Subject: LD0009 Auditing and Monitoring Activities	**Published Date:** 08/21/2025
Leadership	**Next Review Date:** 08/21/2026
Scope: SBM Stony Brook Campus	**Original Creation Date:** 01/01/1992

Policy:

Stony Brook University Hospital (including all campus locations, collectively SBUH), is committed to complying with applicable Federal and State rules and regulations. SBUH maintains a comprehensive auditing and monitoring program to help identify risks and exposures that affect SBUH's ability to accomplish its mission. To preserve objectivity, the Office of Compliance, Audit and Privacy Services (OCAPS) has no authority or responsibility over any operation or activity audited; however, OCAPS has full authority to review all areas of SBUH at any time with unrestricted access to records, systems, property and personnel. The OCAPS uses audits and other evaluation techniques to determine the effectiveness of internal controls, report identified weaknesses and make recommendations for improvements.

Definitions:

Auditing: For the purpose of this policy, describes a formal review of compliance with industry, regulatory and SBUH standards conducted by individuals who are independent of the process or department being audited. Areas audited may include areas identified internally or by regulatory bodies, such as the Centers for Medicare & Medicaid Services (CMS); areas of heightened enforcement concerns as identified by the guidance documents or Work Plans of the Office of Inspector General (OIG) and Office of Medicaid Inspector General (OMIG); or areas identified in special fraud alerts, audits, corporate integrity agreements, and other law enforcement initiatives.

Monitoring: An informal process of ensuring there are existing controls in work areas throughout SBUH and such controls are operating effectively. All internal monitoring activity results are documented to include the findings and corrective actions as necessary.

Stony Brook University Hospital campus locations:

Stony Brook University Hospital Main Campus (SBUH Main Campus)

Stony Brook Eastern Long Island Hospital (SBELIH)

Stony Brook Southampton Hospital (SBSH)

Procedures:
1.   SBUH has established and implemented a system of routine monitoring and identification of compliance and emerging risks. Every fiscal year, the OCAPS develops a work plan that includes auditing and monitoring of compliance and other risk areas as identified by governmental entities, industry and subject matter stakeholders. OCAPS presents the work plan to the Compliance and Audit Committee (CAC) of the Governing Body and the Governing Body for approval.

2.   Auditing and monitoring include but are not limited to: process reviews, internal control assessments, adherence to SBUH policies and procedures, billing compliance with state, federal and other payers, CPT/HCPCS and applicable ICD coding for hospital services, MS-DRG coding, claim development and documentation, claim submission and reimbursement, cost reporting, marketing, compliance with Stark and Anti-Kickback laws; and compliance risk areas including: billings, payments, ordered services, medical necessity, quality of care, governance, mandatory reporting, credentialing, and contractor, subcontractor, agent or independent contract oversight.

3.   The annual work plan allocates resources and establishes audit priorities based on risks and exposures that affect SBUH's ability to accomplish its mission.

4.   The OCAPS schedules and assigns audits based on the complexity of the engagements and availability of resources. The OCAPS conducts audits in accordance with industry standards and governmental requirements, maintaining continual independence and objectivity.

5.   The OCAPS sends an engagement letter to management with copies to pertinent members of senior leadership that describes the general purpose, the objectives, the auditor in charge, the projected timeline associated with the engagement and the audit process.

6.   The auditor maintains open communications with management during the audit process.

7.   The auditor prepares and shares a draft report with the auditee via email and schedules an exit conference to review the outcome and report with the auditee. The draft report includes the audit purpose, objectives, scope, methodology, and findings with opportunities for improvement and recommendations. The exit conference is an opportunity to discuss the content of the draft report and to clarify any ambiguities; the auditor makes any changes to the draft report deemed necessary.

8.   After incorporating any necessary revisions, the auditor issues a final draft report to the auditee.

9.   The OCAPS typically affords auditees a specified amount of time to respond in writing to the final draft report. The auditee includes a written response to each finding and the identified opportunities for improvement. The auditee sends their written response agreeing or disagreeing with the findings including their corrective actions with target dates for implementation to the auditor. If circumstances prohibit an auditee from responding timely, the auditee contacts the auditor to request more time.

10.   After receipt of management's response, the OCAPS issues a final written report inclusive of management's response to the auditee with copies to the individuals listed on the engagement letter. The OCAPS copies the Chief Executive Officer of SBUH on all audits conducted.

11.   The OCAPS provides final audit and compliance reports received from Management, the auditee, on planned OCAPS Work Plan items to the Governing Body and the Senior Vice-President for the Health Sciences Schools.

12.   The OCAPS conducts follow-up reviews as necessary to verify the implementation and effectiveness of corrective actions.

13.   On an annual basis, the OCAPS notifies management of all areas that have completed Internal Control Assessment Program (ICAP) internal control training to complete self-assessment surveys delineating the effectiveness of their internal controls. Each fiscal year, OCAPS selects departments to validate assessment results.

14.   Management performs documented test procedures to obtain sufficient evidence to support their assessment of the effectiveness of internal controls and retains appropriate evidentiary documentation for review by Internal Audit or others upon request.

15.   The OCAPS conducts audits in conjunction with investigations as requested on an as-needed basis, regarding issues such as alleged misconduct, non-compliance with established policies, laws, rules or

regulations, misuse of SBUH resources, false time-reporting, internal theft, and/or conflicts of interest.

16.   The OCAPS provides consultation and advisory services to all levels of the workforce and for any services of SBUH. This includes interpreting policies or reviewing specific processes and controls and providing guidance or recommendations on how to strengthen internal controls.

17.   The OCAPS regularly provides reports to the Compliance and Audit Committee of the Governing Body outlining risks and reviewing OCAPS audits and projects. To ensure transparency, the Director of Internal Audit may independently share concerns directly to the Chief Executive Officer or Chief Administrative Officer, respective to the SBUH campus, as applicable.

Forms: (Ctrl-Click form name to view)
None

Policy Cross Reference: (Ctrl-Click policy name to view)

LD0067 Internal Control Standards

Relevant Standards/Codes/Rules/Regulations/Statutes:
Institute of Internal Auditors (IIA)
New York State Internal Control ActOffice of Medicaid Inspector General Compliance Program Guidance
Office of Inspector General Compliance Program Guidance

References and Resources:

None