

THE CENTER FOR DISCOVERY

SUBJECT: Audit Resolution

MANUAL: Corporate Compliance

SECTION: Section 6

Purpose:

The audit review and follow-up process is an integral part of good management, and is a shared responsibility of administrators and compliance auditors. The issue remains the same—proper resolution of any findings. This policy emphasizes the importance of monitoring the implementation of resolved audit recommendations to ensure that promised corrective actions are actually taken. This policy also establishes procedures for responding to findings in reports issued by the internal or external auditors, or consultants or reviews by internal staff.

Policy:

1. Corrective action taken by administrators on resolved findings and recommendations is essential to ensure that identified problems and weaknesses do not recur.
2. The compliance auditors will provide responsible administrators with a comprehensive report and a briefing on their findings and recommendations.
3. The Corporate Compliance Officer (CCO) will provide oversight of audit resolution of all compliance audits, including the receipt of reports from audits, and evidence of administrators being briefed on the results of such audits.
4. The CCO will maintain a tracking system for compliance-related findings arising from audits, and is responsible for ensuring they are tracked until corrective action and follow-up verification are completed.
5. The resolution process will include all actions required to fully correct all issues. Depending on the nature of the problems involved, each resolution will include timely correction of administrative, systemic and program compliance issues/deficiencies, monitoring to ensure that the corrective actions on significant deficiencies have been adequately implemented to resolve the problem and prevent recurrence, and verification that the corrective actions are operating effectively.

Procedures:

1. Any correspondence from any regulatory agency charged with administering a federally or state-funded program received by any department of the Center will be copied and promptly forwarded to the Corporate Compliance Officer for review and subsequent discussion by the executive committee. Program management will immediately notify the Corporate Compliance Officer of any visits, audits, investigations, or surveys by any regulatory agency or authority. Results (oral or written) of any visits, audits, investigations, or surveys will be forwarded to the Corporate Compliance Officer promptly upon receipt by Center for Discovery personnel.
2. Upon receipt of audit results, the program will respond to the findings as directed with assistance from the QI or Corporate Compliance departments as needed. All responses

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will include a plan of corrective action for each finding as well as a plan to prevent recurrence.

3. Resolution is normally deemed to occur when corrective action has been instituted and independently verified.
4. Resolution should take place within 20 days of significant findings being reported. However, if findings indicate the existence of legal or regulatory issues, managers must notify the CCO and resolve findings within 10 days.
5. Department/Program Directors will maintain audit resolution files to fully document and justify all actions taken to resolve the findings within their area of responsibility. The documentation must specify the target dates for implementation of corrective actions on deficiencies or weaknesses, identify the procedures followed, and document the results of follow-up reviews.
6. Documentation of resolution must be in sufficient detail to satisfy an independent reviewer that the findings have been fully, effectively, and appropriately resolved. The CCO will review all responses to external auditors to ensure findings are appropriately addressed.
7. Directors of departments/programs subjected to review are responsible for monitoring the implementation of actions to correct deficiencies until the deficiencies have been corrected.
 - a. The review should be initiated as soon as possible after corrective actions are implemented
 - b. The Director may conduct the follow-up review personally, or may request that it be conducted by the QI or Compliance Departments.
 - c. When significant compliance issues are involved, the CCO will independently conduct a follow-up review to ensure that corrective actions taken are effective in preventing recurrence of the problem.
 - d. The Director is ultimately responsible for ensuring that reviews are conducted, and for determining whether the deficiencies were adequately corrected.
 - e. Significant deficiencies will not be considered resolved until the Director in conjunction with the CCO determines that the actions were in fact taken, and resulted in correction of the deficiencies.
8. The CCO will make quarterly reports to the Governance and Corporate Compliance Committee of the Board of Directors on the status audits..

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