

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-06 Medicare Financial Management</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 331</b>	<b>Date: November 15, 2019</b>
	<b>Change Request 11487</b>

**SUBJECT: The Fiscal Year 2020 Updates for the CMS Internet Only Manual (IOM) Publication (Pub.) 100-06, Medicare Financial Management Manual, Chapter 7 - Internal Control Requirements**

**I. SUMMARY OF CHANGES:** This Change Request (CR) contains the upcoming Fiscal Year 2020 annual document updates, and provides clarification for the Office of Management & Budget (OMB) A-123 and Internal Controls over Financial Reporting (ICOFR).

**EFFECTIVE DATE: October 1, 2019**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: December 17, 2019**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	7/10.1.2/FMFIA and the CMS Medicare Contractor Contract
R	7/10.2.3/Standards for Internal Control
R	7/20/CMS Contractor Internal Control Review Process and Timeline
R	7/20.1/Risk Assessment
R	7/30.1/Certification Package for Internal Controls (CPIC) Requirements
R	7/30.1.1/OMB Circular A-123, Appendix A: Internal Controls Over Financial Reporting (ICOFR)
R	7/30.2/Certification Statement
R	7/30.4/CPIC- Report of Material Weaknesses
R	7/30.5/CPIC- Report of Internal Control Deficiencies
R	7/30.6/Definitions of Control Deficiency, Significant Deficiency, and Material Weakness
R	7/30.7/Material Weaknesses Identified During the Reporting Period
R	7/30.8/Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers
R	7/30.9/List of Complementary User Entity Controls (CUECs)
R	7/30.9.1/A – Information Systems
R	7/30.9.2/B – Claims Processing
R	7/30.9.3/F - Medical Review (MR)
R	7/30.9.4/G - Medicare Secondary Payer (MSP)
R	7/30.9.5/I – Provider Audit
R	7/30.9.6/J – Financial
R	7/30.9.6.1/J – Financial (Non-HIGLAS)
R	7/30.9.6.2/J – Financial (HIGLAS)
R	7/30.9.7/K – Debt Referral (MSP and Non-MSP)
R	7/30.9.7.1/K – Debt Referral (MSP and Non-MSP) (Non-HIGLAS)
R	7/30.9.7.2/K – Debt Referral (MSP and Non-MSP) (HIGLAS)
R	7/30.9.8/L – Non-MSP Debt Collection
R	7/40.2/Corrective Action Plan (CAP) Reports
R	7/40.3/CMS Finding Numbers
R	7/40.4/Initial CAP Report
R	7/40.5/Quarterly CAP Report
R	7/40.6/CMS Initial and Quarterly CAP Report Template

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
R	7/50.2/B Controls – Claims Processing
R	7/50.9/I Controls – Provider Audit
R	7/50.11/K Controls – Debt Referral (MSP and Non-MSP)
R	7/70/List of Commonly Used Acronyms

### **III. FUNDING:**

#### **For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

### **IV. ATTACHMENTS:**

**Business Requirements**

**Manual Instruction**

# Attachment - Business Requirements

Pub. 100-06	Transmittal: 331	Date: November 15, 2019	Change Request: 11487
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## I. GENERAL INFORMATION

**A. Background:** The Federal Managers' Financial Integrity Act of 1982 (FMFIA) established internal control requirements that shall be met by federal agencies. For CMS to meet requirements of FMFIA, Medicare contractors shall demonstrate that they comply with FMFIA.

**B. Policy:** The CMS contract with Medicare contractors includes an article titled FMFIA. In this article, the Medicare contractor agrees to cooperate with CMS in the development of procedures permitting CMS to comply with FMFIA, and other related standards prescribed by the Comptroller General of the United States. Under various provisions of the Social Security Act and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Medicare contractors are to be evaluated by CMS on administrative service performance. CMS evaluates Medicare contractor's performance by various internal and external audits and reviews.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
11487.1	All contractors shall be aware of the updates throughout <u>Chapter 7 – Internal Control Requirements</u> .  (See IOM Pub. 100-06, Chapter 7, All Sections)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.2	All contractors shall comply with the updated Section <u>10.1.2 - FMFIA and the CMS Medicare Contractor Contract</u> .  (See Pub. 100-06, Chapter 7, Section 10.1.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.3	All contractors shall comply with the updated Section <u>10.2.3 - Standards for Internal Control</u> .	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	(See Pub. 100-06, Chapter 7, Section 10.2.3)										
11487.4	All contractors shall comply with the updated Section <u>20 - CMS Contractor Internal Control Review Process and Timeline</u> .  (See Pub. 100-06, Chapter 7, Section 20)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.5	All contractors shall comply with the updated Section <u>20.1 - Risk Assessment</u> .  (See Pub. 100-06, Chapter 7, Section 20.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.6	All contractors shall comply with the updated Section <u>30.1 – Certification Package for Internal Controls (CPIC) Requirements</u> .  (See Pub. 100-06, Chapter 7, Section 30.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.7	All contractors shall comply with the updated Section <u>30.2 - Certification Statement</u> .  (See Pub. 100-06, Chapter 7, Section 30.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.8	All contractors shall comply with the updated Section <u>30.4 - CPIC- Report of Material Weaknesses</u> .  (See Pub. 100-06, Chapter 7, Section 30.4)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.9	All contractors shall comply with the updated Section <u>30.5 - CPIC- Report of Internal Control Deficiencies</u> .  (See Pub. 100-06, Chapter 7, Section 30.5)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.10	All contractors shall comply with the updated Section <u>30.6 - Definitions of Control Deficiency, Significant Deficiency, and Material Weakness</u> .  (See Pub. 100-06, Chapter 7, Section 30.6)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.11	All contractors shall comply with the updated Section <u>30.7 - Material Weaknesses Identified During the Reporting Period</u> .  (See Pub. 100-06, Chapter 7, Section 30.7)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
11487.12	All contractors shall comply with the updated <u>Section 30.8 – Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers.</u>  (See Pub. 100-06, Chapter 7, Section 30.8)	X	X	X	X						
11487.13	All contractors shall comply, if considered, with the recommended CUECs defined under the updated <u>Section 30.9 – List of Complementary User Entity Controls (CUECs).</u>  (See Pub. 100-06, Chapter 7, Section 30.9)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13.1	All contractors shall comply, if considered, with the recommended CUECs defined under the updated <u>Section 30.9.1 – A – Information Systems.</u>  (See Pub. 100-06, Chapter 7, Section 30.9.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13.2	All contractors shall comply, if considered, with the recommended CUECs defined under the updated <u>Section 30.9.2 – B – Claims Processing.</u>  (See Pub. 100-06, Chapter 7, Section 30.9.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13.3	All contractors shall comply, if considered, with the recommended CUECs defined under the updated <u>Section 30.9.3 – F - Medical Review (MR).</u>  (See Pub. 100-06, Chapter 7, Section 30.9.3)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13.4	All contractors shall comply, if considered, with the recommended CUECs defined under the updated <u>Section 30.9.4 – G - Medicare Secondary Payer (MSP).</u>  (See Pub. 100-06, Chapter 7, Section 30.9.4)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13.5	All contractors shall comply, if considered, with the recommended CUECs defined under the updated <u>Section 30.9.5 – I – Provider Audit.</u>  (See Pub. 100-06, Chapter 7, Section 30.9.5)	X		X							
11487.13.5.1	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number I.3	X		X							

Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
	<p>under Section <u>30.9.5 – I – Provider Audit</u>.</p> <p>Previously, this CUEC applied to Control Numbers I.3 and I.5:</p> <p>I.3: CMS provides general instructions to ensure that Provider Cost Reports are properly submitted and accepted. Appropriate program policies and instructions are provided to address situations where the provider did not file a cost report.</p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>									
11487.13.5.2	<p>All contractors shall comply, if considered, with the new CUEC to apply only with Control Number I.5 under Section <u>30.9.5 – I – Provider Audit</u>.</p> <p><i>I.5: CMS provides general instructions to ensure that Provider Cost Reports are issued a Notice of Program Reimbursement timely.</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13.5.3	<p>All contractors shall comply, if considered, with the new CUEC to apply only with Control Number I.6 under Section <u>30.9.5 – I – Provider Audit</u>.</p> <p><i>I.6: CMS provides general instructions to ensure audit systems (STAR) are updated in compliance with program instructions.</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13.5.4	<p>All contractors shall be aware that the CUEC for Control Number I.9 under Section <u>30.9.5 – I – Provider Audit</u> has been deactivated since Control Number I.9 is not in use:</p> <p><i>I.9: Control number I.9 reserved. Control not in use as of IOM revision number 278.</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13.5.5	<p>All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number I.10 under Section <u>30.9.5 – I – Provider Audit</u>.</p>	X		X						

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	I.10: <i>CMS provides general instructions for audit work that allows for an internal quality control process to be established.</i>  (See Pub. 100-06, Chapter 7, Section 30.9.5)										
11487.13.5.6	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number I.11 under Section <u>30.9.5 – I – Provider Audit.</u>  I.11: <i>CMS provides guidelines and instructions to ensure that cost reports are scoped and selected for audit or settled without audit and that audit plans are approved by CMS and in compliance.</i>  (See Pub. 100-06, Chapter 7, Section 30.9.5)	X		X							
11487.13.5.7	All contractors shall comply, if considered, with the new CUEC to apply only with Control Number I.12 under Section <u>30.9.5 – I – Provider Audit.</u>  I.12: <i>CMS provides manual instructions and timelines to ensure that the contractor’s audit process is conducted in compliance, i.e., timeframes for issuance of the engagement letter, documentation requests, pre-exit and exit conferences, and settlement of the audited cost report.</i>  (See Pub. 100-06, Chapter 7, Section 30.9.5)	X		X							
11487.13.5.8	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number I.13 under Section <u>30.9.5 – I – Provider Audit.</u>  I.13: <i>CMS provides instructions for audit programs, desk review programs and CMS audit and reimbursement policies, and other audit related instructions so that they can be communicated to audit staff.</i>  (See Pub. 100-06, Chapter 7, Section 30.9.5)	X		X							
11487.13.5.9	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number I.14 under Section <u>30.9.5 – I – Provider Audit.</u>	X		X							



Number	Requirement	Responsibility								Other
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				
		A	B			F I S S	M C S	V M S	C W F	
	<p>Previously, this CUEC applied to Control Numbers I.14 and I.16:</p> <p>I.14: <i>CMS provides instructions to ensure the contractor's audit staff maintains its necessary knowledge and skills by completing continuing education and training (CET).</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>									
11487.13.5.10	<p>All contractors shall be aware that the CUEC for Control Number I.15 under Section <u>30.9.5 – I – Provider Audit</u> has been removed:</p> <p><i>[I.15: CMS ensures that instances of fraud and abuse are referred to the Zone Program Integrity Contractor (ZPIC).]</i></p> <p><i>[Brackets denote removed text]</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13.5.11	<p>All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number I.16 under Section <u>30.9.5 – I – Provider Audit</u>:</p> <p>I.16: All cost reports where fraud and abuse is suspected shall be referred to the <i>Unified</i> Program Integrity Contractor (UPIC) in accordance with CMS and contractor instructions.</p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13.5.12	<p>All contractors shall be aware that the CUEC for Control Number I.17 under Section <u>30.9.5 – I – Provider Audit</u> has been removed:</p> <p><i>[I.17: CMS provides instructions and guidelines to ensure that data is properly entered into FISS screens for the HITECH system to generate incentive payments.]</i></p> <p><i>[Brackets denote removed text]</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						

Number	Requirement	Responsibility								Other
		A/B MAC			D M E M A C	Shared- System Maintainers				
		A	B	H H H		F I S S	M C S	V M S	C W F	
11487.13. 5.13	<p>All contractors shall be aware that the CUEC for Control Number I.18 under Section <u>30.9.5 – I – Provider Audit</u> has been removed:</p> <p><i>[I.18: CMS provides instructions and guidelines to ensure that cap determination letters are issued accurately and timely to Hospices and include all related documentation.]</i></p> <p><i>[Brackets denote removed text]</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13. 5.14	<p>All contractors shall comply, if considered, with the new CUEC to apply only with Control Number I.19 under Section <u>30.9.5 – I – Provider Audit</u>.</p> <p><i>I.19: CMS provides instructions and guidelines to ensure that cap determination letters are issued accurately and timely to Hospices and include all related documentation.</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13. 5.15	<p>All contractors shall comply, if considered, with the updated CUEC to apply only with Control Numbers I.1, I.2, I.3, and I.6 under Section <u>30.9.5 – I – Provider Audit</u>. Previously, this CUEC applied to Control Numbers I.1, I.2, I.3, I.5, I.6, I.7, I.8, and I.11:</p> <p><i>I.1, I.2, I.3, and I.6: CMS provides a database, System Tracking for Audit and Reimbursement, so that information is accurate and timely. CMS maintains and updates program instructions to ensure that inputs into the STAR system are in compliance.</i></p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.5)</p>	X		X						
11487.13. 6	<p>All contractors shall comply, if considered, with the recommended CUECs defined under the updated Section <u>30.9.6 – J – Financial</u>.</p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.6)</p>	X	X	X	X				BCRC, CRC, RRB-SMAC, STC	
11487.13. 6.1	<p>All contractors shall comply, if considered, with the recommended CUECs defined under the updated</p>	X	X	X	X				BCRC, CRC, RRB-SMAC, STC	

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	Section <u>30.9.6.1 – J – Financial (Non-HIGLAS)</u> .  (See Pub. 100-06, Chapter 7, Section 30.9.6.1)										
11487.13. 6.1.1	All contractors shall be aware that the CUEC for Control Number J.1 under Section <u>30.9.6.1 – J – Financial (Non-HIGLAS)</u> has been removed:  <i>[J.1: CMS reviews and approves the Small and Disadvantaged Business Reports.]</i>  <i>[Brackets denote removed text]</i>  (See Pub. 100-06, Chapter 7, Section 30.9.6.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 6.1.2	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Numbers J.2 and J.6 under Section <u>30.9.6.1 – J – Financial (Non-HIGLAS)</u> . Previously, this CUEC applied to Control Numbers J.1, and J.7:  J.2 and J.6: CMS Regional Office reviews and approves Extended Repayment Schedules (ERSs) that exceed 36 months.  (See Pub. 100-06, Chapter 7, Section 30.9.6.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 6.1.3	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number J.9 under Section <u>30.9.6.1 – J – Financial (Non-HIGLAS)</u> . Previously, this CUEC applied to Control Number J.3:  J.9: Incoming checks are controlled, sorted, and prepared for scanning and deposit by CMS.  (See Pub. 100-06, Chapter 7, Section 30.9.6.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 6.1.4	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Numbers J.3 and J.6 under Section <u>30.9.6.1 – J – Financial (Non-HIGLAS)</u> . Previously, this CUEC applied to Control Number J.3:  J.3, J.6: Non-HIGLAS Contractors rely upon the CMS VMS system to provide accurate data and to produce demand letters accurately and timely.	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	(See Pub. 100-06, Chapter 7, Section 30.9.6.1)										
11487.13. 6.1.5	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number J.9 under Section <u>30.9.6.1 – J – Financial (Non-HIGLAS)</u> . Previously, this CUEC applied to Control Number J.7:  J.9: Treasury Collection Notifications are <i>received from the Program Support Center (PSC), reconciled and sent to the Contractors.</i>  (See Pub. 100-06, Chapter 7, Section 30.9.6.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 6.2	All contractors shall comply, if considered, with the recommended CUECs defined under the updated Section <u>30.9.6.2 – J – Financial (HIGLAS)</u> .  (See Pub. 100-06, Chapter 7, Section 30.9.6.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 6.2.1	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Numbers J.1 and J.7 under Section <u>30.9.6.2 – J – Financial (HIGLAS)</u> . Previously, this CUEC applied to Control Numbers J.1 and J.2:  J.1, J.7: Contractors on HIGLAS/CAFMS rely on controls at CMS to obtain reasonable assurance that HIGLAS systematically records all activity resulting in the Treasury Report on Receivables (TROR), Balance Sheets, Income Statements and cash (letter of credit) transactions.  (See Pub. 100-06, Chapter 7, Section 30.9.6.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 6.2.2	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Numbers J.3 and J.6 under Section <u>30.9.6.2 – J – Financial (HIGLAS)</u> . Previously, this CUEC applied to Control Number J.3:  J.3, J.6: Contractors on HIGLAS/CAFMS rely on controls at CMS to provide reasonable assurance that CMS has communicated standard language for demand letters to the system maintainer <i>and in HIGLAS.</i>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	(See Pub. 100-06, Chapter 7, Section 30.9.6.2)										
11487.13. 6.2.3	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Number J.6 under Section <u>30.9.6.2 – J – Financial (HIGLAS)</u> . Previously, this CUEC applied to Control Number J.5:  J.6: Contractors on HIGLAS/CAFM rely on CMS to ensure that HIGLAS calculates the aged accounts receivable completely and accurately.  (See Pub. 100-06, Chapter 7, Section 30.9.6.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 6.2.4	All contractors shall comply, if considered, with the updated CUEC to apply only with Control Numbers J.5 and J.6 under Section <u>30.9.6.2 – J – Financial (HIGLAS)</u> . Previously, this CUEC applied to Control Number J.6:  J.5, J.6: Contractors on HIGLAS/CAFM rely on CMS to provide oversight on the HIGLAS <i>support contractor and system</i> maintainer to maintain controls to properly record the accounting activity.  (See Pub. 100-06, Chapter 7, Section 30.9.6.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 7	All contractors shall comply, if considered, with the recommended CUECs defined under the updated Section <u>30.9.7 – K – Debt Referral (MSP and Non-MSP)</u> .  (See Pub. 100-06, Chapter 7, Section 30.9.7)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 7.1	All contractors shall comply, if considered, with the recommended CUECs defined under the updated Section <u>30.9.7.1 – K – Debt Referral (MSP and Non-MSP) (Non-HIGLAS)</u> .  (See Pub. 100-06, Chapter 7, Section 30.9.7.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.13. 7.2	All contractors shall comply, if considered, with the recommended CUECs defined under the updated Section <u>30.9.7.2 – K – Debt Referral (MSP and Non-MSP) (HIGLAS)</u> .  (See Pub. 100-06, Chapter 7, Section 30.9.7.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
11487.13.8	All contractors shall comply, if considered, with the recommended CUECs defined under the updated Section <u>30.9.8 – L – Non-MSP Debt Collection</u> .  (See Pub. 100-06, Chapter 7, Section 30.9.8)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.14	All contractors shall comply with the updated Section <u>40.2 - Corrective Action Plan (CAP) Reports</u> .  (See Pub. 100-06, Chapter 7, Section 40.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.15	All contractors shall comply with the updated Section <u>40.3 - CMS Finding Numbers</u> .  This includes updates on current CMS Contractors and their assigned abbreviations in Tables #2 & 3 for initial and quarterly CAP reporting.  (See Pub. 100-06, Chapter 7, Section 40.3)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.16	All contractors shall comply with the updated Section <u>40.4 - Initial CAP Report</u> .  This includes the updated Initial CAP Report Microsoft Excel file naming convention and example for all future Initial CAP submissions.  (See Pub. 100-06, Chapter 7, Section 40.4)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.17	All contractors shall comply with the updated Section <u>40.5 - Quarterly CAP Report</u> .  This includes the updated Quarterly CAP Report Microsoft Excel file naming convention and example for all future Quarterly CAP submissions.  .  (See IOM Pub. 100-06, Chapter 7, Section 40.5)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.18	All contractors shall comply and use the Initial and Quarterly CAP Microsoft Excel template located in Section <u>40.6 - CMS Initial and Quarterly CAP Report Template</u> . Additionally, a Field Legend sheet providing field completion instructions, and Example Initial and Quarterly CAP sheets shall be used for	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility								Other
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				
		A	B			F I S S	M C S	V M S	C W F	
	CAP creation and formatting guidance.  (See IOM Pub. 100-06, Chapter 7, Section 40.6)									
11487.19	All contractors shall comply with the updates to the listed controls under Section <u>50.2 – B Controls – Claims Processing</u> .  (See IOM Pub. 100-06, Chapter 7, Section 50.2)	X	X	X	X	X	X	X	X	BCRC, CRC, RRB-SMAC, STC
11487.19.1	All contractors shall comply with the updates to Control Number B.2 under Section <u>50.2 – B Controls – Claims Processing</u> :  B.2: Controls provide reasonable assurance that fee-for-service information system edits and / or validations are configured in accordance with CMS guidelines including: <ul style="list-style-type: none"> <li>• Management maintains a current baseline of edit configurations in accordance with CMS guidelines.</li> <li>• Management assesses the current configuration of edits against the baseline periodically.</li> <li>• For misconfigured edits Management remediates the configuration in a timely fashion.</li> <li>• Management reports results of reconciliations / reviews to CMS periodically.</li> </ul> (Maintainer Only. <i>Applicable for A-123 Reviews</i> )  (See Pub. 100-06, Chapter 7, Section 50.2)					X	X	X	X	
11487.19.2	All contractors shall comply with the updates to Control Number B.3 under Section <u>50.2 – B Controls – Claims Processing</u> :  B.3: The system generates an audit trail with respect to each claim, adjustment, or other related transaction. Such audit trail shall include the results of each applicable claim edit.  (Maintainer Only. <i>Applicable for A-123 Reviews</i> )					X	X	X	X	

Number	Requirement	Responsibility								Other
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				
		A	B			F I S S	M C S	V M S	C W F	
	(See Pub. 100-06, Chapter 7, Section 50.2)									
11487.19.3	<p>All contractors shall comply with the updates to Control Number B.7 under Section <u>50.2 – B Controls – Claims Processing</u>:</p> <p>B.7 The system shall identify and deny duplicate claims in accordance with CMS instructions.</p> <p>(Maintainer Only. <i>Applicable for A-123 Reviews</i>)</p> <p>(See Pub. 100-06, Chapter 7, Section 50.2)</p>					X	X	X	X	
11487.20	<p>All contractors shall comply with the updates to the listed controls under Section <u>50.9 – I Controls – Provider Audit</u>.</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.9)</p>	X	X	X	X					BCRC, CRC, RRB-SMAC, STC
11487.20.1	<p>All contractors shall be aware that Control Number 1.3 under Section <u>50.9 – I Controls – Provider Audit</u> has been correctly updated to Control Number <i>I.3</i>.</p> <p><i>I.3</i>: Provider Cost Reports are properly submitted and accepted in accordance with CMS' regulations, policies, and instructions. Appropriate program policies and instructions are followed in situations where the provider did not file a cost report. Cost report submission information is timely and properly forwarded to the proper CMS Systems.</p> <p>(See Pub. 100-06, Chapter 7, Section 50.9)</p>	X	X	X	X					BCRC, CRC, RRB-SMAC, STC
11487.20.2	<p>All contractors shall comply with the updates to Control Number I.16 under Section <u>50.9 – I Controls – Provider Audit</u>:</p> <p>I.16: All cost reports where fraud and abuse is suspected shall be referred to the UPIC in accordance with CMS and contractor instructions.</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.9)</p>	X	X	X	X					BCRC, CRC, RRB-SMAC, STC
11487.21	<p>All contractors shall comply with the updates to the listed controls under Section <u>50.11 – K Controls – Debt Referral (MSP and Non-MSP)</u>.</p>	X	X	X	X					BCRC, CRC, RRB-SMAC, STC



Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
	(See IOM Pub. 100-06, Chapter 7, Section 50.11)										
11487.21.1	<p>All contractors shall comply with the updates to Control Number K.4 under Section <i>50.11 – K Controls – Debt Referral (MSP and Non-MSP)</i>:</p> <p>K.4: All contractors review the system generated <i>HIGLAS CMS Debt Management (CMSDM) Return to Agency (RTA)</i> report and update HIGLAS accordingly to ensure appropriate debts are referred to Treasury as follows:</p> <ul style="list-style-type: none"> <li>• CMS contractors who have not transitioned to HIGLAS, including the Administrative Program Accounting (APA) line of business, ensure that the HIGLAS Debt Management Module is updated timely for debt referrals as needed.</li> <li>• HIGLAS contractors ensure that the HIGLAS AR transactions are updated timely for debt referrals as needed.</li> </ul> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.11)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.21.2	<p>All contractors shall comply with the updates to Control Number K.5 under Section <i>50.11 – K Controls – Debt Referral (MSP and Non-MSP)</i>:</p> <p>K.5: When there is a change to a debt that has been referred for cross servicing, <i>CMS contractors who have not transitioned to HIGLAS, including the APA line of business, update the HIGLAS Debt Management Module</i> to initiate recalls, collections, and adjustments timely and accurately <i>in accordance with CMS instructions. HIGLAS contractors initiate recalls, collections and adjustments timely and accurately by updating the HIGLAS Accounts Receivable (AR) transactions as needed including the ‘Debt Referral Reason Code’ Descriptive FlexField (DFF).</i></p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.11)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.21.3	<p>All contractors shall comply with the updates to Control Number K.6 under Section <i>50.11 – K Controls</i></p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	<u>- Debt Referral (MSP and Non-MSP):</u>  K.6: All CMS contractors ensure that the CMSDM PSC Collection Report Spreadsheets are completed timely in accordance with CMS instructions, and the appropriate source systems are updated as follows:										
11487.21.4	All contractors shall comply with the updates to Control Number K.8 under Section <u>50.11 – K Controls – Debt Referral (MSP and Non-MSP):</u>  K.8: All CMS contractors ensure that the CMSDM RTA report spreadsheets are completed timely in accordance with CMS instructions and debts listed on the spreadsheet are properly reported on the financial reporting forms in accordance with CMS instructions. CMS contractors who have not transitioned to HIGLAS, including the APA line of business, follow the RTA Interface and Report instructions in the HIGLAS Debt Management Module training guide.  (See IOM Pub. 100-06, Chapter 7, Section 50.11)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
11487.22	All contractors should be aware of the updated List of Commonly Used Acronyms located in Section 70.  (See IOM Pub. 100-06, Chapter 7, Section 70)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC

**III. PROVIDER EDUCATION TABLE**

Number	Requirement	Responsibility									
		A/B MAC		H H H	D M E M A C	Shared- System Maintainers				Other	
		A	B			F I S S	M C S	V M S	C W F		
	None										

**IV. SUPPORTING INFORMATION**

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

"Should" denotes a recommendation.

<b>X-Ref Requirement Number</b>	<b>Recommendations or other supporting information:</b>
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**Section B: All other recommendations and supporting information:** N/A

## V. CONTACTS

**Pre-Implementation Contact(s):** Agbeko Kumordzie, 410-786-2100 or Agbeko.Kumordzie@cms.hhs.gov , Jonathan Wong, 410-786-0414 or Jonathan.Wong@cms.hhs.gov , Floyd Epps, 410-786-1952 or Floyd.Epps@cms.hhs.gov , Tawanda Holmes, 410-786-6601 or Tawanda.Holmes@cms.hhs.gov , Junaid Arshed, 410-786-3374 or Junaid.Arshed@cms.hhs.gov , Amando Virata, 410-786-6681 or Amando.Virata@cms.hhs.gov , Allison French, 410-786-1485 or Allison.French@cms.hhs.gov , Eleanor Sheain, 410-786-8120 or Eleanor.Sheain@cms.hhs.gov , Gernard Gray, 410-786-2285 or Gernard.Gray@cms.hhs.gov

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

## VI. FUNDING

### **Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 1**

# Medicare Financial Management Manual

## Chapter 7 - Internal Control Requirements

### Table of Contents *(Rev.331, Issued: 11-15-19)*

#### 10.1.2 - FMFIA and the CMS Medicare Contractor Contract

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

The CMS contract with its Medicare Title XVIII contractors includes an article titled FMFIA. In this article, the contractor agrees to cooperate with CMS in the development of procedures permitting CMS to comply with FMFIA and other related standards prescribed by the Comptroller General of the United States. The *Medicare Part A and Part B (A/B) Medicare Administrative Contractor (MAC), Durable Medical Equipment (DME) MAC, and Specialty MAC (SMAC) (A/B, DME, & Specialty MACs)* Statements of Work (SOW) states that, “the contractor shall establish and maintain efficient and effective internal controls to perform the requirements of the contract in accordance with IOM Pub. 100-06, Chapter 7”. Under various provisions of the Social Security Act, and the Medicare Prescription Drug, Improvement Modernization Act of 2003 (MMA), contractors shall be evaluated by CMS on administrative service performance. The CMS evaluates contractor’s performance by various internal and external reviews.

To further sensitize the contractors as to the importance of FMFIA compliance, CMS requires the contractors to annually provide assurance that internal controls are in place and to identify and correct any areas of weakness in their operations. The vehicle used by the contractors to provide this assurance is the Certification Package for Internal Controls (CPIC). The CPIC includes a self-certification representation that the contractor’s internal controls are in compliance with FMFIA expectations, that the contractor recognizes the importance of internal controls, and the contractor has provided required documentation in the package.

#### 10.2.3 - Standards for Internal Control

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

Internal control consists of five interrelated standards. The GAO "Standards for Internal Control in the Federal Government" describes these five standards:

- A. Control environment;
- B. Risk assessment;
- C. Control activities;
- D. Information and communication; and
- E. Monitoring.

Each of these internal control standards plays an important role in the overall control environment of an organization. These standards define the minimum level of quality acceptable for internal control in government and provide the basis against which the internal control is to be evaluated.

While each internal control standard is an integral part of the management process and plays a specific role, it is the combination of these standards that establishes internal control in an organization. The control environment provides the discipline and atmosphere in which the organization conducts its activities and carries out its control responsibilities. It also serves as the foundation for the other standards. Within this environment, management conducts risk assessments to assess *the* potential *effect* of internal and external risks in achieving the organization's objectives. Control activities are implemented to help ensure that management directives are carried out as planned. Relevant information is captured and communicated in a timely and effective manner throughout the organization on an ongoing basis. The organization's operations are continuously monitored as an integral part of the organization's performance evaluation.

## 20 - CMS Contractor Internal Control Review Process and Timeline

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

**NOTE:** The *following* CMS *Fiscal Year Calendar of Events and Activities* timeline is provided as a guide and is not considered absolute. Contractors may use the guideline as a reference.

### Fiscal Year Calendar of Events and Activities

<i>Month</i>	<i>Activity</i>	<i>IOM Section</i>
<b>October</b>	<ol style="list-style-type: none"> <li>1. Incorporate updated IOM changes</li> <li>2. Updated Certification Package for Internal Controls (CPIC) Report <i>Due: Five (5) business days after September 30<sup>th</sup></i> <i>Reporting Period: July 1<sup>st</sup> – September 30<sup>th</sup></i></li> <li>3. Submit SSAE-18 Bridge Letters <i>Due: 5 Business Days after September 30<sup>th</sup></i> <i>Reporting Period: April 1<sup>st</sup> – September 30<sup>th</sup></i></li> </ol>	<ul style="list-style-type: none"> <li>- <a href="#">Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements</a></li> <li>- <a href="#">Section 30.2 – Certification Statement</a></li> <li>- <a href="#">Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers</a></li> </ul>
<b>November</b>	<ol style="list-style-type: none"> <li>4. Update Standard Operating Procedures</li> </ol>	
<b>December</b>	<ol style="list-style-type: none"> <li>5. Conduct a Risk Assessment</li> </ol>	<ul style="list-style-type: none"> <li>- <a href="#">Section 20.1 – Risk Assessment</a></li> </ul>
<b>January</b>	<ol style="list-style-type: none"> <li>6. SSAE 18 <i>Examinations (A/B, DME, &amp; Specialty MACs) Start</i></li> <li>7. Update and Submit A-123 Cycle Memos to CMS Central Office <i>Due: 15 Business Days after December 31<sup>st</sup></i></li> </ol>	<ul style="list-style-type: none"> <li>- <a href="#">Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers</a></li> </ul>
<b>March</b>	<ol style="list-style-type: none"> <li>8. Prepare for A-123 or SSAE 18 audit onsite reviews</li> </ol>	
<b>April</b>	<ol style="list-style-type: none"> <li>9. Update CPIC Report of Internal Control Deficiencies</li> </ol>	
<b>May</b>	<ol style="list-style-type: none"> <li>10. Begin preparing CPIC for all geographical locations</li> </ol>	
<b>June</b>	<ol style="list-style-type: none"> <li>11. Draft <i>SSAE-18 and CAP Follow Up Reports Issued</i> <i>Due: June 1<sup>st</sup></i> <i>Reporting Period: October 1<sup>st</sup> - March 31<sup>st</sup></i></li> <li>12. Prepare to Draft CPIC and SSAE 18 Corrective Action Plans CAPs</li> </ol>	

<b>Month</b>	<b>Activity</b>	<b>IOM Section</b>
<b>July</b>	<p>13. Final SSAE-18 and CAP Follow Up Reports Issued  <i>Due: July 1<sup>st</sup></i>  <i>Reporting Period: October 1<sup>st</sup> - March 31<sup>st</sup></i></p> <p>14. Submit CPIC Report</p> <ul style="list-style-type: none"> <li>- Certification Statement</li> <li>- Executive Summary</li> <li>- Description/Documentation of the Risk Assessment Process</li> <li>- Report of Material Weaknesses</li> </ul> <p><i>Due: 15 Business Days after June 30<sup>th</sup></i>  <i>Reporting Period: October 1<sup>st</sup> - June 30<sup>th</sup></i></p>	<ul style="list-style-type: none"> <li>- <a href="#">Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers</a></li> <li>- <a href="#">Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements</a></li> <li>- <a href="#">Section 30.2 – Certification Statement</a></li> <li>- <a href="#">Section 30.3 – Executive Summary</a></li> <li>- <a href="#">Section 20.1 – Risk Assessment</a></li> <li>- <a href="#">Section 30.4 – CPIC – Report of Material Weaknesses</a></li> </ul>
<b>August</b>	<p>15. Review updated IOM to evaluate changes required to your system of operations</p> <p>16. Submit SSAE 18 CAPs  <i>Due: 45 Days after Final SSAE 18 Reports</i></p> <p>17. Submit CPIC CAPs  <i>Due: 45 Days after CPIC Reports</i></p>	<ul style="list-style-type: none"> <li>- <a href="#">Section 40.1 – Submission, Review, and Approval of Corrective Action Plans</a></li> </ul>
<b>September</b>	<p>18. Determine if <i>any</i> new material weaknesses were identified since the CPIC Report in July</p>	

## 20.1 - Risk Assessment

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

Risk assessment identifies areas that should be reviewed to determine which components of an organization's operation present the highest probability of waste, loss, or misappropriation. The risk assessment process is the identification, measurement, prioritization, and mitigation of risks. This process is intended to provide the contractors with:

- Direction for what areas should get priority attention from management due to the nature, sensitivity, and importance of the area's operations;
- A preliminary judgment from managers about the adequacy of existing internal control policies and procedures to minimize or detect problems; and
- An early indication of where potential internal control weaknesses exist that should be corrected.

The CMS requires contractors to perform an annual risk assessment, to identify the most critical areas and areas of greatest risk to be subjected to a review. Operational managers with knowledge and experience in their particular business area shall perform risk assessments. Outside sources can assist with this process, but should not be solely relied upon (e.g., Internal Audit departments, SSAE 18 audits, OMB Circular A-123 Appendix A reviews, etc.).

When performing your yearly risk assessment, you are to consider all results from final reports issued during the fiscal year from internal and external reviews including GAO, OIG, CFO audit, Contractor Performance Evaluation (CPE), CPIC, Contractor's Monthly Bank Reconciliation Worksheet (CMBRW) and 1522 reviews, A-123 Appendix A reviews and results of your own or CMS-sponsored SSAE 18 audits. Any of these findings could impact your risk assessment and preparation of your certification statement. Your risk assessment process shall provide sufficient documentation to fully explain the reasoning behind and the planned testing methodology for each selected area.

The contractor shall submit a description of the risk assessment process to CMS as an attachment with the annual CPIC and maintain sufficient documentation to support the risk assessment process. Examples of sufficient documentation are meeting agendas, meeting notes or minutes, and emails. The documentation should be readily available for CMS review.

Below are the elements to include in the description or methodology of your risk assessment process:

- Who - List who is involved and state their roles and responsibilities.
- Where - List the geographical location(s) for which the certification applies. For multi-site contractors, review and explain the roles for all sites, i.e., do they do their own risk assessment and control objective testing. Describe the certification process for geographical locations.
- What – Describe the risk factors and the risk assessment process.
- When - List when the risk assessment process was completed.
- Why – Prioritize control objectives based upon their level of risk while ensuring high risk areas are reviewed in accordance with the scoring criteria guidelines in [Section 20.1](#).

**NOTE:** The *A/B, DME, and Specialty* MAC SOW may also include requirements regarding review of CMS control objectives.



- How – Describe the scoring methodology and provide a description and definition for each risk and exposure factor. Include specific value ranges used in your scoring methodology.

The contractor is encouraged to exceed the risk assessment approach provided below based on its unique operations. The risk assessment process shall at a minimum include the following and shall be submitted as part of the CPIC package:

#### Step 1 - Segment Operations

Segment the contractor's operation into common operational areas of activity that can be evaluated. List the primary components of the unit with consideration to the business purpose, objectives, or goals of the auditable unit. Limit the list to the primary activities designed to achieve the goals and objectives of the auditable unit. Include the CMS control objectives applicable to each auditable unit.

#### Step 2 - Prioritize Risk and Exposure Factors

Identify the primary risks and exposure factors that could jeopardize the achievement of the goals and objectives of the unit as well as the organization's ability to achieve the objectives of reliable financial reporting, safeguarding of assets, and compliance with budget, laws, regulations and instructions. Risk and exposure factors can arise due to both internal and external circumstances. Document the definitions and methodology of the risk and exposure factors used in the risk assessment process.

#### Step 3 – Create a Matrix to Illustrate the Prioritization of Risk and Exposure Factors

Create a matrix listing on the left axis by operational areas of activity (see Step 1 above). The top axis should list all the risk and exposure factors of concern and determine the weight each column should have. Some columns may weigh more than other columns. Develop a scoring methodology and provide a description and definitions of this methodology used for each risk or exposure factor. This methodology can use an absolute ranking or relative risk identification. Absolute ranking would assign predefined quantifiable measures such as dollars, volume, or some other factor in ranges that would equate to a ranking score such as high, medium or low. Relative risk ranking involves identifying the risk and exposure factors into natural clusters by definition and assigning values to these clusters. Include a legend with the score ranges representing high-risk, medium-risk, and low-risk on the risk matrix.

Assign a score to each cell based on the methodology predetermined. Retain notes to support scoring of key risk factors such as “prior audits” and factors that are scored very high or very low. This will assist CMS in evaluating the reasonableness of your risk assessment results. Total the scores for each line item (control objective). The higher scores for each line item will prioritize the risk areas for consideration to be reviewed to support the CPIC. If a high risk control objective is included in a current year Type II SSAE 18 audit, or A-123 Appendix A review, you may rely on the SSAE 18 audit, or A-123 Appendix A review testing and document this as the rationale for excluding it from testing.

The CMS considers system security to be a high risk area. Therefore, contractors shall include control objective A.1 in their CPIC each year. All contractors are required to certify their system security compliance. Contractors shall verify that a system's security plan meet CMS' Minimum Security Requirements as defined by the Business Partners Systems Security Manual (BPSSM). Contractors should write a few paragraphs to self-certify that their organization has successfully completed all required security activities including the security self-assessment of their Medicare IT systems and associated software in accordance with the terms of their Contract. For more details, please see Section 3.4 – Certification of the BPSSM, which can be found at the following hyperlink:

**Hyperlink:** [CMS IOM Publication #: 100-17, CMS Business Partners Systems Security Manual, Revision #: 12, Issued: 11/15/2013 \[https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/117\\_Systems\\_security.pdf\]](https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/117_Systems_security.pdf)

Also, include the results of the testing of A.1 in the Executive Summary. See [Section 30.3](#).

## 30.1 – Certification Package for Internal Controls (CPIC) Requirements

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

*NOTE: This section is only applicable to the following listed CMS Contractors:*

#	Contractor Workload
1	DME MAC Jurisdiction A
2	DME MAC Jurisdiction B
3	DME MAC Jurisdiction C
4	DME MAC Jurisdiction D
5	Parts A & B MAC Jurisdiction 5
6	Parts A & B MAC Jurisdiction 6
7	Parts A & B MAC Jurisdiction 8
8	Parts A & B MAC Jurisdiction 15
9	Parts A & B MAC Jurisdiction E
10	Parts A & B MAC Jurisdiction F
11	Parts A & B MAC Jurisdiction H
12	Parts A & B MAC Jurisdiction J
13	Parts A & B MAC Jurisdiction K
14	Parts A & B MAC Jurisdiction L
15	Parts A & B MAC Jurisdiction M
16	Parts A & B MAC Jurisdiction N
17	Specialty MAC Railroad Board (RRB)
18	Pricing, Data Analysis, and Coding (PDAC) Contractor
19	Affordable Care Act Exchange Contractor
20	Benefits Coordination and Recovery Center (BCRC), Medicare Secondary Payer Recovery Contractor (MSPRC)
21	Commercial Repayment Center (CRC), MSPRC
22	Retiree Drug Subsidy (RDS) Part D Contractor

The contractor certification process provides CMS with assurance that contractors are in compliance with the FMFIA, OMB Circular A-123, and CFO Act of 1990 by incorporating internal control standards into their operations. The contractor certification process supports the audit of CMS' financial statements by the Office of Inspector General (OIG) and the CMS Administrator's FMFIA assurance statement.

This compliance is achieved by an annual certification statement *included in its annual CPIC submission*. CMS has required each contractor to *certify* that internal controls are in place to identify and correct areas of weakness in its operations. Contractors are expected to evaluate the effectiveness of their operations against CMS' control objectives discussed above. The control objectives represent the minimum expectations for contractor performance in the area of internal controls.

Contractors shall have written policies and procedures regarding their *annual CPIC preparation and submission* process. *Contractors* shall also have written policies and procedures *to address* potential internal control deficiencies identified by employees and managers in the course of their daily operations. This includes the process for reporting issues upward through the appropriate levels of management, tracking *and correcting deficiencies*, and inclusion in the CPIC submission.

The CPIC represents a summary of your internal control environment for the period October 1<sup>st</sup> through June 30<sup>th</sup> (the CPIC period), as certified by your organization. It shall include an explicit conclusion as to whether the internal controls over financial reporting are effective (see [Section 30.1.1](#)). All material

weaknesses identified during this period shall be included in the CPIC submission. *Contractors* should consider the results of internal and external audits and reviews, such as GAO, OIG, *and* CFO Act audits, consultant reviews, management control reviews, CPE reviews, SSAE 18 audits, A-123 Appendix A reviews, and other similar activities. These findings should be classified as control deficiencies, significant deficiencies, or material weaknesses based upon the definitions provided in [Section 30.6](#).

The contractor shall submit one CPIC report for each type of contract (i.e., *A/B*, DME, & *Specialty* MAC workloads, Retiree Drug Subsidy (RDS), and Medicare Secondary Payer Recovery Contractor (MSPRC) workloads). The contractor shall follow these guidelines when submitting the CPIC for *A/B*, DME, & *Specialty* MACs:

- Contractors with multiple *A/B and DME* MAC *jurisdictions* shall submit a CPIC for each *jurisdiction*.

**Example Multiple A/B & DME CPIC Submission Situation:**

- *XYZ Corporation has four (4) A/B and DME MAC jurisdictions A, C, 6, & M.*
- *XYZ Corporation shall submit four (4) separate CPICs for each jurisdiction:*
  - *CPIC for DME Jurisdiction A*
  - *CPIC for DME Jurisdiction C*
  - *CPIC for A/B Jurisdiction 6*
  - *CPIC for A/B Jurisdiction M*

- *The Specialty MAC RRB shall submit a CPIC.*
- Contractors that transitioned out of the program prior to June 30<sup>th</sup>, and are not assuming additional workloads are not required to submit a CPIC.

Electronic CPIC reports shall be received by CMS within fifteen (*15*) business days after June 30<sup>th</sup>. The contractor is not required to submit a hard copy report if it has the capability to insert electronic signatures or if the CPIC is sent from the VP of Operations' email or the CFO's email.

An electronic version of all documents (including updates) submitted as part of your CPIC submission shall be sent to CMS at [internalcontrols@cms.hhs.gov](mailto:internalcontrols@cms.hhs.gov) as Microsoft Excel or Word files. Electronic copies shall also be sent as follows:

- *A/B, DME, and Specialty* MACs shall send to the:
  - *Associate Regional Administrator (ARA)* for Division of Financial Management and Fee for Service Operations
  - *Regional Office (RO)* CFO Coordinator
  - Contracting Officer's Representative (COR) of the *A/B, DME, or Specialty* MAC.
- RDS and MSPRC *Contractors* shall send to the CMS COR.

Where applicable, the CPIC hard copy report shall be post marked within fifteen (*15*) business days after June 30<sup>th</sup>, and mailed to the following *mailing* address:

Centers for Medicare & Medicaid Services  
Office of Financial Management / *Accounting Management Group*  
7500 Security Boulevard, Mailstop C3-13-08  
Baltimore, MD 21244-1850  
Attn: *Division of Financial Reporting & Internal Controls*

*The CPIC Report Package* shall include:

1. Certification Statement, *see* [Section 30.2](#);
2. Executive Summary, *see* [Section 30.3](#);
3. Description of your *Risk Assessment Process*, *see* [Section 20.1](#). *This should include a:*

- *Matrix* to illustrate the prioritization of risk and exposure factors
  - *Narrative* or flowchart that outlines the risk assessment process
4. CPIC Report of Material Weaknesses, see [Section 30.4](#).

Contractors shall submit an update for the period July 1<sup>st</sup> through September 30<sup>th</sup> to report *any* subsequently identified material weaknesses. The update shall be no more than a one page summary of *any* material weaknesses and the proposed corrective action. If no additional material weaknesses have been identified, submit the following: “No material weaknesses have been identified during the period July 1 through September 30<sup>th</sup>; therefore no additional material weaknesses have been reported”. The submission of the update should follow the same guidelines as the initial CPIC. The CPIC update is due within five (5) business days after September 30<sup>th</sup>. A CAP shall be completed in accordance to the guidelines shown at [Section 40.1](#).

The file names for all electronic files submitted, as part of your CPIC package should begin with the three, four, or five letter abbreviation assigned to each contractor in [Section 40.3](#). Additionally, in the subject line of your email submission, you shall include the corporate name of the entity submitting the CPIC.

Maintain the appropriate and necessary documents to support any assertions and conclusions made during the self-assessment process. In your working papers, you are required to document the respective policies and procedures for each control objective reviewed. These policies and procedures should be in writing, be updated to reflect any changes in operations, and be operating effectively and efficiently within your organization.

The supporting documentation and rationale for your certification statement, whether prepared internally or by an external organization, shall be available for review and copying by CMS and its authorized representatives.

### **30.1.1 - OMB Circular A-123, Appendix A: Internal Controls Over Financial Reporting (ICOFR)**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

CMS contractors, including *A/B*, DME, *and Specialty* MACs, MSPRC and RDS, shall use the five steps below to assess the effectiveness of its internal control over financial reporting. Documentation shall occur within each of the basic steps, whether documenting the assessment methodology during the planning phase or documenting key processes and test results during the evaluation and testing steps.

#### **1) Plan and Scope the Evaluation**

During this phase, the CMS contractor shall leverage existing internal and external audits/reviews performed (*Such as* SSAE 18 audits, A-123 Appendix A Internal Control Reviews, CPIC, 912 Evaluations, Federal Information Security Management (FISMA), Contractor Performance Evaluations (CPE), etc.) when conducting its assessment of internal control over financial reporting. Management shall consider the results of these audits/reviews in order to identify gaps between current control activities and the documentation of them. The control objectives of A, B, F, G, I, J, K, and L shall be considered, if applicable.

If a CMS contractor had an SSAE 18 audit, or an A-123 Appendix A Internal Control Review in the current or past two fiscal years, it shall be used as a basis for the statement of assurance combined with other audits and reviews as appropriate. The contractor shall conduct additional testing for Circular A-123 as deemed necessary (see A-123 Appendix A Internal Control Review/SSAE 18 Reliance Examples chart). For example, if the A-123 Appendix A assurance statement was unqualified, then the contractor is not required to conduct additional testing. Similarly, if the SSAE 18 audit report was unqualified (no findings in Section I (Opinion Letter)), then the contractor is not required to conduct additional testing. However, if the previous year’s A-123 Appendix A assurance statement is qualified, then the contractor shall conduct additional

testing on the control deficiencies identified. Similarly if Section I of the prior year's SSAE 18 audit report is qualified (one or more findings that have not been corrected and validated), then the contractor shall conduct additional testing on the findings identified in Section I and the exceptions identified in Section III (See A-123 Appendix A Internal Control Review Reliance Examples chart). If other audits and reviews contradict the SSAE 18 audit or A-123 Appendix A Internal Control Review, then that contradiction shall be addressed via testing if the issue has not already been corrected and validated.

## 2) Document Controls and Evaluate Design of Controls

This step begins with the documentation and evaluation of entity-level controls. Consideration must be given to the five standards of internal control (control environment, risk assessment, control activities, information and communication, and monitoring) (see [Section 10.2.3 – Standards for Internal Control](#)) that can have a pervasive effect on the risk of error or fraud, and will aid in determining the nature and extent of internal control testing that may be required at the transaction or process level. The GAO issued an internal control evaluation tool ([The GAO Internal Control Management and Evaluation Tool](#)) to assess the effectiveness of internal control and identify important aspects of control in need of improvement. This tool shall be used in conducting your assessment.

Contractors shall prepare cycle memos for financial reporting, accounts receivable, accounts payable, and claims expense (Note: Contractors may combine related cycles (e.g., accounts payable and claims expense). These major transaction cycles relate to significant line items on the financial reports. Cycle memos should identify the key control activities that are relied upon to assure the relevant financial statement assertions are met:

- **Existence and Occurrence:** All reported transactions actually occurred during the reporting period and all assets and liabilities exist as of the reporting date. Recorded transactions represent economic events that actually occurred during a stated period of time.
- **Rights and Obligations:** The entity legally owns all its assets collectively and all liabilities are legal obligations of the entity. Assets and liabilities reported on the Balance Sheet are bona fide rights and obligations of the entity as of that point in time.
- **Completeness:** All assets, liabilities, and transactions that should be reported have been included, and no unauthorized transactions or balances are included. All transactions during a specific period should have been recorded in that period. No unrecorded assets, liabilities, transactions or omitted disclosures.
- **Valuation or Allocation:** Assets, liabilities, revenue, and expenses have been included in the financial statements at appropriate amounts. Where applicable, all costs have been properly allocated. Assets and liabilities are recorded at appropriate amounts in accordance with relevant accounting principles and policies.
- **Presentation and Disclosure:** The financial report is presented in the proper form and any required disclosures are present. Financial statement items are properly described, classified and fairly presented.

Not all assertions will be significant to all accounts. A single key control will often not cover all assertions; which may necessitate several key controls to support the selected assertions for each line item. However, each assertion is applicable to every major transaction cycle and all associated assertions must be covered to avoid any control gaps.

Documenting transaction flows accurately is one of the most important steps in the assessment process, as it provides a foundation for the A-123 assessment. Thorough, well-written documents and flowcharts can facilitate the review of key controls. The documentation should reflect an understanding, from beginning to end, of the underlying processes and document flows involved in each major transaction cycle. This would

include the procedures for initiating, authorizing, recording, processing, and reporting accounts and transactions that affect the financial reports. The cycle memo shall include Information Technology (IT) key control activities pertinent to the transaction cycle.

The documentation should start with the collection and review of documentation that already exists. The following are examples of existing documentation that could be used:

- Existing policy and procedure manuals;
- Existing forms and documents;
- Documentation from independent auditors and the OIG;
- Risk assessments;
- Accounting manuals;
- Memoranda;
- Flowcharts;
- Job descriptions;
- Decision tables;
- Procedural write-ups; and/or
- Self-assessment reports.

Interviews should be conducted with personnel who have knowledge of the relevant operations to validate that manuals, policies, forms, and documents are accurate and being applied.

A major transaction cycle narrative is a written summary of the transaction process. For each major transaction cycle, the narrative describes:

- The initiation point;
- The processing type (e.g., automated versus manual, preventative versus detective);
- The completion point;
- Other data characteristics, such as source; receipt; processing; and transmission;
- Key activities/class of transactions within the process;
- Controls in place to mitigate the risk of financial statement errors;
- Supervisor/manager review; process and calculations performed in preparation of financial reporting; and process outputs;
- Use of computer application controls and controls over spreadsheets used in the preparation of financial reporting;
- Identification of errors; types of errors found; reporting errors; and resolving errors; and
- Ability of personnel to override the process or controls.

Within the cycle memo, the key controls should be clearly identified by highlighting, bolding, or underlining. Contractors are responsible for reviewing and updating cycle memos to keep them current.

Control activities are the specific policies, procedures, and activities that are established to manage or mitigate risks. Key controls are those controls designed to meet the control objectives and support management's financial statement assertions. In other words, they are the controls that management relies upon to prevent and detect material errors and misstatements. For each key control activity, state: (a) the frequency of performance; (b) the specific steps performed; (c) how exceptions are resolved; and (d) how the performance of the control activity and related results/disposition are documented.

Examples of control activities that may be identified include:

- Top-level reviews of actual performance;
  - Compare major achievements to plans, goals, and objectives
- Reviews by management at the functional or actual level;
  - Compare actual performance to planned or expected results



- Management of human capital;
  - Match skills to organizational goals
  - Manage staff to ensure internal control objectives are achieved
- Controls over information processing;
  - Edit checks of data
  - Control totals on data files
  - Access controls
  - Review of audit logs
  - Change controls
  - Disaster recovery
- Physical controls over vulnerable assets;
  - Access controls to equipment or other assets
  - Periodic inventory of assets and reconciliation to control records
- Establishment and review of performance measures and indicators;
  - Relationship monitoring of data
- Segregation of duties;
- Proper execution of transactions and events
  - Communicating names of authorizing officials
  - Proper signatures and authorizations
- Accurate and timely recording of transactions and events
  - Interfaces to record transactions
  - Regular review of financial reports
- Access restrictions to and accountability for resources and records; and
  - Periodic reviews of resources and job functions
- Appropriate documentation of transactions and internal control.
  - Clear documentation
  - Readily available for examination
  - Documentation should be included in management directives, policies, or operating manuals

To document management's understanding of major transaction cycles, management should use a combination of the following:

- Narratives;
- Flowcharts; and
- Control matrices.

To illustrate this process, we have provided cycle memo guidelines in [Section 60](#). Updated cycle memos shall be submitted to the CMS Internal Controls mailbox within fifteen business days after December 31.

**Note:** The cycle memos must be 508 compliant when released to the Internal Controls mailbox. For information on 508 compliance, please visit the website at the following hyperlink:

**Hyperlink:** [The US Department of Health and Human Services \(HHS\) Section 508 Compliance Information](#)

In addition, the *A/B*, *DME*, and *Specialty* MAC contractors shall provide updated cycle memos to the SSAE 18 auditors.

### 3) Test Operating Effectiveness

Testing of the operation of key controls shall be performed and documented (refer to "Plan and Scope the Evaluation" (above) as well as the chart below with regard to testing applicability), to determine whether the control is operating effectively, partially effectively, or not effectively. Testing shall address both manual and automated controls. Ideally, testing should be performed throughout the year. The results of testing completed prior to June 30<sup>th</sup> will form the basis of the June 30<sup>th</sup> assurance statement. As testing continues into the fourth quarter, the results of that testing, along with any items corrected since the June 30<sup>th</sup>

assurance statement will be considered in the September 30<sup>th</sup> assurance statement update. The chart below is provided to assist contractors in determining when to conduct testing.



A-123 Appendix A Internal Control Review/SSAE 18 Reliance Examples

<b>Scenario</b>	<b>Prior Fiscal Year 2</b>	<b>Prior Fiscal Year 1</b>	<b>Current Fiscal Year</b>	<b>Additional Testing Required or Not Required*</b>
1	No SSAE 18/A-123 Appendix A Review	No SSAE 18/A-123 Appendix A Review	Unqualified	Not Required
2	No SSAE 18/A-123 Appendix A Review	Unqualified	No SSAE 18/A-123 Appendix A Review	Not Required
3	Unqualified	No SSAE 18/A-123 Appendix A Review	No SSAE 18/A-123 Appendix A Review	Not Required
4	Qualified	Unqualified	No SSAE 18/A-123 Appendix A Review	Not Required
5	No SSAE 18/A-123 Appendix A Review	No SSAE 18/A-123 Appendix A Review	Qualified	Required
6	No SSAE 18/A-123 Appendix A Review	Qualified	No SSAE 18/A-123 Appendix A Review and the Findings are Corrected and Validated by CMS (CAP Closure Letter Received)	Not Required
7	Unqualified	Qualified	No SSAE 18/A-123 Appendix A Review and the Findings are Corrected and Validated by CMS (CAP Closure Letter Received)	Not Required
8	Qualified	No SSAE 18/A-123 Appendix A Review and the Findings are Corrected and Validated by CMS (CAP Closure Letter Received)	No SSAE 18/A-123 Appendix A Review	Not Required
9	Unqualified	Qualified	No SSAE 18/A-123 Appendix A Review and the Findings are NOT Corrected or Validated by CMS (No CAP Closure Letter)	Required

<b>Scenario</b>	<b>Prior Fiscal Year 2</b>	<b>Prior Fiscal Year 1</b>	<b>Current Fiscal Year</b>	<b>Additional Testing Required or Not Required*</b>
10	No SSAE 18/A-123 Appendix A Review	Qualified	No SSAE 18/A-123 Appendix A Review and the Findings are NOT Corrected or Validated by CMS (No CAP Closure Letter)	Required
11	Qualified	No SSAE 18/A-123 Appendix A Review and the Findings are NOT Corrected or Validated by CMS (No CAP Closure Letter)	No SSAE 18/A-123 Appendix A Review and the Findings are NOT Corrected or Validated by CMS (No CAP Closure Letter)	Required

Unqualified Report

SSAE 18: No findings in Section I

A-123 Appendix A Internal Control Review: No material weaknesses were noted

Qualified Report

SSAE 18: 1 or More Findings in Section I

A-123 Appendix A Internal Control Review: Material weaknesses were noted, but were not pervasive

\*Note:

Assumes other subsequent audits and reviews do not contradict the SSAE 18/A-123 Appendix A Review or contradictions have been corrected and validated.

#### 4) Identify and Correct Deficiencies

If design or operating deficiencies are noted, the potential impact of control gaps or deficiencies on financial reporting shall be discussed with management. The magnitude or significance of the deficiency will determine if it should be categorized as a control deficiency, a significant deficiency, or a material weakness (see [Section 30.6](#)).

Corrective action plans (CAPs) shall be created and implemented to remediate identified deficiencies (see [Section 40](#)). The contractor shall submit corrective action plans for all deficiencies (control deficiencies, significant deficiencies, and material weaknesses) identified as a result of A-123 Appendix A reviews and SSAE 18 Section I findings.

#### 5) Report on Internal Controls

The culmination of the contractor's assessment will be the assurance statement regarding its internal control over financial reporting. The statement will be one of three types:

##### 1) Unqualified Statement of Assurance

Each contractor shall submit, as part of the CPIC report, an assurance statement for internal controls over financial reporting (ICOFR) stating:

“... (Contractor) has effective internal controls over financial reporting (ICOFR) in compliance with OMB Circular A-123, Appendix A.”

**NOTE:** The contractor's statement of assurance should be unqualified if this is consistent with the A-123 Appendix A Internal Control Review statement per the CPA firm report (augmented by internal reviews, if necessary). Similarly, if the SSAE 18 audit (augmented by internal reviews, if necessary) did not result in any Section I findings or the contractor has not classified any findings as material weaknesses, then an unqualified statement of assurance would be applicable.

##### 2) Qualified Statement of Assurance

Each contractor shall submit, as part of the CPIC report, an assurance statement for internal controls over financial reporting stating:

“...(Contractor) has effective internal controls over financial reporting in compliance with OMB Circular A-123, Appendix A, except for the SSAE 18 Section I finding(s) and/or material weakness(es) identified in the attached Report of Material Weaknesses.”

Note: The contractor's statement of assurance should be qualified if this is consistent with the A-123 Appendix A Internal Control Review statement per the CPA firm report (augmented by internal reviews, if necessary). Similarly, if a SSAE 18 audit disclosed at least one Section I finding and/or internal reviews in the current year disclosed a material

weakness, then a qualified statement of assurance (see above) or a statement of no assurance (see below) would be issued, depending on the pervasiveness of the Section I findings or material weakness. The results of work performed in other control-related activities may also be used to support your assertion as to the effectiveness of internal controls.

### 3) Statement of No Assurance

Each contractor shall submit, as part of the CPIC report, an assurance statement for internal controls over financial reporting stating:

“...(Contractor) is unable to provide assurance that its internal control over financial reporting was operating effectively due to the material weakness(es) identified in the attached Report of Material Weaknesses.”

or

“...(Contractor) did not fully implement the requirements included in OMB Circular A-123, Appendix A and therefore cannot provide assurance that its internal control over financial reporting was operating effectively.”

## **30.2 - Certification Statement**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

Provide a certification statement to CMS pertaining to your internal controls. On the following page is a generic certification statement. This statement should be included as part of your CPIC. The statement is to be signed jointly by your Medicare CFO and Vice President (VP) for Medicare, RDS or MSPRC or the equivalent Senior Executive responsible for Medicare, RDS or MSPRC.

The CPIC is due within fifteen (15) business days after June 30<sup>th</sup> and shall cover the period from October 1<sup>st</sup> through June 30<sup>th</sup>. An updated assurance statement for the period July 1<sup>st</sup> through September 30<sup>th</sup> is due to CMS within five (5) business days after September 30<sup>th</sup>. Your certification statement should follow this outline:

**Sample Certification Statement:**

Chief Financial Officer  
Office of Financial Management  
Attn: Accounting Management Group, C3-13-08  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244-1850

Dear Chief Financial Officer:

As the (Chief Financial Officer and Vice President of (contractor name)), we are writing to provide certification of reasonable assurance for the period October 1 through June 30 that (contractor name) internal controls are in compliance with the Federal Managers' Financial Integrity Act (FMFIA) and Chief Financial Officers (CFO) Act by incorporating internal control standards into our operations. We are also providing an unqualified [or qualified] statement of assurance that (contractor name) has effective internal controls over financial reporting in compliance with revised OMB Circular A-123, Appendix A [except for the SSAE 18 Section I finding(s) and/or material weakness(es) identified in the attached Report of Material Weaknesses].

We are cognizant of the importance of internal controls. We have taken the necessary actions to assure that an evaluation of the system of internal controls and the inherent risks have been conducted and documented in a conscientious and thorough manner. Accordingly, we have included an assessment and testing of the programmatic, administrative, and financial controls for the (type of program) operations.

In the enclosures to this letter, we have provided an executive summary that identifies a list of the minimum requirements. (See [Section 30.3 - Executive Summary](#) for the list of minimum requirements to be provided in your CPIC.)

If material weaknesses have been identified, use the following language: "Material weaknesses have been reported to you and the appropriate regional office, and/or COR. The respective Corrective Action Plans have been forwarded to your office." If no material weaknesses were identified, use the following language: "No material weaknesses have been identified during our review; therefore no material weaknesses have been reported."

We have included a description of our risk assessment analysis and our CPIC Report of Material Weaknesses. This letter and attachments summarize the results of our review. We also understand that officials from the Centers for Medicare & Medicaid Services, Office of Inspector General, Government Accountability Office, or any other appropriate Government agency have authority to request and review the working papers from our evaluation.

Sincerely,

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[Chief Financial Officer Signature]

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[Vice President for (type of program) Signature]

### **30.4 - CPIC- Report of Material Weaknesses**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

The CPIC Report of Material Weaknesses (MW) shall include all initial MW identified during the CPIC period and not yet corrected and approved by a CAP closing letter. This report shall be updated as new findings are identified. It shall be prepared as a spreadsheet and include the following columns of information:

1. CMS Finding Number. The contractor shall use the CMS finding number assigned in the final audit report for all external findings. Assign a CMS finding number (see [Section 40.3](#)) to all internally-identified MWs. This shall be done as soon as the determination is made that the finding is a MW. Note: Information related to each MW should be on only one row of the spreadsheet; the “wrap text” function in Excel should be used.
2. Control Objective Impacted (see [Section 50](#)). Each MW shall have at least one control objective associated with it. However, a MW could have more than one control objective associated with it. If more than one control objective is impacted by the MW, the finding shall be listed only once with multiple control objectives listed with it. Prioritize the control objectives impacted by each finding and limit them to no more than five.
3. Summary of the material weakness.
4. Corrective action plan (CAP).
5. Date the MW was first identified at the contractor level.
6. Date initial CAP submitted to CMS.
7. CAP target completion date.
8. Actual completion date.
9. Original source of the finding. If the original source is a Contractor Performance Evaluation review, you shall include the report date and site location of the review. If the original source is an internal control review to support your CPIC certification, identify the MW either FMFIA or financial reporting (FR).

**Example Report of Material Weaknesses  
CMS Contractor XYZ  
CPIC Report of Material Weaknesses**

<b>1. CMS Finding Number</b>	<b>2. Control Objective(s) Impacted</b>	<b>3. Summary of the MW</b>	<b>4. Corrective Action Plan (CAP)</b>	<b>5. Date MW Identified at the contractor level</b>	<b>6. Date Initial CAP Submitted to CMS</b>	<b>7. CAP Target Completion Date</b>	<b>8. Actual Completion Date</b>	<b>9. Original Source of Finding</b>
<i>XYZ-XX-S-001</i>	<i>A.1</i>	<i>No Entity Wide Security Plan</i>	<i>Create an entity Wide Security Plan</i>	<i>03/01/20YY</i>	<i>03/10/20YY</i>	<i>6/30/20YY</i>	<i>To be determined</i>	<i>SSAE 18 Audit</i>
XYZ-XX-C-001	J.4	One individual opens Medicare checks and records them in the cash receipts log. This indicates inadequate separation of duties for this process.	Duties of opening mail and logging in cash receipts are being assigned to separate individuals.	02/03/20YY	02/27/20YY	03/15/20YY	03/15/20YY	Internal Review
XYZ-XX-C-002	J.3	There is no integrated general ledger accounting system to adequately track all Medicare financial data.	The services of a consulting firm have been obtained to develop an integrated general ledger system for reporting Medicare financial data.	02/20/20YY	02/27/20YY	04/30/20YY	To be determined	Internal Review

**Reporting Period FY 20YY**

[End Section 30.4 – Report of Material Weaknesses: Back to Table of Contents](#)

## **30.5 - CPIC- Report of Internal Control Deficiencies**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

The CPIC Report of Internal Control Deficiencies is an internal report and it shall include control deficiencies, significant deficiencies, and SSAE 18 Section III/IV *exceptions*. The CPIC report of Internal Control Deficiencies shall not be submitted as part of the annual CPIC submission. However, you are required to report in the Executive Summary the number of control deficiencies and significant deficiencies identified during the period covered by the CPIC. The CPIC Report of Internal Control Deficiencies should be prepared as a spreadsheet and include the following columns of information:

1. The original source of the finding.
2. The type of control deficiency (control deficiency or significant deficiency).
3. Whether it is a design deficiency or operating deficiency.
4. The control objective numbers impacted (from [Section 50](#)).
5. The corrective action plan.
6. A summary of the control deficiency and significant deficiencies including when the condition was observed and if a corrective action plan was implemented (or the status if not corrected).

Each control deficiency and significant deficiency shall be listed, and the total number of control deficiencies and significant deficiencies shall be included in the report. The contractors are required to prepare and maintain this report internally and update this report as new control deficiencies are identified. It shall be available for review by CMS central and/or regional office staff. When CPIC control deficiencies are identified, evaluate internal corrective actions for each of the deficiencies and correct each problem. While you are required to document, track, and correct problems identified as control deficiencies, significant deficiencies and material weaknesses, CPIC CAPs are not required to be submitted to CMS for control deficiencies and significant deficiencies.

## **30.6 - Definitions of Control Deficiency, Significant Deficiency, and Material Weakness**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

The terms below are definitions and reporting classifications for FMFIA and A-123 Internal Controls over Financial Reporting:

### **CONTROL DEFICIENCY:**

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A design deficiency exists when a control necessary to meet the control objective is missing or an existing



control is not properly designed, so that even if the control operates as designed the control objective is not always met. An operational deficiency exists when a properly designed control does not operate as designed or when the person performing the control is not qualified or properly skilled to perform the control effectively. Controls that are not properly designed shall be documented as a control deficiency in the control deficiency log. A deficiency in operations of a control exists if a properly designed control is not working as intended.

**SIGNIFICANT DEFICIENCY:**

A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**MATERIAL WEAKNESS:**

A deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

**NOTE:** The terms Significant Deficiency and Material Weaknesses may also apply to FMFIA operational findings or issues.

## **30.7 - Material Weaknesses Identified During the Reporting Period**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

The evaluation of your internal control environment should be an ongoing process throughout the fiscal year. It should not be a once-a-year event, which occurs prior to submission of your annual CPIC. The identification and reporting of material weaknesses should not wait until the end of the CPIC reporting period. During the reporting period, if material weaknesses are identified, send an electronic Initial CAP report within 45 days of identifying the problem, via E-mail, to [CAPS@cms.hhs.gov](mailto:CAPS@cms.hhs.gov). (See [Section 40.4](#)). Within that same time frame *A/B, DME, and Specialty* MACs are required to provide written notification, to your Associate Regional Administrator for Financial Management and Fee for Service Operations, RO CFO Coordinator, and the COR of the *A/B, DME, and Specialty* MAC, RDS, and MSPRC shall send to the CMS COR.

## 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

**NOTE:** This section *is* only applicable to *the following listed A/B, DME, and Specialty MACs:*

#	MAC Type & Jurisdiction/Workload
1	DME MAC Jurisdiction A
2	DME MAC Jurisdiction B
3	DME MAC Jurisdiction C
4	DME MAC Jurisdiction D
5	Parts A & B MAC Jurisdiction 5
6	Parts A & B MAC Jurisdiction 6
7	Parts A & B MAC Jurisdiction 8
8	Parts A & B MAC Jurisdiction 15
9	Parts A & B MAC Jurisdiction E
10	Parts A & B MAC Jurisdiction F
11	Parts A & B MAC Jurisdiction H
12	Parts A & B MAC Jurisdiction J
13	Parts A & B MAC Jurisdiction K
14	Parts A & B MAC Jurisdiction L
15	Parts A & B MAC Jurisdiction M
16	Parts A & B MAC Jurisdiction N
17	Specialty MAC Railroad Board (RRB)

In lieu of receiving an A-123 Appendix A review, *A/B, DME, and Specialty MACs* are required to undergo a SSAE 18 SOC 1, Type II audit.

*CMS* shall contract with an independent certified public accounting (CPA) firm to perform the SSAE 18 audit. *The A/B, DME, and Specialty MACs shall cooperate with the audit which may include, but is not limited to, providing all documentation requested, CPIC results, management assertions, coordinating interviews with key personnel, participating in entrance and exit conferences, providing workspace, and internet connectivity, etc.*

*The A/B, DME, and SMACs shall ensure that all subcontractors inclusive and/or carved out are properly identified. Based on the subcontractors' impact on the MAC's financial statement, the subcontractor may be in scope for the SSAE 18 audit.*

*The scope of the SSAE 18 audit begins October 1<sup>st</sup> of each federal fiscal year and ends no earlier than March 31<sup>st</sup> (6 months) (e.g. For Federal Fiscal Year 2020, the scope of the audit begins October 1<sup>st</sup>, 2019, and ends March 31<sup>st</sup>, 2020).*

***Initial SSAE 18 Control Objectives:***

For new *A/B, DME, and Specialty* MACs, *excluding* cases where *incumbent* MACs transition to a new MAC *jurisdiction*, *initial SSAE 18 audit* shall include the *following thirteen (13) listed* CMS Control Objectives *as* described *under* [Section 50](#) of this IOM:

#	<b><i>CMS Control Objective Areas for Initial SSAE 18 Audit Testing</i></b>
<b><i>1</i></b>	<b><i><u>50.1 – A Controls – Information Systems</u></i></b>
<b><i>2</i></b>	<b><i><u>50.2 – B Controls – Claims Processing</u></i></b>
<b><i>3</i></b>	<b><i><u>50.3 – C Controls – Appeals</u></i></b>
<b><i>4</i></b>	<b><i><u>50.4 – D Controls – Beneficiary / Provider Services</u></i></b>
<b><i>5</i></b>	<b><i><u>50.5 – E Controls – Complementary Credits</u></i></b>
<b><i>6</i></b>	<b><i><u>50.6 – F Controls – Medical Review (MR)</u></i></b>
<b><i>7</i></b>	<b><i><u>50.7 – G Controls – Medicare Secondary Payer (MSP)</u></i></b>
<b><i>8</i></b>	<b><i><u>50.8 – H Controls – Administrative</u></i></b>
<b><i>9</i></b>	<b><i><u>50.9 – I Controls – Provider Audit</u></i></b>
<b><i>10</i></b>	<b><i><u>50.10 – J Controls – Financial Reporting Review Requirements</u></i></b>
<b><i>11</i></b>	<b><i><u>50.11 – K Controls – Debt Referral (MSP and Non-MSP)</u></i></b>
<b><i>12</i></b>	<b><i><u>50.12 – L Controls – Non-MSP Debt Collection</u></i></b>
<b><i>13</i></b>	<b><i><u>50.13 – M Controls – Provider Enrollment</u></i></b>

***Recurring SSAE 18 Control Objectives:***

In subsequent years, *A/B, DME, and Specialty* MACs SSAE 18 audits shall include the *following eight (8) control objectives:*

#	<b><i>CMS Control Objective Areas for Recurring SSAE 18 Audit Testing</i></b>
<b><i>1</i></b>	<b><i><u>50.1 – A Controls – Information Systems</u></i></b>
<b><i>2</i></b>	<b><i><u>50.2 – B Controls – Claims Processing</u></i></b>
<b><i>3</i></b>	<b><i><u>50.6 – F Controls – Medical Review (MR)</u></i></b>
<b><i>4</i></b>	<b><i><u>50.7 – G Controls – Medicare Secondary Payer (MSP)</u></i></b>
<b><i>5</i></b>	<b><i><u>50.9 – I Controls – Provider Audit</u></i></b>
<b><i>6</i></b>	<b><i><u>50.10 – J Controls – Financial Reporting Review Requirements</u></i></b>
<b><i>7</i></b>	<b><i><u>50.11 – K Controls – Debt Referral (MSP and Non-MSP)</u></i></b>
<b><i>8</i></b>	<b><i><u>50.12 – L Controls – Non-MSP Debt Collection</u></i></b>

*The remaining Control Objectives may be audited based on professional judgment and/or based on the risk identified from the annual CPIC assessment.*

**Points of Contact (POC)** – *The A/B, DME, and Specialty MACs shall assign a POC that will assist to ensure that all required parties are invited to the following scheduled events.*

**Entrance Conference** – *The A/B, DME, and Specialty MACs shall participate in the SSAE 18 entrance conference. The entrance conference is the start of each engagement to discuss the scope, timeframe, and any other issues relating to the engagement.*

**Status Meetings** – *The A/B, DME, and Specialty MACs shall participate in the SSAE 18 status meetings. The status meetings will include discussion of the audit activities performed period to date. The meeting will including a status of CAPs, potential findings and/or exceptions and any issues that may affect the completion of the work.*

**Preliminary Exit Conference** – *The A/B, DME, and Specialty MACs shall participate in the SSAE 18 preliminary exit conference. The preliminary exit conference will include a status of the engagement, any outstanding issues, additional documentation requests, potential findings and/or exceptions to date, estimated exit conference date, and other topics to be addressed.*

**Exit Conference Report** – *Prior to the exit conference, the A/B, DME, and Specialty MACs will receive the SSAE 18 exit conference report from the CPA firm. The exit conference report shall include any outstanding issues, summary of findings and/or exceptions, and any other items that requires the MAC's attention. The A/B, DME, and Specialty MACs shall review the exit conference report in preparation of the exit conference.*

**Exit Conference** – *The A/B, DME, and Specialty MAC shall participate in the SSAE 18 exit conference. The exit conference will include items such as the status of the examination, outstanding issues, any findings and/or exceptions, agree disagree letter, management representation letter, estimated draft report issuance date, etc.*

**Draft SSAE-18 and CAP Follow up Reports** – *The A/B, DME, and Specialty MACs should receive the draft SSAE-18 and CAP Follow up reports no later than June 1<sup>st</sup>. The A/B, DME, and Specialty MACs shall review the draft reports for accuracy and provide any comments back to the CPA firm and CMS no later than ten (10) business days after June 1<sup>st</sup>.*

**Final SSAE-18 and CAP Follow Up Reports** – *The A/B, DME, and Specialty MACs will receive final SSAE 18 and CAP Follow Up reports no later than July 1<sup>st</sup>.*

*SSAE 18 Bridge Letters – The A/B, DME, and Specialty* MACs *shall* submit a bridge letter attesting to the internal controls environment for the period *of* April 1<sup>st</sup> to September 30<sup>th</sup>. This bridge letter is critically important to the maintenance and demonstration of a strong internal control environment that supports the CMS internal control objectives: effective and efficient operations, reliable reporting, and compliance with applicable laws and regulations. The bridge letter is due within five (5) business days after September 30<sup>th</sup> and should be submitted via email to [InternalControls@cms.hhs.gov](mailto:InternalControls@cms.hhs.gov). The bridge letter shall be signed by the Chief Financial Officer (or designee).

*A/B, DME, and Specialty* MACs may use the attached sample language as the basis for their bridge letter or they may submit original language. At a minimum, the bridge letter shall have these key points addressed:

- **Name of CPA firm who prepared the latest SSAE 18 report;**
- **Date the SSAE 18 report was issued;**
- **Audit period covered by the most recent SSAE 18 report;**
- **The date the service organization is providing this assertion (through the date of the bridge letter or the as of date provided in the request for the bridge letter);**
- **Any material changes to the internal control environment (if applicable);**
- **Statement that the service organization is not aware of any material changes to the control environment;**
- **Statement that user entities are responsible for adhering to complementary user entity control from SSAE 18 report;**
- **Disclaimer that the bridge letter is not a substitute for the actual SSAE 18 report.**

The bridge letter will be reviewed by the CMS A-123 Technical Team (ATT) for compliance. If there are any questions regarding the letter, the ATT will contact the *A/B, DME, and Specialty* MAC's *POC*.

[This letter should go on the *A/B, DME, or Specialty* MAC's letter head]

**Sample Bridge Letter – No Material Changes:**

[Current Date]

**Bridge Letter**

Centers for Medicare & Medicaid Services  
Office of Financial Management  
7500 Security Boulevard, Mailstop C3-13-08  
Baltimore, MD 21244-1850  
Attn: Internal Control Team

Dear CMS Internal Controls Team:

We have received your request for information regarding material changes in internal control related to the [list services here (*A/B, DME, or Specialty* MAC)]. [CPA firm name] prepared the latest Type II SSAE 18 for these services and the report is dated [report date]. This report includes tests of operating effectiveness for the period ending [period end date].

[Name of *A/B, DME, or Specialty* MAC] recognizes the need to maintain an appropriate internal control environment and report upon the effectiveness, as well as material changes to its internal controls. As of [current date], I am not aware of any material changes in our control environment that would adversely affect the Auditor's Opinion reached in the [report end date (not the same as the report date)] report for the above named SSAE 18.

You should also be aware that [*A/B, DME, or Specialty* MAC name], as a normal part of its operations, continually updates its services and technology as appropriate. In addition, the controls for all of [*A/B, DME, or Specialty* MAC name] services were designed with certain responsibilities required of the system users (See Complimentary User Entity Control in the SSAE 18 report). [*A/B, DME, or Specialty* MAC name] controls must always be evaluated in conjunction with an assessment of the strength of these user controls.

Finally, in order to conclude upon the design and effectiveness of internal controls for [*A/B, DME, or Specialty* MAC name], you must read the current SSAE 18 report. This letter is not intended to be a substitute for the SSAE 18 report.

Sincerely,

[Name of Member of Management<sup>1</sup>]

[Title]

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<sup>1</sup> Should be a signature from one of the same persons that signed the letter of representations.

**Sample Bridge Letter – Material Changes:**

[Current Date]

**Bridge Letter**

Centers for Medicare & Medicaid Services  
Office of Financial Management  
7500 Security Boulevard, Mailstop C3-13-08  
Baltimore, MD 21244-1850  
Attn: Internal Control Team

Dear CMS Internal Controls Team:

We have received your request for information regarding material changes in internal control related to the [list services here (*A/B, DME, or Specialty* MAC)]. [CPA firm name] prepared the latest Type II SSAE 18 for these services and the report is dated [report date]. This report includes tests of operating effectiveness for the period ending [period end date].

[*A/B, DME, or Specialty* MAC name] recognizes the need to maintain an appropriate internal control environment and report upon the effectiveness, as well as material changes to its internal controls. On [date or approximate date material change happened], [describe the control add/change/removal that was made. Two sentences is sufficient]. As of [current date], I am not aware of any other material changes in our control environment that would adversely affect the Auditor's Opinion reached in the [report end date (not the same as the report date)] report for the above named SSAE 18.

You should also be aware that [*A/B, DME, or Specialty* MAC name], as a normal part of its operations, continually updates its services and technology as appropriate. In addition, the controls for all of [*A/B, DME, or Specialty* MAC name] services were designed with certain responsibilities required of the system users (See Complimentary User Entity Control in the SSAE 18 report). [*A/B, DME, or Specialty* MAC name] controls must always be evaluated in conjunction with an assessment of the strength of these user controls.

Finally, in order to conclude upon the design and effectiveness of internal controls for [*A/B, DME, or Specialty* MAC name], you must read the current SSAE 18 report. This letter is not intended to be a substitute for the SSAE 18 report.

Sincerely,

[Name of Member of Management<sup>2</sup>]

[Title]

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<sup>2</sup> Should be a signature from one of the same person(s) that signed the letter of representations.

### 30.9 – List of Complementary User Entity Controls (CUECs)

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

The following listed CUECs are recommended for consideration by control objective:

<i>Control Objective</i>	<b>CUEC Description</b>
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#### 30.9.1 – A – Information Systems

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>A – Control Objective Number</b>	<b>A – CUEC Description</b>
A.1	CMS maintains, updates, and makes available current CMS Acceptable Risk Safeguards (ARS), Business Partners Systems Security Manual (BPSSM), and other applicable policy to provide Medicare Administrative Contractors (MACs) requirements and guidance for the establishment of an entity-wide security program.
A.3	CMS, as the Authorizing Official (AO), reviews and approves the Information System Security Categorization through the Authority to Operate (ATO) process.
A.7	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors update and / or remove user logical access accounts and system permissions as requested and approved by the MAC for transferred personnel in a timely fashion. In addition, CMS or its contractors remove logical access accounts and system permissions as requested and approved by the MAC for separated personnel in a timely fashion.
A.9	CMS, as the Authorizing Official (AO), authorizes the information system for processing prior to commencing operations and periodically thereafter. In addition, the Information Security and Privacy Group (ISPG) of CMS inputs, in a timely manner, POA&Ms into the CMS FISMA Controls Tracking System (CFACTS).
A.12	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors: <ul style="list-style-type: none"> <li>• Create MAC and non-MAC user accounts (including remote access accounts, temporary, emergency, and privileged accounts if applicable) as requested and approved by the MAC.</li> <li>• If emergency and / or temporary accounts are utilized they are automatically removed as required by CMS standards and/or based on request by the MAC.</li> <li>• CMS or its contractors update information system accounts in a timely fashion based on periodic reviews conducted by the MACs.</li> </ul>



<b>A – <i>Control Objective</i> Number</b>	<b>A – CUEC Description</b>
A.13	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors remove logical access accounts and system permissions as requested and approved by the MAC for separated personnel in a timely fashion. Further, CMS or its contractors automatically disable inactive accounts as required by CMS.
A.15	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors configure password based authentication for major applications / information systems in accordance with current CMS ARS, BPSSM, and other applicable policies.
A.17	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors produce and distribute security audit logs to the MACs for investigation as needed.
A.18	CMS collaborates with the MAC to analyze, respond, and report security incidents.
A.21	CMS maintains, updates, and makes available the current CMS eXpedited Life Cycle (XLC) and other applicable policy to provide the MACs requirements and guidance for the establishment of change management and SDLC processes.
A.22	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors are responsible for software development and maintenance processes including authorization of changes, documentation, testing, and approvals in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.23	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors are responsible for properly restricting and controlling the movement of code between libraries.
A.27	For shared systems, outside of the MAC's ATO boundary, CMS or its contractors have implemented system backup and recovery procedures including contingency plans, disaster recovery plans, testing of plans, and corrective action based on lessons learned in accordance with the current CMS ARS, BPSSM, and other applicable policy.

### 30.9.2 – B – Claims Processing

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>B – <i>Control Objective</i> Number</b>	<b>B – CUEC Description</b>
B.4	Updates to the Sanction/Reinstatement file are provided to the Contractors on a monthly basis.
B.4	CMS sends Denial of Payment for New Admissions (DPNA) letters indicating a facility is not in compliance.

<b>B – Control Objective Number</b>	<b>B – CUEC Description</b>
B.5	CMS provides guidance on the claims appeal process and provides accurate and timely notification of appeal status.
B.4, B.5	CMS provides the Office of Inspector General/Supplemental Medical Review Contractor requests to the Contractor.
B.6	CMS issues annual and quarterly change requests timely and accurately for CMS applied software pricing modules and FISS/MCS changes.
B.8	Claims are properly aged from the actual receipts date to the actual date of payment in compliance with CMS instructions. Receipt dates for claims are date stamped and entered into the claims processing system by CMS maintainer organizations. The CMS maintainer organizations are responsible for completely and accurately logging and entering receipt date of claims into the claims processing system.
B.9	The Shared System Maintainers will provide guidance and controls to track and adjudicate claims, complete base system edits, process Informational Unsolicited Responses (IURs), and analyze/model data from the warehouse to allow detection and prevention of fraud at the MACs.
ALL	CMS deploys and manages CMSNET, a private communication network that allows data to be encrypted during the transmission to prevent any unauthorized sources from intercepting data. The Contractors utilize CMSNET to transmit data with the Enterprise Data Centers (EDCs) and other business partners that utilize CMSNET.
ALL	CMS accurately and timely communicates mandated regulatory requirement changes and internal policy changes.
ALL	CMS ensures CWF and the Beneficiary Data Streamlining (BDS) have accurate and timely data.

### 30.9.3 – F - Medical Review (MR)

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>F – Control Objective Number</b>	<b>F – CUEC Description</b>
F.1	CMS provides proper access to the CERT Claim Status website for retrieval and reporting of CERT feedback data.
F.2	CMS reviews and approves the workloads and costs submitted by the contractor.

<b>F – Control Objective Number</b>	<b>F – CUEC Description</b>
F.1, F.2	CMS reviews and approves the Strategy Analysis Report (SAR) through its CMS ART System and analyses projected workload, cost, variances to projections and assigns a unique control number/system location code for suspended claims.
F.1, F.3	CMS provides accurate Comprehensive Error Rate Testing (CERT) feedback data that is utilized by the contractor in the development of the IPRS, prioritized problem list and continuous data analysis.
F.2, F.3	CMS accepts the Monthly Status Reports (MSRs) through its CMS ART System.
F.3, F.12	CMS provides Recovery Audit Contractor (RAC) vulnerability reports and findings that are utilized by the contractor in the IPRS, prioritized problem list and continuous data analysis.
F.1, F.2, F.3 and F.10	CMS reviews and approves the Improper Payment Reduction Strategy (IPRS) through its CMS ART System prior to the beginning of each contract year.
F.4	CMS provides the mechanism for posting Local Coverage Determinations and Articles that are developed by the Contractor Medical Directors (CMD) and policy staff.
ALL	CMS regularly communicates and makes available Change Requests (CRs), Technical Direction Letters (TDLs) and Medicare rules and regulations to the contractor.
ALL	Access to the all CMS systems are restricted by user identifier (ID) and password. Inactive ID's are suspended after 30 calendar days and deleted after 90 calendar days. Controls are in place to suspend an account after three unsuccessful login attempts

### 30.9.4 – G - Medicare Secondary Payer (MSP)

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>G – Control Objective Number</b>	<b>G – CUEC Description</b>
G.1	The Fiscal Intermediary Standard System (FISS), a Part A CMS system, automatically creates “I” records as needed.  This control objective does not pertain to BCRC or the CRC contractors.
G.1	MSP edits (including 6800) codes are automatically processed by CWF and reported to the contractors for claim review through audit and error codes in the applicable shared system in order to assist examiners in the processing of claims. The applicable systems are configured with automated help messages to aid claims processing and edit resolution.

<b>G – Control Objective Number</b>	<b>G – CUEC Description</b>
G.1	The applicable systems are configured to process claims. The MSPPAY module calculates the amount Medicare should pay as secondary payer. These MSP amounts are automatically updated in the applicable shared systems and the final MSP payment amount is sent to CWF.
G.2	HIGLAS and CAFM records overpayments as adjustments are posted, sets up accounts receivable, and tracks interest assessment on debt.
G.3, G.4	The CMS provides software, the Common Working File (CWF) for editing, and the Electronic Correspondence Referral System (ECRS) to address assistance requests and MSP inquiries.
G.5	CMS accurately and timely communicates mandated regulatory requirement changes and internal policy changes.
ALL	Access to the all CMS systems are restricted by user identifier (ID) and password. Inactive ID's are suspended after 30 calendar days and deleted after 90 calendar days. Controls are in place to suspend an account after three unsuccessful login attempts.

### 30.9.5 – I – Provider Audit

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>I – Control Objective Number</b>	<b>I – CUEC Description</b>
I.1	CMS ensures that applicable CMS systems are appropriately updated.
I.2	CMS provides information to the contractor regarding new providers, change of ownership for an existing provider, termination of a provider, or a change of Medicare Administrative Contractor (MAC) to ensure the information is processed in System Tracking for Audit and Reimbursement (STAR) in a timely and accurate manner and reflected in subsequent audit activities.
I.3	CMS provides general instructions to ensure that Provider Cost Reports are properly submitted and accepted. Appropriate program policies and instructions are provided to address situations where the provider did not file a cost report.
I.4	CMS provides Uniform Desk Review thresholds for determination of limited and full reviews.
<i>I.5</i>	<i>CMS provides general instructions to ensure that Provider Cost Reports are issued a Notice of Program Reimbursement timely.</i>
<i>I.6</i>	<i>CMS provides general instructions to ensure audit systems (STAR) are updated in compliance with program instructions.</i>

<b>I – Control Objective Number</b>	<b>I – CUEC Description</b>
I.7	CMS regulations and program policy are provided to ensure that the contractor's cost report re-opening process is in compliance.
I.8	CMS regulations, program policy, and Provider Reimbursement Review Board (PRRB) rules are provided to ensure that the contractor's appeals process is in compliance.
I.9	<i>Control number I.9 reserved. Control not in use as of IOM revision number 278.</i>
I.10	<i>CMS provides general instructions for audit work that allows for an internal quality control process to be established.</i>
I.11	<i>CMS provides guidelines and instructions to ensure that cost reports are scoped and selected for audit or settled without audit and that audit plans are approved by CMS and in compliance.</i>
I.12	<i>CMS provides manual instructions and timelines to ensure that the contractor's audit process is conducted in compliance, i.e., timeframes for issuance of the engagement letter, documentation requests, pre-exit and exit conferences, and settlement of the audited cost report.</i>
I.13	<i>CMS provides instructions for audit programs, desk review programs and CMS audit and reimbursement policies, and other audit related instructions so that they can be communicated to audit staff.</i>
I.14	<i>CMS provides instructions to ensure the contractor's audit staff maintains its necessary knowledge and skills by completing continuing education and training (CET).</i>
I.15	Supervisory reviews of the audit and settlement process are conducted and the policies and procedures for these reviews are communicated to all supervisors in accordance with CMS program instructions.
I.16	All cost reports where fraud and abuse is suspected shall be referred to the <i>Unified</i> Program Integrity Contractor ( <i>UPIC</i> ) in accordance with CMS and contractor instructions.
I.17	The contractor has processes and procedures in place to document that supervisory reviews by provider audit department management were completed on all provider audit Corrective Action Plans (CAPs) from the establishment of the CAPs to the implementation and validation of the CAPs.
I.18	HITECH incentive payments for Medicare subsection (d) and critical access hospitals are calculated properly, in accordance with CMS' regulations, policies, and instructions. Data is properly entered into the FISS screens in order for the HITECH system to generate the incentive payments.
I.19	<i>CMS provides instructions and guidelines to ensure that cap determination letters are issued accurately and timely to Hospices and include all related documentation.</i>

<b>I – Control Objective Number</b>	<b>I – CUEC Description</b>
I.1, I.2, I.3, <i>and</i> I.6	CMS provides a database, System Tracking for Audit and Reimbursement, so that information is accurate and timely. CMS maintains and updates program instructions to ensure that inputs into the STAR system are in compliance.

### 30.9.6 – J – Financial

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

#### **30.9.6.1 – J – Financial (Non-HIGLAS)**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>J – Control Objective Number</b>	<b>J – CUEC Description</b>
J.2, J.6	CMS Regional Office reviews and approves Extended Repayment Schedules (ERSs) that exceed 36 months.
J.2, J.6	CMS reviews and approves write-offs and status reclassifications of receivables.
J.9	Incoming checks are controlled, sorted, and prepared for scanning and deposit by CMS.
J.3, J.6	Non-HIGLAS Contractors rely upon the CMS VMS system to provide accurate data and to produce demand letters accurately and timely.
J.9	Treasury Collection Notifications are <i>received from the Program Support Center (PSC), reconciled and</i> sent to the Contractors.

#### **30.9.6.2 – J – Financial (HIGLAS)**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>J – Control Objective Number</b>	<b>J – CUEC Description</b>
J.1, J.7	Contractors on HIGLAS/CAFM rely on controls at CMS to obtain reasonable assurance that HIGLAS systematically records all activity resulting in the Treasury Report on Receivables (TROR), Balance Sheets, Income Statements and cash (letter of credit) transactions.
J.3, J.6	Contractors on HIGLAS/CAFM rely on controls at CMS to provide reasonable assurance that CMS has communicated standard language for demand letters to the system maintainer <i>and</i> in HIGLAS.
J.4	Contractors on HIGLAS/CAFM rely on CMS to approve employee access to HIGLAS for specific job functions.

<b>J – <i>Control Objective</i> Number</b>	<b>J – CUEC Description</b>
J.6	Contractors on HIGLAS/CAFMS rely on CMS to ensure that HIGLAS calculates the aged accounts receivable completely and accurately.
J.5, J.6	Contractors on HIGLAS/CAFMS rely on CMS to provide oversight on the HIGLAS <i>support contractor and system</i> maintainer to maintain controls to properly record the accounting activity.
ALL	CMS accurately and timely communicates mandated regulatory requirement changes and internal policy changes.

### 30.9.7 – K – Debt Referral (MSP and Non-MSP)

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

#### 30.9.7.1 – K – Debt Referral (MSP and Non-MSP) (Non-HIGLAS)

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>K – Control Objective Number</b>	<b>K – CUEC Description</b>
K.1	CMS maintains and updates policies and procedures that are available for review by DME MAC contractors to reflect changes in the debt referral processing instructions and to assist in identifying debts eligible for referral to Treasury for cross servicing and Treasury Offset Program prior to the debt becoming 120 days delinquent.
K.1	CMS reviews and approves the Currently Not Collectible and Write-Off Reports.
K.1, K.5 and K.6	CMS sends and follows up on Collections/Refund Spreadsheets with DME MAC contractors when collections on debts are received from Treasury. Internal systems and DCS are updated with refund/adjustment information as appropriate.
K.8	CMS sends and follows up on RTA spreadsheets with the contractors as needed. The debts listed on the RTA spreadsheet should be properly reported on the financial reporting forms and the DCS in accordance with CMS instructions.
K.9	CMS generates Debts Transmitted Reports from DCS and sends it to DME MAC contractors on a weekly basis.
K.9	CMS updates debts in DCS with the correct status and amount as needed.



### 30.9.7.2 – K – Debt Referral (MSP and Non-MSP) (HIGLAS)

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>K – Control Objective Number</b>	<b>K – CUEC Description</b>
K.2	The initial demand letter is either manually created or systematically created in HIGLAS. The content of the initial demand letters and Intent to Refer (ITR) letters are consistent with CMS instructions.
K.6	HIGLAS ages accounts receivable accurately.
ALL	HIGLAS provides eligible debt for referral based on the number of days delinquent and AR status.
ALL	HIGLAS tracks debt including interest assessment.
ALL	CMS accurately and timely communicates mandated regulatory requirement changes and internal policy changes.

### 30.9.8 – L – Non-MSP Debt Collection

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

<b>L – Control Objective Number</b>	<b>L – CUEC Description</b>
L.1, L.3 and L.5	The initial demand letter is either manually created or systematically created in HIGLAS. The content of the initial demand letters and Intent to Refer (ITR) letters are consistent with CMS instructions.
L.1, L.3 and L.5	As under tolerance overpayments reach the threshold, HIGLAS automatically aggregates and demands the debt.
L.1, L.3 and L.5	CMS ensures the Contractor has the ability in HIGLAS to make adjustments and generate various HIGLAS reports on an as-needed basis for debt management.
L.2	CMS Regional Office reviews and approves Extended Repayment Schedules (ERS) that exceed 36 months.
L.3	CMS provides quarterly interest rate updates, and interest is automatically calculated by the system on the overpayment.
L.4	CMS provides guidance to the Contractor upon receipt of a notification of bankruptcy of a debtor.
L.5	CMS reviews and approves the Write-Off Reports.
L.8	CMS Systems are configured to stop collection activity once overpayment cases are updated with certain appeal statuses.

<b>L – <i>Control Objective</i> Number</b>	<b>L – CUEC Description</b>
ALL	CMS accurately and timely communicates mandated regulatory requirement changes and internal policy changes.
No Corresponding Control Number	CMS establishes systematic controls to ensure recoupment of Medicare overpayments and Federal tax and non-tax debts in accordance with the Federal Payment Levy Program (FPLP), which is managed by the Internal Revenue Service (IRS).

## 40.2 - Corrective Action Plan (CAP) Reports

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

The Initial or Quarterly CAP Report shall include the data explained below using the excel template located in [Section 40.6](#); in addition to a Field Legend providing field completion instructions. Findings should be grouped by type of review (i.e. CFO, SSAE 18, A-123 Appendix A, CPIC, etc.). Definitions of CAP report data fields:

- A. Contractor – The abbreviated name assigned to the Medicare Administrative Contractor (MAC), Shared System Maintainer (SSM), Data Center (DC), RDS or MSPRC see tables 2, 3, and 4 in [Section 40.3](#).
- B. Fiscal Year (XX) – The last two digits of the fiscal year reviewed/audited (e.g., FY 2020 would be entered as 20).
- C. Review/Audit Type – Refer to [Section 40.3](#) Table 1 to identify the code for the review or audit type performed.
- D. CAP No. – Sequential three digit number (starting with 001) issued by the auditor/reviewer (or assigned by the contractor if it is a CPIC material weakness) for each finding type.
- E. Jurisdiction Identifier – Applicable to MACs only-refer to [Section 40.3](#) Table 2 for jurisdiction code.
- F. Repeat CAP – Indicate if original CAP has any repeat CAPs (“Yes”/”No”).
- G. CAP Repeat Number – For Quarterly CAP reporting, if a finding is repeated or duplicated in subsequent years or reported in more than one type of review, provide all other CAP ID Nos. for that issue. Repeat finding numbers listed for a particular finding shall be an identical issue, not a related or similar issue and have been identified as a repeat by the auditors in their audit report.  
  
Findings with a repeat finding number shall only be listed once on the CAP report. Repeat finding numbers shall only be reported in the “CAP ID Number” column in the Initial CAP Report for new repeat findings identified. For the Quarterly CAP Report, the “CAP ID Number” column will be populated with the primary (original) finding number only. The primary finding number is the finding number that was identified first. If in subsequent audit/review, the same finding is identified by the auditors, the auditors will assign a finding number applicable to the type of audit/review being conducted, and also note in the audit report that it is a repeat finding of a prior audit. The auditor should also note the primary (original) finding number so that the findings can be easily linked.
- H. Control objective(s) impacted – Required only for SSAE 18 findings, A-123 Appendix A findings, and CPIC material weaknesses. This represents the control objective number(s) impacted by an identified finding. More than one control objective may be impacted for each finding but you need to prioritize and limit the control objectives impacted to no more than five. Note the CMSR number should not be reported in this field.
- I. Deficiency Description – A detailed description of the finding as identified by the auditor/reviewer in their final report or the material weakness as reported in the CPIC.
- J. Deficiency Classification – This column is reserved for use by the CMS internal control team.
- 1. CAP ID No. – This field represents the unique identification number assigned to each deficiency requiring a CAP (formula driven).

2. CAP Description – A description of the planned remediation strategy to eliminate or mitigate the deficiency identified. The CAP should address the root cause of the deficiency.
3. Progress Milestones – Sequentially numbered specific action-oriented steps that facilitates the CAP progress for each deficiency being remediated. Progress milestones shall not change once established. Any revision to an original progress milestone shall be documented in the “2. CAP Description” column and considered an amendment to the original progress milestone. Any changes to the original CAP shall be submitted to CMS for approval by the Business Owner. All steps (milestones) shall be included in one cell.
4. Original Target Completion Date – A target completion date must be assigned to every CAP and progress milestone within the CAP to include (MM/DD/YYYY). The target date shall not change once it is recorded.
5. Revised Target Completion Date – If the original target completion date is revised; the revised date should be included in this column and the reason for the revision should be documented in column “2. CAP Description” (MM/DD/YYYY). Note all changes in the original target completion date shall be submitted to CMS for approval by the Business owner.
6. Actual Completion Date – An actual completion date shall be recorded for every CAP and progress milestone within the CAP to include (MM/DD/YYYY) the remediation of the deficiency was validated as effective.
7. CAP Status – A status reflecting the disposition of the CAP must be assigned and updated as necessary for each deficiency being remediated. Status options for deficiencies assessment include:
  - i. **Open** – Remediation efforts are in progress and the target completion date has not passed;
  - ii. **Delayed** – Remediation efforts are in progress after the original target completion date has passed. Explanations/justifications for delayed status must be documented in the CAP;
  - iii. **Closed – Pending** – Verification and validation efforts have been completed and the CAP is awaiting closure by the issuing party (e.g., SSAE 18 Auditor, A-123 Assessor).
  - iv. **Closed** – Validation and verification procedures demonstrate remediation efforts were adequately addressed, proven effective, and remediation efforts have been closed by issuing party; and
  - v. **Cancelled** – Remediation efforts have ceased because the remediation was recorded inadvertently or erroneously, or it can be demonstrated that the remediation effort is no longer relevant. Explanations/justifications for cancelled statuses must be document in the CAP and approved by the Business Owner.
8. CAP Lead 1 – Individual responsible for managing corrective action efforts must be assigned and documented for each deficiency being remediated.
9. CAP Lead 2 – Not applicable to Medicare Contractors.
10. CAP Lead 3 – Not applicable to Medicare Contractors.

11. Executive Sponsor 1 – The senior executive official accountable for the deficiency and the associated CAP must be documented for each deficiency requiring a CAP.
12. Executive Sponsor 2 – Not applicable to Medicare Contractors.
13. Executive Sponsor 3 – Not applicable to Medicare Contractors.
14. Testing Document Reference – Not applicable to Medicare Contractors.
15. Sport/Prosight Identifier – Not applicable to Medicare Contractors.
16. Root Cause Analysis (RCA) Methodology – RCA is the examination process used to determine the underlying events(s) that cause the deficiency; the approach technique used to uncover causes of problems. Also, RCA can be seen as the process utilized to help identify what, how, and why an event occurred so that steps can be taken to prevent future occurrences. RCA documentation should be available upon request from the CAP Lead and include the decision process used to determine the RCA approach, and all supporting documentation (e.g. walk through documentation, meeting minutes, various dates analysis, emails, etc.).
17. Not for use by contractor
18. Progress Milestone Status – Each progress milestone must have an assigned status reflecting its disposition. Status options for deficiencies include:
  - i. **Open** – Remediation efforts are in progress and the target completion date has not passed;
  - ii. **Delayed** – Remediation efforts are in progress and after the original target completion date has passed. Explanations/justifications for delayed status must be documented in the CAP;
  - iii. **Closed – Pending** – Verification and validation efforts have been completed and the CAP is awaiting closure by the issuing party (e.g., SSAE 18 Auditor, A-123 Assessor).
  - iv. **Closed** – Validation and verification procedures demonstrate remediation efforts were adequately addressed, proven effective, and remediation efforts have been closed by issuing party; and
  - v. **Cancelled** – Remediation efforts have ceased because the remediation was recorded inadvertently or erroneously, or it can be demonstrated that the remediation effort is no longer relevant. Explanations/justifications for cancelled statuses must be document in the CAP and approved by the Business Owner.

### 40.3 - CMS Finding Numbers

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

Finding Numbers should be assigned using the following instructions. Each section of digits should be separated by a dash.

- A. The first three, four, or five digits are letters, which identify the name of the contractor. Each contractor is assigned a unique set of letters listed below. Finding numbers ending with D & J are defined as follows:
  - End letter “D” represents a DME MAC (e.g. ZZZD or ZZZZD)
  - End letter “J” represents a A/B MAC (e.g. ZZZJ or ZZZZJ)
- B. The second two digits are the last two numbers of the year of the review.
- C. The next one digit is a letter to identify the review/audit type.
- D. The last three digits are three numbers assigned sequentially to each finding type beginning with 001.

**Table 1 – REVIEW/AUDIT TYPE**

Findings resulting from the following types of audits or reviews should be reported using the Initial and Quarterly CAP Reports. Choose one from the following list:

<b>Review / Audit Letter</b>	<b>Review / Audit Description</b>
<b>A</b>	A-123 Appendix A Non-IT
<b>C</b>	CPIC (Your Annual Self Certification Package)
<b>E</b>	CFO EDP Audit
<b>F</b>	CFO Financial Audit
<b>G</b>	GAO Review (Financial Reviews)
<b>I</b>	A-123 Appendix A IT
<b>M</b>	CMS’ CPIC Reviews
<b>O</b>	OIG Review HHS / OIG / IT Controls Assessment
<b>P</b>	CMS’ 1522 and CMBRW Reviews
<b>S</b>	SSAE 18 Audit
<b>V</b>	CFO Related NVA / ST
<b>W</b>	Regional Office Review

**Table 2 – *A/B*, *DME*, AND *SPECIALTY* MAC CONTRACTOR ABBREVIATIONS**

<b><i>A/B</i>, <i>DME</i>, and <i>Specialty</i> MAC Contractor Name and Jurisdiction</b>	<b><i>A/B</i> / <i>DME</i> / <i>SMAC</i> Abbreviation</b>
<b>Noridian Healthcare Solutions, LLC, Durable Medical Equipment (DME) MAC JA &amp; JD</b>	NORD
<b>CGS Administrators, LLC, DME MAC, JB &amp; JC</b>	CGSD
<b>Wisconsin Physicians Service Insurance Corporation, A/B MAC, J5 &amp; J8</b>	WPSJ
<b>National Government Services, Inc., A/B MAC, J6 &amp; JK</b>	NGSJ
<b>CGS Administrators, LLC, A/B MAC, J15</b>	CGSJ
<b>Noridian Healthcare Solutions, LLC, A/B MAC, JE &amp; JF</b>	NORJ
<b>Novitas Solutions, Inc., A/B MAC, JH &amp; JL</b>	NOVJ
<b>Palmetto <i>GBA</i>, LLC, A/B MAC, JJ &amp; JM</b>	PGBAJ
<b>First Coast Service Options, Inc., A/B MAC, JN</b>	FCSOJ
<b>Palmetto <i>GBA</i>, LLC, Railroad Retirement Board (RRB) Specialty MAC (SMAC)</b>	<i>PGBAR</i>

**Table 3 – CONTRACTOR ABBREVIATIONS**

<b>Contractor Name and Area</b>	<b>Contractor Abbreviation</b>
<b>Novitas Solutions, Inc.,</b> Affordable Care Act Exchange Oversight Contractor	NOVA
<b><i>General Dynamics Information Technology (GDIT),</i></b> Benefits Coordination and Recovery Center (BCRC), Medicare Secondary Payer Recovery Contractor (MSPRC)	<b><i>GDITB</i></b>
<b><i>Palmetto GBA, LLC,</i></b> Pricing, Data Analysis, and Coding (PDAC)	<b><i>PGBAP</i></b>
<b>Performant,</b> Commercial Repayment Center (CRC), MSPRC	PER
<b>General Dynamics Information Technology (GDIT),</b> Retiree Drug Subsidy (Part D Contractor)	<b><i>GDITR</i></b>

**Table 4 – SHARED SYSTEM MAINTAINER ABBREVIATIONS**

<b>Shared System Maintainer Name and Area</b>	<b>SSM Abbreviation</b>
<b>DV United, LLC,</b> Common Working File (CWF)	CWF
<b>Data Computer Corporation of America,</b> Single Testing Contractor (STC)	DCCA
<b>Enterprise Services Plano,</b> Fiscal Intermediary Standard System (FISS)	FISS
<b>Enterprise Services Plano,</b> Multi-Carrier System (MCS)	MCS
<b>General Dynamics Information Technology,</b> Viable Medicare System (VMS) / DME Claims Processing System	VMS



**Table 5 – DATA CENTER ABBREVIATIONS**

<b>Data Center Name and Area</b>	<b>DC Abbreviation</b>
<b>Companion Data Services (CDS),</b> General Support System (GSS), Virtual Data Center (VDC)	CDS
<b>Data Computer Corporation of America (DCCA),</b> Medicaid Budget and Expenditure System (MBES)	MBES
<b>Prospecta – Tulsa, OK</b> VDC, Electronic Data System (EDS)	EDS
<b>Leidos – Culpepper, VA,</b> Healthcare Integrated General Ledger Accounting System (HIGLAS)	LEI
<b>General Dynamics Information Technology</b> GHI (New York, NY)	GDIT

#### **40.4 - Initial CAP Report**

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

All initial CAPs shall be reported on the Initial CAP Report. After this initial submission, CAPs shall be merged onto the Quarterly CAP Report. All CAPs, for the reviews noted in [Section 40](#), shall be consolidated onto one Quarterly CAP Report. However, if you have findings for an affiliated DC or SSM shown above, these findings shall also be reported using the CMS FISMA Controls Tracking System (CFACTS). A separate CAP report shall be submitted for each contractor, as listed in [Section 40.3](#).

The contractor shall use the Initial CAP Report, as an Excel spreadsheet and add their data following the steps below. The format of the spreadsheet should not be altered; however, the column width and row height may be adjusted to accommodate data entry. Additionally, this electronic file should be labeled Initial CAP Report, should be identified using the contractor abbreviations found in [Section 40.3](#), and should include the submission date. For example, *the initial CAP Excel file should be named as follows:*

<b>Contractor Name</b>	<b>Example Initial CAP File Name</b>
<i>Healthcare Company Name</i>	20YYMMDD_HCA_Initial_CAP_Report.xls

The Initial CAP Report template can be found in [Section 40.6](#).

## 40.5 - Quarterly CAP Report

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

The contractor shall use the Quarterly CAP Report, as an Excel spreadsheet and add their data accordingly, changes are only allowed to be made to the column width and row height to accommodate data entry.

### **Quarterly CAP Electronic File Labeling:**

The electronic file shall be labeled with the following information:

1. **Submission Date:** Year, Month, and Date (YYYYMMDD)
  - a. 1<sup>st</sup> Quarter FY 20YY: 01/30/20YY = 20YY0130
  - b. 2<sup>nd</sup> Quarter FY 20YY: 04/30/20YY = 20YY0430
  - c. 3<sup>rd</sup> Quarter FY 20YY: 07/30/20YY = 20YY0730
  - d. 4<sup>th</sup> Quarter FY 20YY: 10/30/20YY = 20YY1030
2. **Contractor Abbreviation & Jurisdiction:** See Tables 2-5 from [Section 40.3](#)
3. **File Description:** Quarterly\_CAP\_Report

For example, the Microsoft Excel file names for the 4<sup>th</sup> Quarterly CAP Reports for FY 20YY due on Wednesday, October 30<sup>th</sup>, 20YY should be named as follows:

Contractor Name	Example Quarterly CAP File Name
<i>Healthcare Company Name</i>	20YY1030_HCA_Quarterly_CAP_Report.xls

The Quarterly CAP Report template can be found in [Section 40.6](#).

## 40.6 - CMS Initial and Quarterly CAP Report Template

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17- 19)*

The contractor shall use the CMS Initial and Quarterly CAP Microsoft Excel Report Template for CAP reporting. This template supersedes all prior templates issued, and can also be obtained via email upon request from: [CAPS@cms.hhs.gov](mailto:CAPS@cms.hhs.gov).

Additionally, any Initial and Quarterly CAPs questions and or concerns can be submitted to [CAPS@cms.hhs.gov](mailto:CAPS@cms.hhs.gov).



## 50.2 – B Controls – Claims Processing

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

B – Control Number	Control Objective – Claims Processing
B.1	The Medicare claims processing system tracks each claim from receipt to final resolution.
B.2	<p>Controls provide reasonable assurance that fee-for-service information system edits and / or validations are configured in accordance with CMS guidelines including:</p> <ul style="list-style-type: none"> <li>• Management maintains a current baseline of edit configurations in accordance with CMS guidelines.</li> <li>• Management assesses the current configuration of edits against the baseline periodically.</li> <li>• For misconfigured edits Management remediates the configuration in a timely fashion.</li> <li>• Management reports results of reconciliations / reviews to CMS periodically.</li> </ul> <p><i>(Maintainer Only. Applicable for A-123 Reviews)</i></p>
B.3	<p>The system generates an audit trail with respect to each claim, adjustment, or other related transaction. Such audit trail shall include the results of each applicable claim edit.</p> <p><i>(Maintainer Only. Applicable for A-123 Reviews)</i></p>
B.4	Each claim is adjudicated in accordance with CMS instructions.
B.5	Claims are reopened in accordance with CMS guidelines and readjudicated in accordance with CMS instructions.
B.6	Claim payment amounts are calculated in accordance with CMS instruction. Fee schedules are properly received, logged, and changed in the system and monitored, and applied in accordance with CMS instructions.
B.7	<p>The system shall identify and deny duplicate claims in accordance with CMS instructions.</p> <p><i>(Maintainer Only. Applicable for A-123 Reviews)</i></p>
B.8	Claims are properly aged from the actual receipt date to the actual date of payment in compliance with CMS instructions.
B.9	The system shall detect apparent fraudulent or abusive practices in accordance with CMS instructions. Personnel are trained to detect fraudulent and abusive practices and, in accordance with CMS instructions, to deter such practices. Any such apparent fraudulent or abusive practices as are identified are documented and reported in accordance with CMS instructions.

## 50.9 – I Controls – Provider Audit

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

I – Control Number	Control Objective – Provider Audit
I.1	Interim, tentative and PIP payments to Medicare providers are established, monitored and adjusted, if necessary, in a timely and accurate manner in accordance with CMS general instructions and provider payment files are updated in a timely and accurate manner. Adjustments to interim payments shall be made to ensure that payments approximate final program liability within established ranges. Payment records are adequately protected. All applicable CMS systems are properly updated.
I.2	Information received by the contractor from CMS or obtained from other sources regarding new providers, change of ownership for an existing provider, termination of a provider, or a change of Medicare Administrative Contractor (MAC) are identified, recorded, and processed in System Tracking for Audit and Reimbursement (STAR) in a timely and accurate manner and reflected in subsequent audit activities.
<i>I.3</i>	Provider Cost Reports are properly submitted and accepted in accordance with CMS' regulations, policies, and instructions. Appropriate program policies and instructions are followed in situations where the provider did not file a cost report. Cost report submission information is timely and properly forwarded to the proper CMS Systems.
I.4	Desk review procedures and work performed are documented and are sufficient to obtain an accurate review of the submitted cost report and are in accordance with the Uniform Desk Review (UDR) Program. Documentation is established and maintained to identify situations requiring a limited desk review or a full desk review.
I.5	Notices of Program Reimbursement (NPR) are issued accurately and timely to providers and include all related documentation (e.g. an audit adjustment report, copy of the final settled cost report).
I.6	Inputs to mandated systems regarding provider audit, settlement, reopening, appeals, and reimbursement performance (STAR) are complete, accurate and in compliance with program instructions. Documentation supporting reports and inputs shall be maintained.
I.7	The contractor's cost report reopening process is conducted in accordance with CMS regulations and program policy.
I.8	Provider appeals (including both the Provider Reimbursement Review Board (PRRB) and Contractor Appeals) are handled appropriately. Jurisdictional questions are addressed and PRRB timeframes for submission are observed.

<b>I – Control Number</b>	<b>Control Objective – Provider Audit</b>
I.9	Control number I.9 reserved. Control not in use as of IOM revision number 278.
I.10	An internal quality control process has been established and is functioning in accordance with CMS instructions to ensure that audit work performed on providers' cost reports is accurate, meets CMS quality standards, and results in program payments to providers which are in accordance with Medicare law, regulations and program instructions.
I.11	Cost reports are scoped and selected for audit or settled without audit. Audit plans are approved by the Audit & Reimbursement (A&R) Business Function Lead and adhere to CMS guidelines and instructions.
I.12	The contractor's audit process is conducted in accordance with CMS manual instructions and timelines, i.e., timeframes for issuance of the engagement letter, documentation requests, pre-exit and exit conferences, and settlement of the audited cost report.
I.13	Communications of audit programs, desk review programs, CMS audit and reimbursement policies, and other audit related instructions are timely and accurately communicated to all appropriate audit staff.
I.14	The contractor's audit staff maintains its necessary knowledge and skills by completing continuing education and training (CET) required by CMS instructions, and documentation is maintained to support compliance by each staff member.
I.15	Supervisory reviews of the audit and settlement process are conducted and the policies and procedures for these reviews are communicated to all supervisors in accordance with CMS program instructions.
I.16	All cost reports where fraud and abuse is suspected shall be referred to the <i>Unified</i> Program Integrity Contractor ( <i>UPIC</i> ) in accordance with CMS and contractor instructions.
I.17	The contractor has processes and procedures in place to document that supervisory reviews by provider audit department management were completed on all provider audit Corrective Action Plans (CAPs) from the establishment of the CAPs to the implementation and validation of the CAPs.
I.18	HITECH incentive payments for Medicare subsection (d) and critical access hospitals are calculated properly, in accordance with CMS' regulations, policies, and instructions. Data is properly entered into the FISS screens in order for the HITECH system to generate the incentive payments.
I.19	Notices of CAP Determination Letter are issued accurately and timely to Hospices and include all related documentation.

## 50.11 – K Controls – Debt Referral (MSP and Non-MSP)

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

K – Control Number	Control Objective – Debt Referral (MSP and Non-MSP)
K.1	Procedures are documented and followed to identify a debt eligible for referral to Treasury for cross servicing and Treasury Offset Program (TOP) prior to the debt becoming 120 days delinquent. These procedures are written and available for review. Debts eligible for referral and debts ineligible for referral are properly reported on the appropriate CMS Forms 751, Contractor Financial Reports, Status of Accounts Receivable, or the Treasury Report on Receivables and Debt Collection Activities Report. For MSP debt, see Internet Only Manual (IOM), Pub 100-05, MSP Manual, Chapter 7, Section 60 and Chapter 4, Debt Collections.
K.2	Intent to Refer Letters (IRLs) for eligible debt are sent in a timely manner in accordance with CMS instructions. Timeframes for each type of debt can be found in the IOM, Chapter 4, Debt Collections.
K.3	Responses to the IRL letter are handled timely according to CMS instructions. Appropriate systems are updated to reflect any changes to the eligibility status of the debt and these statuses are properly reported on the financial reporting forms outlined in K.1. Procedures are in place to handle undeliverable letters. Refer to the IOM, Chapter 4, Debt Collections.
K.4	<p><i>All contractors review the <b>system</b> generated <b>HIGLAS CMS Debt Management (CMSDM) Return to Agency (RTA)</b> report and update HIGLAS accordingly to ensure appropriate debts are referred to Treasury <b>as follows</b>:</i></p> <ul style="list-style-type: none"> <li><i>• <b>CMS contractors who have not transitioned to HIGLAS, including the Administrative Program Accounting (APA) line of business, ensure that the HIGLAS Debt Management Module is updated timely for debt referrals as needed.</b></i></li> <li><i>• <b>HIGLAS contractors ensure that the HIGLAS AR transactions are updated timely for debt referrals as needed.</b></i></li> </ul>
K.5	<p><i>When there is a change to a debt that has been referred for cross servicing, <b>CMS contractors who have not transitioned to HIGLAS, including the APA line of business, update the HIGLAS Debt Management Module to initiate recalls, collections, and adjustments timely and accurately in accordance with CMS instructions. HIGLAS contractors initiate recalls, collections and adjustments timely and accurately by updating the HIGLAS Accounts Receivable (AR) transactions as needed</b> including the ‘Debt Referral Reason Code’ Descriptive FlexField (<b>DFE</b>).</i></p>

K – Control Number	Control Objective – Debt Referral (MSP and Non-MSP)
K.6	<p><i>All CMS</i> contractors ensure that the <i>CMSDM PSC</i> Collection <i>Report</i> Spreadsheets are completed <i>timely</i> in accordance with CMS instructions, and the appropriate <i>source</i> systems are updated <i>as follows</i>:</p> <ul style="list-style-type: none"> <li>• <i>CMS</i> contractors <i>who have not transitioned to HIGLAS, including the APA line of business</i>, ensure <i>that</i> the <i>HIGLAS</i> Debt Management Module is updated <i>timely</i> with refund/adjustment information as needed.</li> <li>• <i>HIGLAS</i> contractors, <i>including the APA line of business</i>, ensure <i>that the HIGLAS AR transactions are updated timely and accurately with the refund/adjustment information as needed.</i></li> </ul>
K.7	<p>Treasury Cross-Servicing Dispute Resolution forms are researched, resolved, and responded to Treasury timely in accordance with CMS instructions. Procedures are in place and are being followed to respond to these disputes/inquiries, update the appropriate system, and properly report the status and balance of the debt in the financial reporting forms.</p>
K.8	<p><i>All CMS</i> contractors ensure <i>that the CMSDM RTA report</i> spreadsheets are completed <i>timely</i> in accordance with CMS instructions and debts listed on the spreadsheet are properly reported on the financial reporting forms in accordance with CMS instructions. <i>CMS contractors who have not transitioned to HIGLAS, including the APA line of business</i>, follow the RTA Interface and Report instructions in the <i>HIGLAS</i> Debt Management Module training guide.</p>
K.9	<p>Contractors ensure that debts have the correct status when the debt is referred to Treasury and retains this correct status while at Treasury.</p>

## 70 – List of Commonly Used Acronyms

*(Rev. 331, Issued: 11-15-19, Effective: 10-01-19, Implementation: 12-17-19)*

<b>Acronym</b>	<b>Definition</b>
<i>A/B</i>	<i>Medicare Part A / B</i>
AICPA	American Institute of Certified Public Accountants
AO	Authorizing Official
AP	Account Payable
A&R	Audit & Reimbursement
AR	Account Receivable
ARA	Associate Regional Administrator
ARS	Acceptable Risk Safeguards
ART	Analytical, Reporting, & Tracking
ATO	Authority to Operate
BCRC	Benefit Coordination & Recovery Center
BDS	Beneficiary Data Streamlining
BPSSM	Business Partners Systems Security Manual
CAP	Corrective Action Plan
CERT	Comprehensive Error Rate Testing
CET	Continuing Education and Training
CFACTS	CMS FISMA Controls Tracking System
CFO	Chief Financial Officers Act of 1990
CMBRW	Contractor's Monthly Bank Reconciliation Worksheet
CMD	Contractor Medical Directors
CMS	Centers for Medicare and Medicaid Services
CNC	Currently Not Collectible
COR	Contracting Officer Representative
CPA	Certified Public Accountant
CPE	Contractor Performance Evaluation
CPIC	Certification Package for Internal Controls
CR	Change Request
CRAF	Collection Reconciliation Acknowledgement Forms
CRC	Commercial Repayment Center
CUECs	Complementary User Entity Controls
CUF	Common Working File
DCS	Debt Collection System
<i>DD</i>	<i>Day/Date Number (01 – 31)</i>
DME	Durable Medical Equipment
DPNA	Denial of Payment for New Admissions
DPP	Duplicate Primary Payment
ECRS	Electronic Correspondence Referral System
EDC	Enterprise Data Center
EDS	Electronic Data System
EOB	Explanation of Benefits
ERM	Enterprise Risk Management
ERS	Extended Repayment Schedule
FAR	Federal Acquisition Regulation
FISMA	Federal Information Security Management



<b>Acronym</b>	<b>Definition</b>
FISS	Fiscal Intermediary Standard System
FMFIA	Federal Managers' Financial Integrity Act of 1982
FPLP	Federal Payment Levy Program
FR	Financial Reporting
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GHP	Group Health Plan(s)
GSS	General Support System
HHS	The US Department of Health and Human Services
HIGLAS	Healthcare Integrated General Ledger Accounting System
HITECH	Health Information Technology for Economic and Clinical Health
ICOFR	Internal Controls Over Financial Reporting
ICS	Internal Control Standards
ID	Identifier
IOM	Internet Only Manual
IPRS	Improper Payment Reduction Strategy
IRL	Intent to Refer Letters
IRS	Internal Revenue Service
ISPG	Information Security and Privacy Group
IT	Information Technology
ITR	Intent to Refer
IUR	Informational Unsolicited Response
JOA	Joint Operating Agreement
MAC	Medicare Administrative Contractor
MBES	Medicaid Budget and Expenditure System
MCS	Multi-Carrier System
MD	Maryland
<i>MM</i>	<i>Month Number (01 – 12)</i>
MMA	Medicare Prescription Drug, Improvement, and Modernization Act of 2003
MR	Medical Review
MW	Material Weakness
MSP	Medicare Secondary Payer
MSPPAY	Medicare Secondary Payer Payment Module
MSPRC	Medicare Secondary Payer Recovery Contractor
MSR	Monthly Status Report
NARA	National Archives and Records Administration
NPR	Notices of Program Reimbursement
NVA/ST	Network Vulnerability Assessment / Security Testing
OGC	Office of General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
PDAC	Pricing, Data Analysis, and Coding
PIM	Program Integrity Manual
POA&M	Plan of Action and Milestone
<i>POC</i>	<i>Point of Contact</i>
POE	Provider Outreach and Education

<b>Acronym</b>	<b>Definition</b>
PRRB	Provider Reimbursement Review Board
PTS	Provider Tracking System
Pub	Publication
QIO	Quality Improvement Organization
RA	Remittance Advice
RAC	Recovery Audit Contractor
RCA	Root Cause Analysis
RDS	Retiree Drug Subsidy
RMH	Risk Management Handbook
RO	Regional Office
RRB	Railroad Retirement Board
RTA	Returned to Agency
SA&A	Security Assessment and Authorization
SAR	Strategy Analysis Report
SD	Significant Deficiency
SDLC	System Development Life Cycle
SMAC	Specialty Medicare Administrative Contractor
SOW	Statements of Work
SSAE 18	Statement on Standards for Attestation Engagements Number 18
SSM	Shared System Maintainer
SSP	System Security Plan
STAR	System Tracking for Audit and Reimbursement
STC	Single Testing Contractor
TDL	Technical Direction Letter
TOP	Treasury Offset Program
TROR	Treasury Report on Receivables
UDR	Uniform Desk Review
UPIC	Unified Program Integrity Contractor(s)
USGAO	United States General Accounting Office
VDC	Virtual Data Center
VMS	Viable Medicare System
VP	Vice President
XLC	eXpedited Life Cycle
<i>20YY</i>	<i>Year Number (e.g. 2019, 2020, 2021, etc.)</i>
ZPIC	Zone Program Integrity Contractor(s)

**CMS Contractor Initial Corrective Action Report  
FMFIA Corrective Action Plan (Appendix 5)**

<b>Contractor Name:</b>	
<b>Contractor Number:</b>	
<b>Date of Submission:</b>	
<b>Contact Person:</b>	
<b>Contact Person Email:</b>	
<b>Contact Person Phone No.:</b>	
<b>VP of Medicare Operations/CFO Name:</b>	
<b>VP of Medicare Operations/CFO Signature:</b>	

CORRECTIVE ACTION PLAN (CAP)																												
A. Contractor	B. Fiscal Year (XX)	C. Review/ Audit Type	D. CAP No.	E. Jurisdiction Identifier	F. Repeat CAP	G. CAP Repeat Number	H. Control Objective Impacted	I. Deficiency Description	J. Deficiency Classification	1. CAP ID No.	2. CAP Description	3. Progress Milestones	4. Original Target Completion Date	5. Revised Target Completion Date	6. Actual Completion Date	7. CAP Status	8. CAP Lead 1	9. CAP Lead 2	10. CAP Lead 3	11. Executive Sponsor 1	12. Executive Sponsor 2	13. Executive Sponsor 3	14. Testing Document Reference	15. Sport/Prosight Identifier	16. Root Cause Analysis Methodology	17. Not for use by Contractor	18. Progress Milestone Status	
									To be completed by A-123 Technical Team	Automatically Populated								Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors		Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors		Not Applicable to Medicare Contractors		
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**Instructions:**

A Corrective Action Plan (CAP) shall be completed by each Contractor to report and track planned actions to correct internal control deficiencies identified. Contractors should critically analyze the nature and impact of control deficiencies. CMS require all identified deficiencies to have an associated CAP. A CAP shall only be designated as "Closure-Pending" when an A-123 Verification and Validation Test has been performed and an A-123 CAP Follow-up Report has been issued recommending the CAP to be Closed.

**Contractors shall use this template, and shall not merge cells or add columns. See the Field Legend tab for instructions on completing each field of the CAP template.**

**CMS Contractor Quarterly Corrective Action Report  
FMFIA Corrective Action Plan (Appendix 5)**

Contractor Name:	
Contractor Number:	
Date of Submission:	
Contact Person:	
Contact Person Email:	
Contact Person Phone No.:	
VP of Medicare Operations/CFO Name:	
VP of Medicare Operations/CFO Signature:	

CORRECTIVE ACTION PLAN (CAP)																														
A. Contractor	B. Fiscal Year (XX)	C. Review/ Audit Type	D. CAP No.	E. Jurisdiction Identifier	F. Repeat CAP	G. CAP Repeat Number	H. Control Objective Impacted	I. Deficiency Description	J. Deficiency Classification	1. CAP ID No.	2. CAP Description	3. Progress Milestones	4. Original Target Completion Date	5. Revised Target Completion Date	6. Actual Completion Date	7. CAP Status	8. CAP Lead 1	9. CAP Lead 2	10. CAP Lead 3	11. Executive Sponsor 1	12. Executive Sponsor 2	13. Executive Sponsor 3	14. Testing Document Reference	15. Sport/Prosight Identifier	16. Root Cause Analysis Methodology	17. Not for use by Contractor	18. Progress Milestone Status			
									To be completed by A-123 Technical Team	Automatically Populated								Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors		Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors	Not Applicable to Medicare Contractors		Not Applicable to Medicare Contractors		Not Applicable to Medicare Contractors		

**Instructions:**

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**Contractors shall use this template, and shall not merge cells or add columns. See the Field Legend tab for instructions on completing each field of the CAP template.**

**Field Legend:**

FIELD	INSTRUCTIONS
A	Select from Drop-down box Contractor abbreviated name (see Internet Only Manual (IOM), Chapter 7, Section 40.3).
B	Enter last two digits of fiscal year audited (YY).
C	Select from Drop-down box Review/Audit Type (see IOM, Chapter 7, Section 40.3).
D	Enter sequential three digit CAP number, as a label, starting with "001".
E	Select from Drop-down box Medicare Administrative Contractor jurisdiction identifier, if applicable (e.g., JX).
F	Select from Drop-down Box if Cap is a Repeat CAP "Yes" or "No".
G	If CAP is a Repeat list repeat CAP number(s) starting with oldest CAP number.
H	Enter Control Objective(s) impacted, no more than three control objectives (see IOM, Chapter 7, Section 50)
I	Enter a description of the deficiency or the condition which resulted in the deficiency. The <b>condition</b> is a situation that exists and is not in compliance with appropriate criteria.
J	CMS A-123 Technical Team (ATT) will populate this field.
1.	CAP ID No. - Automatically populated
2.	Document the corrective action plan to remediate the root cause of the deficiency. See Field 22 for Root Cause Analysis Instructions.
3.	Document measurable progress milestones actions to facilitate the progress of remediating the root cause of the deficiency. Each contractor must provide a detailed summary of the progress milestone, state whether the progress milestone is critical, the planned start date, the actual start date, the target completion date, dependencies, performance measures and metrics, and the actual completion date (when applicable). The progress milestones must be reviewed and approved by the CAP Lead(s) and CMS Business Process Owner(s). <b>Note all information provided shall be restricted to one cell.</b>
4.	Enter the projected target completion date (MM/DD/YYYY) in which the deficiency will be fully remediated by the CAP.
5.	If the original CAP date of completion (Field 4) will not be met, enter the revised target completion date (MM/DD/YYYY).
6.	Enter the date that the planned corrective action(s) were actually completed to fully resolve the deficiency (MM/DD/YYYY).
7.	From the drop-down menu, select whether the CAP is Open, Delayed, Closed, Closed-Pending or Cancelled. See IOM, Chapter 7, Section 40.2 for definitions of status options.
8.	
9.	Enter the name of the individual(s) (e.g., First Name, Last Name) responsible for leading the actions to correct the deficiency. CAP Leads must be individuals who have direct knowledge of the deficiency and in a position to facilitate progress milestone actions.
10.	
11.	
12.	Enter the name of the senior official(s) (e.g., First Name, Last Name) accountable for corrective action. The Executive Sponsor is the Senior level official accountable for the weakness and the associated remediation plans.
13.	
14.	Enter all workpaper references, which are internal to the Contractor, that support the corrective action efforts to close this CAP.
15.	Enter the remediation identifier for all IT Security deficiencies. Enter N/A if not applicable.
16.	Document the methodology used and the steps taken to identify the root cause(s) of a deficiency, as well as the identified root cause(s). A single deficiency can have multiple root causes. The identified root cause(s) must be reviewed and approved by the CAP Lead(s) and Executive Sponsor(s). This analysis must be completed before developing the CAP (Field 2) and Progress Milestones (Field 3).
17.	Not for use by Contractor.
18.	Provide a detailed summary of the corrective actions taken associated with the progress milestones, related outcomes, related deliverables (if applicable), percent complete, whether the progress milestone is scheduled to meet the target completion date, and progress inhibitors. <b>Note all information provided shall be restricted to one cell.</b>