

**WEST MICHIGAN COMMUNITY MENTAL HEALTH
ADMINISTRATIVE MANUAL**

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CHAPTER: Regulatory Management				
SECTION: Regulatory Management				
SUBJECT: Internal Auditing and Monitoring				
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- I. **PURPOSE:** West Michigan CMH's governing body believes that an ongoing evaluation program is critical to a successful compliance program. An acceptable evaluation program must contain both auditing and monitoring components in order to determine:
1. Whether West Michigan CMH is in fact operating under current applicable legal, regulatory and contractual standards; and
 2. Whether West Michigan CMH's regulatory management program is effective in detecting, deterring and remediating compliance violations.
- II. **APPLICATION:** All programs and services operated by West Michigan CMH.
- III. **REQUIRED BY:** 42 CFR, Ch. IV §438.608; Contract with PIHP.
- IV. **POLICY:** West Michigan CMH shall put into place auditing and monitoring procedures designed to accomplish the following:
1. To determine whether West Michigan CMH and its network providers are providing services and billing in accordance with Federal and State laws, regulations and contractual requirements.
 2. To determine whether West Michigan CMH and its network providers are providing services that are:
 - a. Appropriately documented and coded;
 - b. Actually provided;
 - c. Reasonable and medically necessary; and
 - d. Provided without improper incentives.
 3. To identify compliance problem areas requiring special focus; and
 4. To provide a baseline "snapshot" by which to measure the effectiveness of compliance efforts.

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V. PROCEDURES:

Standards and Guidelines:

1. In order to ensure the successful implementation of an effective compliance program, regular and periodic compliance audits will be performed by internal or external auditors who have expertise in Federal and State health care statutes, regulations and Federal health care program requirements. Audits will be planned based on risks identified through organizational risk assessments and will focus on the WMCMH programs and managed care functions including external relationships with third-party contractors. In particular, the audits will focus on the risk areas known to affect WMCMH, especially the data and information that affect payments by Medicaid as well as all other payer sources.
2. Internal staff or external sources involved in any audits will:
 - a. Possess the qualifications and experience necessary to adequately identify potential issues with the subject matter to be reviewed;
 - b. Be independent of the specific functional area examined;
 - c. Have access to existing audit resources, relevant personnel and all relevant areas of operation;
 - d. Specifically identify areas where corrective actions are needed.

VI. SUPPORTING DOCUMENTS: Not applicable.