

**UTAH OIG**  
**AUDIT DEPARTMENT**

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Utah Office of  
Inspector General



# Bottom Line Up Front

The Audit Department is one of several assets within the Utah OIG that is effective in conducting oversight activities of the Medicaid program.

“Audit is defined as an independent, objective review of a process and associated controls to determine the effectiveness, efficiency and or compliance of that program or process. Audits will be conducted under the regular supervision of the Inspector General.” (UAC R30-1-7a)

Audits involve in-depth planning, preparation, collection and analysis of processes, procedures, policies and operations of the Medicaid program.

Audits may identify areas for improvement to the program through recommendations to Medicaid.



# Outline for Training



- Relevant Statutes and Rules:
  - Utah Code Title 63A, Chapter 13, Office of Inspector General
  - Utah Administrative Code Rule R30-1, Office of Inspector General of Medicaid Services
- Guidance:
  - Generally Recognized Government Auditing Standards
- Audit Process
- Elements of an Audit Finding
- Utah OIG Audit Cycle
- Utah OIG Audit Universe



# Utah OIG Statute – Auditors



- Utah Code Ann 63A-13-202(1)(e):
  - “Consult with the Centers for Medicaid and Medicare Services and other states to determine and implement best practices for:
    - i. *educating* and communicating with health care professionals and providers *about program and audit policies and procedures*”
- Utah Code Ann 63A-13-202(p):
  - “Provide *training* to:
    - Health care professionals and providers on program and *audit policies and compliance*”

## Explanation:

Consult with CMS and other states to identify lessons learned and best practice. Provide training to Utah Medicaid providers in audit policies and compliance.



# Utah OIG Statute – Auditors



- Utah Code Ann 63A-13-202(1)(h):
  - “*audit*, inspect, and evaluate the functioning of the division for the purpose of making recommendations to the Legislature and the department to ensure that the state Medicaid program is managed:
    - (i) in the *most efficient and cost-effective manner* possible; and
    - (ii) in a manner that *promotes adequate provider and health care professional participation* and the provision of appropriate health benefits and services”

## Explanation:

Audits to identify recommendations for efficiency, cost savings and to promote provider participation.



# Utah OIG Statute – Auditors



- Utah Code Ann 63A-13-202(2)(a):
  - “The office may, in fulfilling the duties under Subsection (1), conduct a **performance or financial audit** of:
    - (i) a state executive branch entity or a local government entity, including an entity described in Section 63A-13-301, that:
      - A. manages or oversees a state Medicaid program; or
      - B. manages or oversees the use or expenditure of state or federal Medicaid funds; or
    - (ii) Medicaid funds received by a person by a grant from, or under contract with, a state executive branch entity or a local government entity.”

## Explanation:

Performance Audit: Review and evaluate the efficiency, effectiveness, and participation of the Medicaid program.

Financial Audit: Evaluation of Medicaid’s financial records and reporting activities for compliance, accuracy and full disclosure of finances.

Evaluation: In-house review of efficiency, effectiveness of program and policies.



# Utah OIG Statute – Auditors



- Utah Code Ann 63A-13-401:
  1. “The *inspector general has the power to issue a subpoena to obtain a record or interview a person* that the office or inspector general has the right to access *under Part 3, Investigation or Audit*.
  2. A person who fails to comply with a subpoena issued by the inspector general or who refuses to testify regarding a matter upon which the person may be lawfully interrogated:
    - a) is in contempt of the inspector general; and
    - b) upon request by the inspector general, the attorney general shall:
      - i. file a motion for an order to compel obedience to the subpoena with the district court; Utah Code
      - ii. file, with the district court, a motion for an order to show cause why the penalties established in Title 78B, Chapter 6, Part 3, Contempt, should not be imposed upon the person named in the subpoena for contempt of the inspector general; or
      - iii. pursue other legal remedies against the person.”

## Explanation:

Auditors can compel a person to provide records or submit to an interview.





# Utah OIG Admin Code – Auditors



- Utah Administrative Code, R30-1-7a, Audit Responsibilities:
  - Audit activities will remain *free of influence*.
  - Auditors will *follow* the Generally Accepted Government Auditing Standards (*GAGAS*) and Federal OIG Quality Standards by the Council of Inspectors General on Integrity and Efficiency (*CIGIE*) as it relates to audit standards, inspections and review standards.
  - Auditors shall have *unrestricted access to records* of state executive branch, local government and providers relating directly or indirectly to the Medicaid program.

## Explanation:

Auditors shall follow GAGAS, be free of influence and have access to all government and provider records.





# Utah OIG Admin Code – Auditors



- Utah Administrative Code, R30-1-7b, Audit Plan:
  - Preparation of an annual audit plan.
  - Audits to be performed for the year.
  - Resources to be devoted to the audits.
  - Evaluate the efficiency and effectiveness of taxpayer dollars.
  - Determine adequacy of controls over federal and state compliance.
  - Immediately notified IG of serious deficiency or suspicion of “significant fraud.”

## Explanation:

Prepare an annual audit plan that details audits to be completed and how they will be performed.



# Utah OIG Admin Code – Auditors



- Utah Administrative Code, R30-1-8a, Medical Providers:
  - OIG may conduct *performance and financial audits of providers and persons who directly or indirectly participate in the program.*
  - Apply GAGAS.
  - May conduct audits based upon risk assessments, random samples, referrals.
  - Report findings within 30 days of closing the audit (written report).
  - Audits shall consider impact on the provider community.

## Explanation:

Providers and others receiving Medicaid money can be audited.



# Guidance on Audits - GAGAS



- Generally Accepted Government Auditing Standards (GAGAS):
  - aka Yellow Book
  - GAO published audit standards.
  - Framework for conducting audits with “competence, integrity, objectivity, and independence.”
  - Apply to *financial and performance audits* of *government* agencies.
  - Used by auditors.



# Guidance on Audits - CIGIE



- Quality Standards for Federal Offices of Inspector General:
  - Issued by the Council of the Inspectors General on Integrity and Efficiency (CIGIE)
  - Quality standards for management, operation and conduct of official duties.
- General Standards:
  - Integrity
  - Objectivity
  - Independence
  - Professional Judgment
  - Confidentiality



# Audit Process



- Annual Audit Plan:
  - Planning and Direction
- Risk Assessment:
  - Identify areas of risk or opportunities for potential improvement.
- Assignment of Auditors:
  - Identify best fit and allocation of resources from the OIG staff.
- Pre-Audit Meeting:
  - Transparency and cooperation throughout process.
- Audit Process:
  - Collection and review policies, laws, procedures, documents.
  - Interviews of key persons.
  - Analysis.
  - Identification of findings.
  - Development of recommendations.
  - Report issuance.
  - Closing meeting.
  - Follow up and feedback – validation.



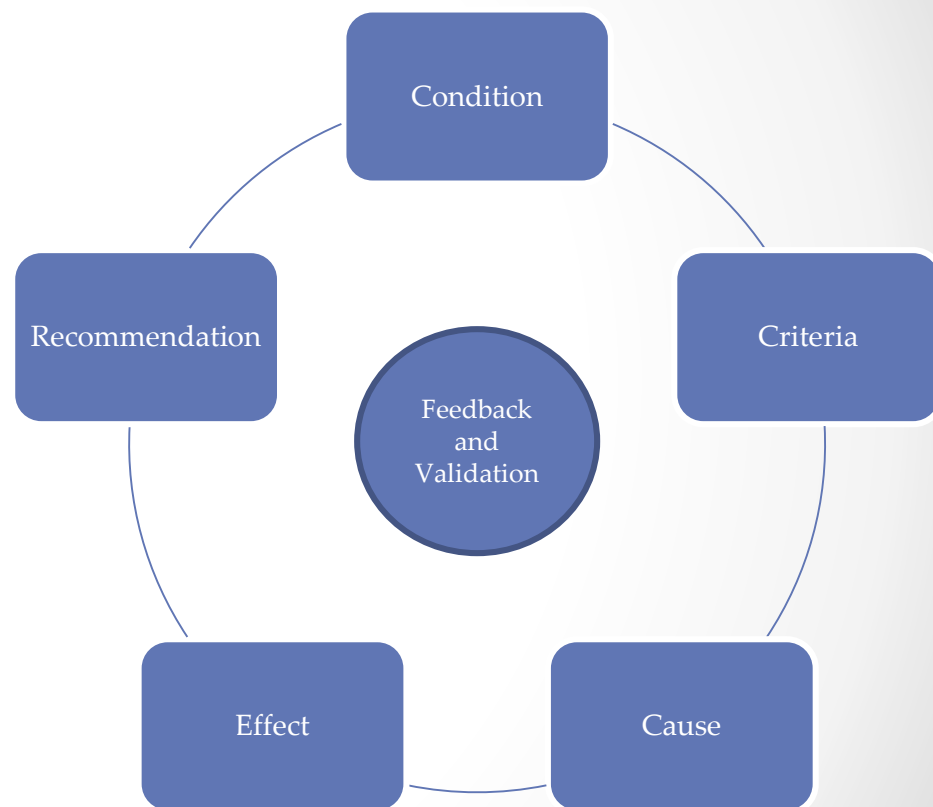
# Elements of an Audit Finding



- Five Elements of an Audit Finding :

1. Condition:
  - The situation that exists.
2. Criteria:
  - What is required or desired?
3. Cause:
  - Why did it happen?
4. Effect:
  - What is the impact?
  - Where's the hurt?
5. Recommendation:
  - How can this be fixed?

*Refer to Yellow Book 4.10 – 4.14.*





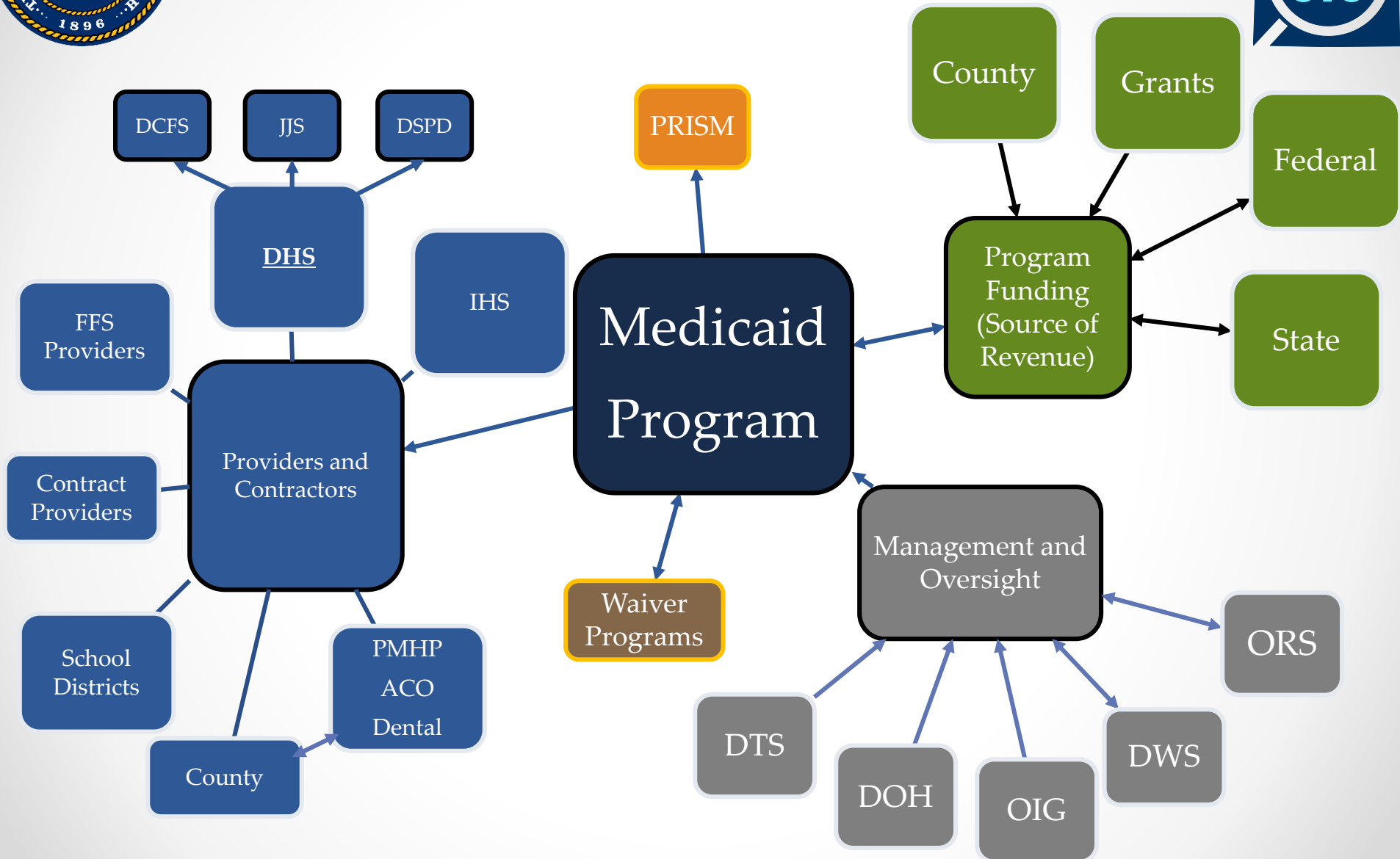
# Utah OIG Audit Cycle







# Utah OIG Audit Universe



# Questions?

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