



Stony Brook Medicine
Administrative Policy and Procedures

Subject: LD0009 Auditing and Monitoring Activities	Published Date: 06/26/2017
Leadership	Next Review Date: 06/26/2020
Scope: SBM Stony Brook Campus	Original Creation Date: 01/01/1992

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

Responsible Department/Division/Committee:

Office of Compliance and Audit Services

Policy:

Stony Brook University Hospital and its campuses (collectively "SBUH") are 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. The Office of Compliance and Audit Services (OCAS) has no authority or responsibility over any operation or activity audited; however, OCAS has full authority to review all areas of SBUH at any time with unrestricted access to records, systems, property and personnel. The OCAS uses audits and other evaluation techniques to determine the effectiveness of internal controls, report identified weaknesses, and make recommendations for improvements.

Definitions:

None

Procedures:

1. The OCAS develops a work plan that includes auditing and monitoring for the fiscal year and presents this plan to the Compliance and Audit Committee (CAC) of the Governing Body for approval.
2. Auditing and monitoring includes but is not limited to, 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, reimbursement, cost reporting, marketing, and compliance with Stark and Anti-Kickback laws.

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 OCAS schedules and assigns audits based on the complexity of the engagements and availability of resources. The OCAS conducts audits in accordance with professional standards and maintains continual independence and objectivity.
5. The OCAS sends an engagement letter to management that describes the general purpose, the objectives, the auditor in charge, the projected period of 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 for review and feedback within two weeks. The draft report includes the audit purpose, objectives, scope, methodology, opportunities for improvement, and recommendations.
8. The auditor generally schedules an exit conference to go over the contents with the auditee within two weeks of issuing the draft report. 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.
9. If there are no necessary revisions, the auditor issues a final written report to the auditee with copies to the individuals listed on the engagement letter.
10. If revisions are necessary, the auditor emails the revised draft report back to the auditee for final review. After one week, the auditor issues a final written report to the auditee with copies to the individuals listed on the engagement letter.
11. The OCAS typically affords auditees one month to respond in writing to the final report. The auditee includes a written response to each of the identified opportunities for improvement and recommendations and sends their response including corrective actions and target dates for implementation to the auditor. If circumstances prohibit an auditee from responding timely, the auditee should contact the auditor to request more time.

12. The OCAS conducts follow-up reviews to verify the implementation of corrective actions.
13. Management from areas that have completed the Internal Control Assessment Program (ICAP) training must annually furnish the Director of Internal Audit with a self-assessment delineating the adequacy of internal controls in their departments.
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 OCAS conducts 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 OCAS provides consultation and advisory services to all levels of staff and for any services of SBUH. This may involve interpreting policies or reviewing specific processes and controls and providing guidance or recommendation on how to strengthen internal controls.
17. The OCAS meets regularly with the CAC of the Governing Body to discuss risks and review OCAS audits and projects.

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 Act](#)
[18 NYCRR 521.3 - Element #6](#)

References and Resources:

None