS Audit Guides).	Compliance and Department Management
2.	<p><b>Focused Audits</b> The Compliance Officer will arrange focused audits of specific departments, first tier entities, or areas as necessary. Focused audits may result from risk assessment data, departmental monitoring, regulatory concerns (e.g. OIG Work Plan), employee incident reporting, or any other credible indicators.</p>	Compliance and Management
3.	<p><b>Routine Audits</b> The Compliance Officer will periodically schedule routine audits to do spot checks of KSPA departments or first tier entities, as necessary and at a frequency to be determined by the Compliance Officer and Compliance Committee.</p>	Compliance Officer
4.	<p><b>FDR Audits</b> KSPA contractual agreements with first tier entities provide for routine and random auditing. Where FDRs perform their own audits, KSPA will request a copy of the FDR's audit work plan and request the audit results. When corrective action is needed, KSPA will ensure that corrective actions are taken by the entity.</p>	Compliance Officer
5.	<p><b>Follow-up and Corrective Action</b> Any audit result indicative of a potential issue, problem or noncompliance must be adequately addressed. Based on the scope and severity of the issue, the Compliance Officer and Department Manager will determine appropriate next steps. Confirmed problems or cases of noncompliance must be remediated with appropriate corrective action.</p>	Compliance Officer
6.	<p><b>Reporting</b> – Audit findings that represent significant risk to the organization will be reported immediately to the</p>	Compliance Officer

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	<p>President and the Board of Directors.  The Compliance Officer will prepare a quarterly report of the status of the Audit Plan. The report should summarize:</p> <ul style="list-style-type: none"> <li>• Audit objectives</li> <li>• Scope and methodology</li> <li>• Results of current audits, including any detected issues or non-compliance and resulting corrective action.</li> <li>• Recommendations</li> </ul> <p>The report will be presented to the Compliance Committee.</p>	
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