

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-06 Medicare Financial Management	Centers for Medicare & Medicaid Services (CMS)
Transmittal 10614	Date: March 23, 2021
	Change Request 12028

SUBJECT: The Fiscal Year 2021 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 2021 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, 2020

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

IMPLEMENTATION DATE: April 22, 2021

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.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	7/10.1.3/Chief Financial Officers Act of 1990 (CFO)
R	7/10.1.4/OMB Circular A-123
R	7/10.1.5/GAO Standards for Internal Controls in the Federal Government
R	7/20/CMS Contractor Internal Control Review Process and Timeline
R	7/20.1.1/Risk Analysis Chart
R	7/20.2.1/CMS Contractor Control Objectives
R	7/30/Internal Control Reporting Requirements
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	7/30.5/CPIC- Report of Internal Control Deficiencies
R	7/30.8/Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers
R	7/30.9.6.1/J – Financial (Non-HIGLAS)
R	7/30.9.7.1/K – Debt Referral (MSP and Non-MSP) (Non-HIGLAS)
R	7/40/Corrective Action Plans
R	7/40.1/Submission, Review, and Approval of Corrective Action Plans
R	7/40.2/Corrective Action Plan (CAP) Reports
R	7/40.3/CMS Finding Numbers
R	7/40.6/CMS Initial and Quarterly CAP Report Template
R	7/50.1/A Controls – Information Systems
R	7/50.7/G Controls – Medicare Secondary Payer (MSP)
R	7/50.10/J Controls – Financial Reporting Review Requirements
R	7/50.11/K Controls – Debt Referral (MSP and Non-MSP)
R	7/50.12/L Controls – Non-MSP Debt Collection
R	7/50.13/M Controls – Provider Enrollment
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: 10614	Date: March 23, 2021	Change Request: 12028
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SUBJECT: The Fiscal Year 2021 Updates for the CMS Internet Only Manual (IOM) Publication (Pub.) 100-06, Medicare Financial Management Manual, Chapter 7 - Internal Control Requirements

EFFECTIVE DATE: October 1, 2020

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IMPLEMENTATION DATE: April 22, 2021

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 S	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
12028.1	All contractors shall be aware of the updates throughout Chapter 7 – Internal Control Requirements. (See IOM Pub. 100-06, Chapter 7, All Sections)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.2	All contractors shall comply with the updated Section 10.1.3 - Chief Financial Officers Act of 1990 (CFO). (See Pub. 100-06, Chapter 7, Section 10.1.3)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.3	All contractors shall comply with the updated Section 10.1.4 - OMB Circular A-123. (See Pub. 100-06, Chapter 7, Section 10.1.4)	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		
12028.4	All contractors shall comply with the updated Section 10.1.5 - GAO Standards for Internal Controls in the Federal Government. (See Pub. 100-06, Chapter 7, Section 10.1.5)	X	X	X	X						
12028.5	All contractors shall comply with the updated Section 20 - CMS Contractor Internal Control Review Process and Timeline. (See Pub. 100-06, Chapter 7, Section 20)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.6	All contractors shall comply with the updated Section 20.1.1 - Risk Analysis Chart. (See Pub. 100-06, Chapter 7, Section 20.1.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.7	All contractors shall comply with the updated Section 20.2.1 - CMS Contractor Control Objectives. (See Pub. 100-06, Chapter 7, Section 20.2.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.8	All contractors shall comply with the updated Section 30 – Internal Control Reporting Requirements. (See Pub. 100-06, Chapter 7, Section 30)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.9	All contractors shall comply with the updated Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements. (See Pub. 100-06, Chapter 7, Section 30.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.10	All contractors shall comply with the updated Section 30.1.1 – OMB Circular A-123, Appendix A: Internal Controls Over Financial Reporting (ICOFR) (See Pub. 100-06, Chapter 7, Section 30.1.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.11	All contractors shall comply with the updated Section 30.2 - Certification Statement. (See Pub. 100-06, Chapter 7, Section 30.2)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.12	All contractors shall comply with the updated Section 30.5 - CPIC- Report of Internal Control Deficiencies.	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		
	(See Pub. 100-06, Chapter 7, Section 30.5)										
12028.13	All contractors shall comply with the updated Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers. (See Pub. 100-06, Chapter 7, Section 30.8)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.14	All contractors shall comply, if considered, with the recommended Complementary User Entity Controls (CUECs) defined under the updated Section 30.9.6.1 – J – Financial (Non-Healthcare Integrated General Ledger Accounting System (Non-HIGLAS)). (See Pub. 100-06, Chapter 7, Section 30.9.6.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.14.1	All contractors shall be aware that the CUEC for Control Numbers J.2, J.6 under Section 30.9.6.1 – J – Financial (Non-HIGLAS) has been updated: J.2 and J.6: CMS Innovation & Financial Management (IFM) Group (Formerly called 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
12028.14.2	All contractors shall be aware that the CUEC for Control Number J.9 under Section 30.9.6.1 – J – Financial (Non-HIGLAS) has been updated: J.9: Treasury Collection Notifications are received from the Program Support Center (PSC)/US Treasury Department, reconciled and sent to the Contractors. (See Pub. 100-06, Chapter 7, Section 30.9.6.1)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.15	All contractors shall comply, if considered, with the recommended CUECs defined under the updated Section 30.9.7.1 – K – Debt Referral (Medicare Secondary Payer (MSP) and Non-MSP) (Non-HIGLAS). (See Pub. 100-06, Chapter 7, Section 30.9.7.1)	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		
12028.15.1	<p>All contractors shall be aware that the CUEC for Control Number K.1 under Section 30.9.7.1 – K – Debt Referral (MSP and Non-MSP) (Non-HIGLAS) has been updated:</p> <p>K.1: CMS maintains and updates policies and procedures that are available for review by contractors to reflect changes in the debt referral instructions and to assist in monitoring debts eligible for referral to Treasury for cross servicing and the Treasury Offset Program prior to the debt becoming 120 days delinquent.</p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.7.1)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.15.2	<p>All contractors shall be aware that the CUEC for Control Numbers K.1, K.5, and K.6 under Section 30.9.7.1 – K – Debt Referral (MSP and Non-MSP) (Non-HIGLAS) has been updated:</p> <p>K.1, K.5, and K.6: CMS monitors Collections/Refund Spreadsheets that are available for retrieval from HIGLAS by contractors when collections/refunds on debts are received from Treasury. Internal systems are systematically updated with refund/adjustment information as appropriate.</p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.7.1)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.15.3	<p>All contractors shall be aware that the CUEC for Control Number K.8 under Section 30.9.7.1 – K – Debt Referral (MSP and Non-MSP) (Non-HIGLAS) has been updated:</p> <p>K.8: CMS reviews the CMSDM-RTA reports to make sure that the contractors have made the necessary updates and status changes.</p> <p>(See Pub. 100-06, Chapter 7, Section 30.9.7.1)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.16	<p>All contractors shall comply with the updated Section 40 - Corrective Action Plans (CAPs).</p> <p>(See Pub. 100-06, Chapter 7, Section 40)</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			
12028.17	All contractors shall comply with the updated Section 40.1 - Submission, Review, and Approval of CAPs. (See Pub. 100-06, Chapter 7, Section 40.1)	X	X	X	X							
12028.18	All contractors shall comply with the updated Section 40.2 - CAP Reports. (See Pub. 100-06, Chapter 7, Section 40.2)	X	X	X	X							BCRC, CRC, RRB-SMAC, STC
12028.19	All contractors shall comply with the updated Section 40.3 - CMS Finding Numbers. (See Pub. 100-06, Chapter 7, Section 40.3)	X	X	X	X							BCRC, CRC, RRB-SMAC, STC
12028.20	All contractors shall comply and use the updated Initial and Quarterly CAP Microsoft Excel template located in Section 40.6 - CMS Initial and Quarterly CAP Report Template and accompanying this CR. Additionally, a Field Legend sheet providing field completion instructions, and Example Initial and Quarterly CAP sheets shall be used for CAP creation and formatting guidance. (See IOM Pub. 100-06, Chapter 7, Section 40.6)	X	X	X	X							BCRC, CRC, RRB-SMAC, STC
12028.21	All contractors shall comply with the updates to the listed controls under Section 50.1 – A Controls – Information Systems. (See IOM Pub. 100-06, Chapter 7, Section 50.1)	X	X	X	X							BCRC, CRC, RRB-SMAC, STC
12028.21.1	All contractors shall comply with the updates to Control Number A.19 under Section 50.1 – A Controls – Information Systems: A.19: Controls provide reasonable assurance that physical access to sensitive IT areas (such as Medicare facilities, data centers and system hardware) by all employees, contractors, vendors, and/ or visitors is appropriately authorized, documented, and reviewed in accordance with the current CMS MAC ARS, BPSSM, and other applicable policy. (See IOM Pub. 100-06, Chapter 7, Section 50.1)	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		
12028.21.2	<p>All contractors shall comply with the updates to Control Number A.20 under Section 50.1 – A Controls – Information Systems:</p> <p>A.20: Control number A.20 reserved. Control not in use as of this IOM revision.</p> <p>(i.e. This Control number A.20 is being kept but the control is inactive)</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.1)</p>	X	X	X	X						
12028.22	<p>All contractors shall comply with the updates to the listed controls under Section 50.7 – G Controls – MSP.</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.7)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.22.1	<p>All contractors shall comply with the updates to Control Number G.4 under Section 50.7 – G Controls – MSP:</p> <p>G.4: Contractors identify and track all incoming correspondence to ensure timely acknowledgement, response, and priority compliance with the Statement of Work for MACs and other Medicare Contractors. All correspondence includes written inquiries, including letters, faxes, telephone inquiries, e-mails and any other forms of communication to support and complete a correspondence/inquiry action, shall be handled consistently for accuracy, professionalism and timeliness. These tracking mechanisms should include the ability to track Electronic Correspondence Referral System submissions when awaiting response/status from the Benefit Coordination & Recovery Center (BCRC), or further actions such as claims adjustments after the BCRC has completed their investigation.</p> <p>This control objective pertains to MACs, BCRC, and Commercial Repayment Center (CRC) Contractors.</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.7)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.23	<p>All contractors shall comply with the updates to the listed controls under Section 50.10 – J Controls – Financial Reporting Review Requirements.</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		
	(See IOM Pub. 100-06, Chapter 7, Section 50.10)										
12028.23.1	<p>All contractors shall comply with the updates to the Contractor Financial Reports listing under Section 50.10 – J Controls – Financial Reporting Review Requirements:</p> <ul style="list-style-type: none"> o Form CMS H751B (Status of Accounts Receivable – Excel Template) <ul style="list-style-type: none"> • Form CMS 1521 (Schedule of Letter of Credit Draws – Excel Template) • Form CMS 1522 (Monthly Bank Reconciliation – Excel Template) <p>(See IOM Pub. 100-06, Chapter 7, Section 50.10)</p>	X	X	X	X						BCRC, CRC, STC
12028.24	<p>All contractors shall comply with the updates to the listed controls under Section 50.11 – K Controls – Debt Referral (MSP and Non-MSP).</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.11)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.24.1	<p>All contractors shall comply with the updates to Control Number K.2 under Section 50.11 – K Controls – Debt Referral (MSP and Non-MSP):</p> <p>K.2: Intent to Refer Letters (ITRs) 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.</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.11)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.24.2	<p>All contractors shall comply with the updates to Control Number K.3 under Section 50.11 – K Controls – Debt Referral (MSP and Non-MSP):</p> <p>K.3: Responses to the ITR 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.</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.11)</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		
12028.24.3	<p>All contractors shall comply with the updates to Control Number K.5 under Section 50.11 – K Controls – Debt Referral (MSP and Non-MSP):</p> <p><i>K.5: When there is a change to a debt that has been referred for cross servicing, 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.</i></p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.11)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.25	<p>All contractors shall comply with the updates to the listed controls under Section 50.12 – L Controls – Non-MSP Debt Collection.</p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.12)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.25.1	<p>All contractors shall comply with the updates to Control Number L.1 under Section 50.12 – L Controls – Non-MSP Debt Collection:</p> <p><i>L.1: All overpayments that meet the applicable threshold should be demanded. Demand letters initiate the collection of a provider debt as well as inform the provider of the existence of the debt, their appeal rights with respect to the debt, and the ramifications if the debt is not paid or an ERS agreement is not reached within a specified time period in accordance with CMS instructions. The content of manually created demand letters are reviewed and approved according to CMS guidelines. The demand letter shall be issued, printed mailed timely, and maintained, in accordance with CMS instructions at Pub 100-06, chapters 3 and 4.</i></p> <p>(See IOM Pub. 100-06, Chapter 7, Section 50.12)</p>	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.25.2	<p>All contractors shall comply with the updates to Control Number L.8 under Section 50.12 – L Controls – Non-MSP Debt Collection:</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		
	L.8: For overpayments subject to the limitation on recoupment under the Medicare Modernization Act, recoupment is stopped within the set timeframes for the receipt of requests filed for the redetermination and reconsideration levels of appeal. Once both levels of appeal are completed and CMS prevails, collection activities, including revised demand letters and internal recoupment may resume within the timeframes set forth in accordance with 42 CFR section 405.379 and Publication 100-06 Chapter 3, Section 200. (See IOM Pub. 100-06, Chapter 7, Section 50.12)										
12028.25.3	All contractors shall comply with the updates to Control Number L.9 under Section 50.12 – L Controls – Non-MSP Debt Collection: L.9: Contractors shall calculate the 935 interest on favorable and/or partially favorable decisions determined by the Administrative Law Judge (ALJ) and subsequent appeal levels. The calculations shall be completed within the set timeframes on the recouped amounts that were applied to the principal balance only. Voluntary payments are excluded for purposes of the calculation of 935 interest. After the amount is calculated, the Contractor shall issue a refund check to the provider. Contractors shall update, track, and maintain the appeal status on overpayments in the applicable systems in accordance with 42 CFR section 405.379 and Publication 100-06 Chapter 3, Section 200. (See IOM Pub. 100-06, Chapter 7, Section 50.12)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.26	All contractors shall comply with the updates to the listed controls under Section 50.13 – M Controls – Provider Enrollment. (See IOM Pub. 100-06, Chapter 7, Section 50.13)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.26.1	All contractors shall comply with the updates to Control Number M.1 under Section 50.13 – M Controls – Provider Enrollment: M.1: Review the Medicare enrollment applications (paper CMS-855 or Internet-based Provider	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		
	Enrollment Chain and Ownership System enrollment application) and take appropriate action in accordance with CMS guidelines in the Publication 100-08, Chapters 10 and 15 of the Program Integrity Manual (PIM). (See IOM Pub. 100-06, Chapter 7, Section 50.13)										
12028.26.2	All contractors shall comply with the updates to Control Number M.2 under Section 50.13 – M Controls – Provider Enrollment: M.2: Reassignments of benefits are made in accordance with Publication 100-04, Chapter 1, Section 30.2 of the Medicare Claims Processing Manual and Publication 100-08, Chapter 10 and 15 of the PIM. (See IOM Pub. 100-06, Chapter 7, Section 50.13)	X	X	X	X						BCRC, CRC, RRB-SMAC, STC
12028.27	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			D M E M A C	C E D I					
		A	B	H H H							
	None										

IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

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

V. CONTACTS

Pre-Implementation Contact(s): Gernard Gray, 410-786-2285 or Gernard.Gray@cms.hhs.gov , Rasheed Ogedengbe, 410-786-1000 or rasheed.ogedengbe@cms.hhs.gov , Tawanda Holmes, 410-786-6601 or Tawanda.Holmes@cms.hhs.gov , Jonathan Wong, 410-786-0414 or Jonathan.Wong@cms.hhs.gov (ADS Phone #: 917-502-8986) , Agbeko Kumordzie, 410-786-2100 or Agbeko.Kumordzie@cms.hhs.gov , Allison French, 410-786-1485 or Allison.French@cms.hhs.gov , Amando Virata, 410-786-6681 or Amando.Virata@cms.hhs.gov , Eleanor Sheain, 410-786-8120 or Eleanor.Sheain@cms.hhs.gov , Floyd Epps, 410-786-1952 or Floyd.Epps@cms.hhs.gov , Junaid Arshed, 410-786-3374 or Junaid.Arshed@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: 0

10.1.3 - Chief Financial Officers Act of 1990 (CFO)

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

The CFO Act of 1990 established a leadership structure, provided for long range planning, required audited financial statements, and strengthened accountability reporting. The aim of the CFO Act is to improve financial management systems and information. The CFO Act also requires the development and maintenance of agency financial management systems that comply with: applicable accounting principles, standards, and requirements; internal control standards; and requirements of OMB, the Department of the Treasury, and others. *Under the CFO Act, CMS is subject to an annual financial statement audit. Contractors may be included in the annual financial statement audit and shall fully cooperate as needed with the audit.*

10.1.4 - OMB Circular A-123

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

A revised OMB Circular A-123, Management's Responsibility for Internal Control, issued in December 21, 2004 under the authority of FMFIA, provided specific requirements for assessing and reporting on internal controls. In July 2016, OMB Circular A-123 was again revised, and the title was changed to Management's Responsibility for Enterprise Risk Management and Internal Control. This Circular defines management's responsibilities for enterprise risk management (ERM) and internal control. The Circular provides updated implementation guidance to federal managers to improve accountability and effectiveness of federal programs as well as mission-support operations through implementation of ERM practices and by establishing, maintaining, and assessing internal control effectiveness. The Circular emphasizes the need to integrate and coordinate risk management and strong and effective internal control into existing business activities and as an integral part of managing an Agency. Pursuant to OMB Circular A-123, agencies are required to provide an annual assurance statement which represents the agency head's informed judgment as to the overall adequacy and effectiveness of internal controls related to operations, reporting, and compliance.

Appendix A to OMB, Internal Control Over Financial Reporting, was issued in 2004, which required the heads of certain federal agencies to annually document and assess internal controls over financial reporting and report the results in a management assurance statement. In June 2018, an updated version of Appendix A, Management of Reporting and Data Integrity Risk was issued, which among other changes, aligns Appendix A with the 2014 update to the Government Accountability Office (GAO) Green Book in part, by expanding the scope from ICOFR to include internal control over reporting (ICOR).

CMS conducts annual A-123 internal control reviews. Contractors will be subject to the annual A-123 internal control review. In lieu of an A-123 internal control review, contractors may be selected for a Statement on Standards for Attestation Engagements No. 18 (SSAE-18) internal control examination.

10.1.5 - GAO Standards for Internal Controls in the Federal Government

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

The FMFIA requires the GAO to prescribe standards for internal control in government, more commonly known as the Green Book. GAO's "Standards for Internal Controls in the Federal Government" were updated in September 2014. These standards provide the internal control framework and criteria for designing, implementing, and operating an effective system of internal control. The Green Book defines internal control as a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity are achieved. These are the internal control

standards that CMS and its contractors must follow. *See Section 10.2 for more information regarding GAO Standards for Internal Controls in the Federal Government.*

20 - CMS Contractor Internal Control Review Process and Timeline

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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

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

Month	Activity	IOM Section
July	13. Final SSAE-18 and CAP Follow Up Reports Issued Due: July 1 st Reporting Period: October 1 st - March 31 st 14. Submit CPIC Report <ul style="list-style-type: none"> - Certification Statement - Executive Summary - Description/Documentation of the Risk Assessment Process - Report of Material Weaknesses - <i>Report of Control & Significant Deficiencies</i> Due: 15 Business Days after June 30 th Reporting Period: October 1 st - June 30 th	<ul style="list-style-type: none"> - <u>Section 30.8 –Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers</u> - <u>Section 30.1 – Certification Package for Internal Controls (CPIC) Requirements</u> - <u>Section 30.2 – Certification Statement</u> - <u>Section 30.3 – Executive Summary</u> - <u>Section 20.1 – Risk Assessment</u> - <u>Section 30.4 – CPIC – Report of Material Weaknesses</u> - <u><i>Section 30.5 – CPIC – Report of Control Deficiencies</i></u>
August	15. Review updated IOM to evaluate changes required to your system of operations 16. Submit SSAE 18 CAPs Due: 45 Days after Final SSAE 18 Reports 17. Submit CPIC CAPs Due: 45 Days after CPIC Reports	<ul style="list-style-type: none"> - <u>Section 40.1 – Submission, Review, and Approval of Corrective Action Plans</u>
September	18. Determine if any new material weaknesses were identified since the CPIC Report in July	

20.1.1- Risk Analysis Chart

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

Table 1 - This chart is provided to assist contractors in selecting the high-risk activities within their organization. There are 3 columns that gives directions on how to rank operational areas for potential risk.

HIGH RISK FACTORS (1)	MEDIUM RISK FACTORS (2)	LOW RISK FACTORS (3)
<ul style="list-style-type: none"> ● Recent review or audit findings showing material weaknesses related to internal control processes. ● Areas affected by significant changes in laws, regulations, special requirements or instructions. ● Areas where policies and procedures regarding internal control over financial reporting are not well documented. ● Areas of significant financial vulnerabilities (e. g., new accounting or regulatory guidelines) <i>and/or significant financial areas.</i> ● Areas where guidelines have varied interpretations and/or areas being restructured. ● Areas with new contract activities. ● Areas where objectives of the corporate mission could be in jeopardy if not properly implemented. ● Areas lacking performance measures or monitoring. 	<ul style="list-style-type: none"> ● Potential program weaknesses related to violation of privacy issues. ● Areas with high visibility. ● Areas where due dates are often not met or responses to correspondence are late. ● Areas with consistent complaints or inquiry. ● Areas where there are no written policies and procedures. ● Areas where recent policy changes were implemented. ● Areas with reorganization activities. ● Areas where there is a breakdown in communication with corporate, <i>Innovation & Financial Management (IFM)</i>, state or satellite offices, etc. ● Areas with new or problematic performance measures. ● <i>Areas that undergo frequent financial audits/ reviews by external parties (e.g., CFO, SSAE 18, A-123 Appendix A, CPIC, etc.).</i> 	<ul style="list-style-type: none"> ● Areas where CAPs have already been implemented (<i>i.e. no recent CAPs</i>). ● Areas with low visibility; routine program operations; <i>financially immaterial areas.</i> ● Areas where workers are meeting routine program operations and performance targets and attitudes and staff motivations are high. ● Areas that managers perform periodic reviews to ensure that work assignments are performed consistently, and accurately. ● Work activities are being phased out. <p>Areas with established and validated performance measures.</p>

Scoring Criteria Guidelines:

Level	Level Description
High:	If an activity has two or more high risk rating factors, review annually.
Medium:	If an activity has two or more medium risk factors, review biannually.
Low:	Low activities can be reviewed within a five (5)-year timeframe or at manager's discretion that should be balanced with costs and resources.

20.2.1 – CMS Contractor Control Objectives

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

CMS issues broad control objectives for which contractors shall develop control activities to ensure the objectives are met. The complete list of control objectives *are* in Section 50. If your risk assessment *was completed* prior to issuance of the current year CMS control objectives, ensure that any new or revised control objectives are assessed and the risk matrix is updated. In addition, control activities *should be created or updated to* support any new or revised control objectives as appropriate (see Section 10.2.3.3). *Contractors shall also include in their risk assessment any significant or material areas not covered by a CMS control objective.*

30 - Internal Control Reporting Requirements

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

Several reporting methods are required for internal controls. Medicare Contractors shall use the *following CPIC and SSAE 18 guidance* to successfully meet them.

30.1 – Certification Package for Internal Controls (CPIC) Requirements

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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 1st through June 30th (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 may submit a CPIC for each jurisdiction or may submit a combined CPIC as long as certification, test results, risk assessments, etc. are presented/distinguished* for each *jurisdiction*.
- *The Specialty MAC RRB shall submit a CPIC.*
- Contractors that transitioned out of the program prior to June 30th, 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 30th. 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' *Office of Financial Management (OFM)* at 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:
 - *Director of the Office of Program Operations & Local Engagement (OPOLE)*
 - *IFM* 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.

A hard copy is not required to be submitted.

The CPIC Report Package shall include:

- Certification Statement, *see* [Section 30.2](#);
- Executive Summary, *see* [Section 30.3](#);
- 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
- CPIC Report of Material Weaknesses, *see* [Section 30.4](#).
- CPIC – Report *of Internal Control Deficiencies*, *see* [Section 30.5](#).

Contractors shall submit an update for the period July 1st through September 30th 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 material weaknesses have been identified, *the contractor shall* submit the following *for each jurisdiction or a combined statement for all jurisdictions: “As of September 30th, no material weaknesses (or no additional material weaknesses) have been identified during the period July 1 through September 30th for Fiscal Year 20XX”*. 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 30th. *If a material weakness is identified, then 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. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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 30th will form the basis of the June 30th assurance statement. As testing continues into the fourth quarter, the results of that testing, along with any items corrected since the June 30th assurance statement will be considered in the September 30th 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

Scenario	Prior Fiscal Year 2	Prior Fiscal Year 1	Current Fiscal Year	Additional Testing Required or Not Required*
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

Scenario	Prior Fiscal Year 2	Prior Fiscal Year 1	Current Fiscal Year	Additional Testing Required or Not Required*
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 / *Certification Statement*

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.”

[End Section 30.1.1 – OMB Circular A-123, Appendix A: Internal Controls Over Financial Reporting \(ICOFR\): Back to Table of Contents](#)

30.2 - Certification Statement

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

Contractors shall 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 30th and shall cover the period from October 1st through June 30th. An updated assurance statement for the period July 1st through September 30th is due to CMS within five (5) business days after September 30th. 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 *Innovation & Financial Management (IFM)* 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,

[Chief Financial Officer Signature]

[Vice President for (type of program) Signature]

30.5 - CPIC- Report of Internal Control Deficiencies

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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 be submitted* as part of the annual CPIC submission. 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 and update this report as new control deficiencies are identified. 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.

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

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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

#	<i>MAC Type & Jurisdiction/Workload</i>
<i>1</i>	<i>DME MAC Jurisdiction A</i>
<i>2</i>	<i>DME MAC Jurisdiction B</i>
<i>3</i>	<i>DME MAC Jurisdiction C</i>
<i>4</i>	<i>DME MAC Jurisdiction D</i>
<i>5</i>	<i>Parts A & B MAC Jurisdiction 5</i>
<i>6</i>	<i>Parts A & B MAC Jurisdiction 6</i>
<i>7</i>	<i>Parts A & B MAC Jurisdiction 8</i>

#	<i>MAC Type & Jurisdiction/Workload</i>
<i>8</i>	<i>Parts A & B MAC Jurisdiction 15</i>
<i>9</i>	<i>Parts A & B MAC Jurisdiction E</i>
<i>10</i>	<i>Parts A & B MAC Jurisdiction F</i>
<i>11</i>	<i>Parts A & B MAC Jurisdiction H</i>
<i>12</i>	<i>Parts A & B MAC Jurisdiction J</i>
<i>13</i>	<i>Parts A & B MAC Jurisdiction K</i>
<i>14</i>	<i>Parts A & B MAC Jurisdiction L</i>
<i>15</i>	<i>Parts A & B MAC Jurisdiction M</i>
<i>16</i>	<i>Parts A & B MAC Jurisdiction N</i>
<i>17</i>	<i>Specialty MAC Railroad Board (RRB)</i>

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 are properly identified as inclusive and/or carved out. Based on the subcontractors' impact on the MAC's financial statement, the subcontractor may be in scope (i.e. inclusive method) for the SSAE 18 audit.

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

#	CMS Control Objective Areas for Initial SSAE 18 Audit Testing
1	<u>50.1 – A Controls – Information Systems</u>
2	<u>50.2 – B Controls – Claims Processing</u>
3	<u>50.3 – C Controls – Appeals</u>
4	<u>50.4 – D Controls – Beneficiary / Provider Services</u>
5	<u>50.5 – E Controls – Complementary Credits</u>
6	<u>50.6 – F Controls – Medical Review (MR)</u>
7	<u>50.7 – G Controls – Medicare Secondary Payer (MSP)</u>
8	<u>50.8 – H Controls – Administrative</u>
9	<u>50.9 – I Controls – Provider Audit</u>

#	CMS Control Objective Areas for Initial SSAE 18 Audit Testing
10	50.10 – J Controls – Financial Reporting Review Requirements
11	50.11 – K Controls – Debt Referral (MSP and Non-MSP)
12	50.12 – L Controls – Non-MSP Debt Collection
13	50.13 – M Controls – Provider Enrollment

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:*

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

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 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 1st. 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 1st.

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 1st.

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 1st to September 30th. 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 30th and should be submitted via email to InternalControls@cms.hhs.gov. The bridge letter shall be signed by the Chief Financial Officer (or designee). *Separate bridge letters shall be completed for each jurisdiction or where applicable/practical, one combined letter may be submitted for multiple jurisdictions.*

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 Management¹]
[Title]

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

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

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 Management²]

[Title]

End Section 30.8 – Statement on Standards for Attestation Engagements (SSAE) Number 18, (SSAE 18) Reporting on Controls at Service Providers: Back to Table of Contents

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

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

30.9.6.1 – J CUECs – Financial (Non-HIGLAS)

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

J – Control Objective Number	J – CUEC Description
J.2, J.6	CMS <i>Innovation & Financial Management (IFM) Group (Formerly called Regional Office)</i> 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.9	Treasury Collection Notifications are <i>received from the Program Support Center (PSC)/US Treasury Department, reconciled and</i> sent to the Contractors.

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

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

K – Control Objective Number	K – CUEC Description
K.1	CMS maintains and updates policies and procedures that are available for review by contractors to reflect changes in the debt referral instructions and to assist in <i>monitoring</i> debts eligible for referral to Treasury for cross servicing and <i>the</i> 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 <i>monitors</i> Collections/Refund Spreadsheets <i>that are available for retrieval from HIGLAS by</i> contractors when collections/ <i>refunds</i> on debts are received from Treasury. Internal systems are <i>systematically</i> updated with refund/adjustment information as appropriate.
K.8	CMS <i>reviews the CMSDM-RTA reports to make sure that the contractors have made the necessary updates and status changes.</i>

40 - Corrective Action Plans

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

CMS *contractors are subject to* various financial management and information technology (IT) audits/reviews performed by the OIG, GAO, independent CPA firms, and the CMS staff to provide reasonable assurance that contractors have developed and implemented internal controls. The results of these audits/reviews indicate whether the contractors’ internal controls are operating as designed. Correcting these deficiencies is essential to improving financial management and internal control. Therefore, audit resolution remains a top priority at CMS.

The CMS has established policies and procedures to ensure that the contractors have appropriate CAPs for addressing findings identified through the following:

- CFO financial or information technology (IT) audits related to annual CFO Financial Statement audits, which may include network vulnerability assessment/security testing (NVA/ST);
- SSAE 18 audits;
- Health & Human Services (HHS), OIG Information Technology (IT) Controls Assessments;
- Financial reviews conducted by the GAO;

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

- CMS' 1522 and CMBRW workgroup reviews;
- CMS' CPIC reviews; and
- OMB Circular A-123 Appendix A reviews.

Administrative cost audits, provider audits conducted by the OIG, the contractor initiated systems security annual compliance audits, and system penetration tests are excluded from these procedures. The word "finding" includes control deficiency, significant deficiency, and material weakness. For SSAE 18 audits, CAPs to be submitted to CMS are required for findings noted in the opinion letter only (Section I), not those reported in Section III/IV of the SSAE 18 report. Section III/IV findings are not required to be included on the Initial and Quarterly CAP Reports. Section III/IV findings shall be tracked internally and corrected. Contractors are required to prepare and maintain documentation to support the status and corrective actions taken on Section III/IV findings. It shall be available for review and submitted to CMS central and/or *IFM* office, upon request. For A-123 Appendix A reviews, the contractor shall submit corrective action plans for all deficiencies: control deficiencies, significant deficiencies, and material weaknesses.

40.1 - Submission, Review, and Approval of Corrective Action Plans

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

Upon completion of any of the audits/reviews noted in Section 40, with the exception of the CPIC, the contractor will receive a final report from the auditors/reviewers noting all findings identified during their audit/review. Within 45 calendar days of the date of electronic receipt of the final report, the contractor is required to submit an Initial CAP Report, using the excel Initial CAP Report that is found in Section 40.6. The excel Initial CAP Report can be obtained via email upon request from CAPS@cms.hhs.gov. For SSAE 18, CFO, and A-123 Appendix A reviews, initial CAPS are due within 45 calendar days of the electronic receipt date of the final report. When submitting the Initial CAP Report, the email subject line shall denote the following information: Initial CAP Report, IOM entity abbreviated name (see Section 40.3, Table I), jurisdiction code, and reporting due date.

The Initial CAP Report shall address new findings that have been assigned a finding number either by the auditor/reviewer (e.g., SSAE 18 audit or A-123 Appendix A review) or by the contractor (i.e., CPIC). All entities shall submit an Initial CAP Report even if the entity has no new findings. If there are no findings, this should be annotated on the Initial CAP Report. The CAP shall summarize the procedures that have been or will be implemented to correct the finding. Upon receipt of the Initial CAP Reports, the Internal Control Team will send the reports to the appropriate CMS business owner for review of the CAP. Business owners may either approve the CAP as submitted, or may request additional information to be included in the CAP. All business owner comments shall be provided to the contractors before the due date of the next Quarterly CAP Report. Responses to the CMS business owner comments on the initial CAPs shall be included in the next Quarterly CAP Report due after the date of receipt of the comments.

After an initial CAP has been submitted, the CAP shall be merged onto the Quarterly CAP report. This report will contain all findings and CAPs that have not been closed through an official CMS CAP closure letter and provide updates to the actions taken to resolve the findings. All entities shall submit a Quarterly CAP Report even if the entity has no CAPs. If there are no open CAPs, this must be annotated on the Quarterly CAP Report. Only one Quarterly CAP Report shall be submitted for each jurisdiction that shall include all FYs and review types, i.e., SSAE 18 audits, A-123 reviews, CFO audits, etc.

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

The quarterly updates will also be reviewed; however, CMS will not respond to the quarterly updates unless the CAP indicates that the contractor is not making adequate progress on implementing the CAP or has made significant changes to target completion dates.

The Quarterly CAP Report is due within 30 days following the end of each quarter. Therefore, all electronic and hardcopy CAP reports should be received by CMS on or before January 30, April 30, July 30, and October 30 annually. When submitting the Quarterly CAP report, the email subject line shall denote the following information: Quarterly CAP Report, IOM entity abbreviated name (see [Section 40.3](#), Table I), jurisdiction code, and reporting due date. The Quarterly CAP Report shall address all open findings, as well as continue to report information on all findings reported as closed by the contractors until CMS sends the contractor a closeout letter indicating which findings are officially closed. After the contractor receives the closeout letter, the CAP shall be removed from the Quarterly CAP Report.

Submit Initial and Quarterly CAP Reports electronically to: CAPS@cms.hhs.gov. Contractors are required to furnish an electronic copy of the CAP reports to their CMS Associate *IFM* Administrator for Financial Management and Fee for Service Operations, and the designated *IFM* CFO coordinator. MACs and DME MACs shall submit initial and quarterly CAPs to the CAPS@cms.hhs.gov mail box, and the MAC COR. RDS and MSPRC shall submit initial and quarterly CAPs to the CAPS@cms.hhs.gov, and the central office COR.

NOTE: If the electronic copy of the Initial and Quarterly CAP Reports has the Vice President (VP) of Operations electronic signature or is sent from the VP of Medicare Operations email or the CFO's email, then a hardcopy is not required to be sent to CMS. Otherwise, a hardcopy is required.

Contractors shall maintain and have available for review backup documentation to support implementation of each CAP. This will facilitate the validation of CAPS by CMS or its agents.

[End Section 40.1 – Submission, Review, and Approval of Corrective Action Plans: Back to Table of Contents](#)

40.2 - Corrective Action Plan (CAP) Reports

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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.

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

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 *parties authorized to close CAPs (i.e. SSAE 18 auditors, A-123 contractor)*; 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).

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

- iv. **Closed** – Validation and verification procedures demonstrate remediation efforts were adequately addressed, proven effective, and remediation efforts have been closed by *parties authorized to close CAPs (i.e. SSAE 18 auditors, A-123 contractor)*; 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. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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:

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

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

<i>A/B, DME, and Specialty</i> MAC Contractor Name and Jurisdiction	<i>A/B / DME / SMAC</i> Abbreviation
Noridian Healthcare Solutions, LLC, Durable Medical Equipment (DME) MAC JA & JD	NORD

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

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

Table 3 – CONTRACTOR ABBREVIATIONS

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

Table 4 – SHARED SYSTEM MAINTAINER ABBREVIATIONS

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

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

Table 5 – DATA CENTER ABBREVIATIONS

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

40.6 - CMS Initial and Quarterly CAP Report Template

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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.

Additionally, any Initial and Quarterly CAPs questions and or concerns can be submitted to CAPS@cms.hhs.gov.



50.1 – A Controls – Information Systems

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

	Control Objective – Information Systems
A.1 - A.11	Security Management: Controls provide reasonable assurance that security management is effective.
A.1	<p>Controls provide reasonable assurance that management has established, documented, and approved an entity-wide security program in accordance with the current CMS Acceptable Risk Safeguards (ARS), Business Partners Systems Security Manual (BPSSM), and other applicable policy including that the security program:</p> <ul style="list-style-type: none"> • Is monitored and kept up-to-date in accordance with the current ARS requirements. • Includes requirements to establish a security management structure that has appropriate independence, authority, expertise, and resources. • Clearly assigns security responsibilities throughout the organization. • Ensures that management implements, maintains, and updates the organization security policy and procedures in accordance with CMS guidance.
A.2	Controls provide reasonable assurance that security risks are periodically assessed and appropriately mitigated in accordance with the current CMS ARS, BPSSM, and other applicable policy. A risk assessment and supporting activities of the criticality and sensitivity of computer operations, including all network components, IT platforms and critical applications has been established and updated periodically based on ARS and Federal requirements. The assessment includes, but may not be limited to, identification of threats, known system vulnerabilities, system flaws, or weaknesses that could be exploited by threat sources.
A.3	Controls provide reasonable assurance that information systems and resources are categorized based on the potential impact that the loss of confidentiality, integrity, or availability would have on operations, assets or individuals in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.4	Controls provide reasonable assurance that a system security plan(s) (SSP) has been documented, approved, and reviewed by management in accordance with the current CMS ARS, BPSSM, and other applicable policy. The SSP covers all major facilities and operations supporting the CMS Medicare program and is updated and maintained within CFACTS in accordance with the ARS and current version of the CMS Risk Management Handbook (RMH).
A.5	Controls provide reasonable assurance that management develops and maintains a current inventory of hardware, software, platforms, information systems, and other tools / devices that support the Medicare program in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.6	Controls provide reasonable assurance that security related personnel-policies are implemented that include performance of background investigations (initial and / or periodic) in accordance with the current CMS ARS, BPSSM, and other applicable policy.

	Control Objective – Information Systems
A.7	<p>Controls provide reasonable assurance that security related personnel-policies are implemented that include transfer and separation procedures which require:</p> <ul style="list-style-type: none"> • Review and appropriate update, if necessary, of logical and physical access rights for transferred personnel. • Exit interviews, return of property, such as keys and ID cards, timely notification to security management of separations, removal of physical and logical access to systems and escorting of separated personnel out of the facility. <p>Performance of transfer and separation processes are in accordance with the current CMS ARS, BPSSM, and other applicable policy.</p>
A.8	<p>Controls provide reasonable assurance that personnel including employees, contractors, and vendors, are aware of security policies and procedures. Initial security awareness training, ongoing security awareness training, and role specific training for individuals with significant security responsibilities is documented, completed, and monitored by management. The security training program and content of training are in accordance with the current CMS ARS, BPSSM, and other applicable policy.</p>
A.9	<p>Controls provide reasonable assurance that management has implemented appropriate risk management and security assessment and authorization (SA&A) processes in accordance with the current CMS ARS, BPSSM, and other applicable policy including the following:</p> <ul style="list-style-type: none"> • SA&A policies and procedures are documented, kept up-to-date, maintained and approved by management. • Security Assessments are planned and conducted • A corrective action management process is in place that includes planning, implementing, evaluating, and fully documenting remedial action addressing findings noted from all security audits and reviews of IT systems, components, and operations. Plan of Action and Milestones (POA&Ms) and corrective action plans are developed and monitored to address weaknesses. • Authorizing Official (AO) authorizes the information system for processing prior to commencing any operations and periodically thereafter.
A.10	<p>Controls provide reasonable assurance that management continuously monitors the effectiveness of the security program including security operations and completion of vulnerability assessments in accordance with the current CMS ARS, BPSSM, and other applicable policy.</p>
A.11	<p>Controls provide reasonable assurance that external third party activities of sub-service organizations (i.e. sub-contractors) are secure, documented, and monitored in accordance with the current CMS ARS, BPSSM, and other applicable policy.</p>
A.12 - A.20	<p>Access Controls and Segregation of Duties: Controls provide reasonable assurance that access to computer resources (data, equipment, and facilities) is reasonable and restricted to authorized individuals and that incompatible duties are effectively segregated.</p>
A.12	<p>Controls provide reasonable assurance that access, including remote access, to significant computerized applications (such as claims processing), accounting systems, systems software, and Medicare data are appropriately authorized, documented, reviewed, and monitored and includes approval by resource owners, procedures to control emergency and temporary access and procedures to share and properly dispose of data. Procedures are performed timely and in accordance with the current CMS ARS, BPSSM, and other applicable policy.</p>

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

	Control Objective – Information Systems
A.13	Controls provide reasonable assurance that inactive logical access accounts and accounts for separated individuals are disabled and / or removed in a manner that satisfies the current CMS ARS, BPSSM, and other applicable policies.
A.14	Controls provide reasonable assurance that multifactor authentication is implemented in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.15	Controls provide reasonable assurance that password based authentication is configured in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.16	Controls provide reasonable assurance that access to sensitive system resources and privileged accounts / functions are restricted to individuals with a need-to-know and activities are appropriately logged and monitored. Additionally, Management segregates incompatible duties between various system and Medicare operations functionality which is supported by appropriate documentation, approvals, and monitoring.
A.17	Controls provide reasonable assurance that management identifies system functions, events, and access permissions that require audit logging and implements an effective audit log monitoring capability in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.18	Controls provide reasonable assurance that management has documented, implemented, and approved an effective security operations and incident response program which includes processes to: <ul style="list-style-type: none"> a) identify and log suspicious activity, sensitive and privileged functions, and potential security events / incidents, b) monitor systems and networks audit logs, unusual activity, and / or intrusion attempts, c) correlate log data, d) analyze potential incidents, and e) report on security events, incidents, and intrusions in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.19	Controls provide reasonable assurance that physical access <i>to sensitive IT areas (such as Medicare facilities, data centers and system hardware)</i> by all employees, contractors, vendors, and/ or visitors is appropriately authorized, documented, and reviewed in accordance with the current CMS MAC ARS, BPSSM, and other applicable policy.
A.20	<i>Control number A.20 reserved. Control not in use as of this IOM revision.</i>
A.21 - A.26	Configuration Management: Controls provide reasonable assurance that changes to information system resources are authorized and systems are configured and operated securely and as intended.
A.21	Controls provide reasonable assurance that configuration management policies, plans, and procedures are established, documented, kept up-to-date, and approved in accordance with the current CMS ARS, BPSSM, and other applicable policy including the following: <ul style="list-style-type: none"> • A System Development Life Cycle (SDLC) methodology is documented and in use and aligns with the CMS eXpedited Life Cycle (XLC). • Change management policies and procedures that have been developed, documented, and implemented include documented testing and approval of changes for regular and emergency changes.

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

	Control Objective – Information Systems
A.22	Controls provide reasonable assurance that Medicare application and related systems software development and maintenance activities (e.g. quarterly releases, off-quarterly releases, and emergency changes) are authorized, documented, tested, and approved in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.23	Controls provide reasonable assurance that access to program libraries is properly restricted and movement of programs among libraries is controlled.
A.24	<p>Controls provide reasonable assurance that management has established and consistently monitors information security related configuration for information technology in accordance with the current CMS ARS, BPSSM, and other applicable Federal standards and best practices including the following:</p> <ul style="list-style-type: none"> • Develops and maintains a security configuration baseline for information technology that aligns with CMS requirements and industry standards. • Reviews the IT environment against the baseline. • Remediates misconfigurations in a timely fashion. • For misconfigurations that cannot be remediated timely, a plan of action and milestones (POA&M) or other corrective action plan is created, documented, and approved. • Deviations from CMS or other standards are analyzed and approved. • Results of periodic assessments are reported to CMS.
A.25	<p>Controls provide reasonable assurance that management has established a vulnerability management program in accordance with the current CMS ARS, BPSSM, and other applicable policy that includes:</p> <ul style="list-style-type: none"> • Scanning to identify vulnerabilities and unauthorized and unsupported software. • Disabling / removing unauthorized and unsupported software in a timely manner. • Remediation of vulnerabilities in a timely manner. • Creation of corrective action plans or POA&Ms if vulnerabilities cannot be remediated timely. <p>Further, software is updated (patched) in a timely fashion to protect against vulnerabilities in accordance with the current CMS ARS, BPSSM, and other applicable policy.</p>
A.26	Controls provide reasonable assurance that an effective virus, spam and spyware protection process is documented, approved, and implemented in accordance with the current CMS ARS, BPSSM, and other applicable policy.
A.27 - A.28	<p>Contingency Planning: Controls provide reasonable assurance that contingency planning:</p> <ol style="list-style-type: none"> (1) protects information resources and minimizes the risk of unplanned interruptions and (2) provides for recovery of critical operations should interruptions occur.

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

	Control Objective – Information Systems
A.27	<p>Controls provide reasonable assurance that information system backup and recovery procedures have been implemented in accordance with the current CMS ARS, BPSSM, and other applicable policy including:</p> <ul style="list-style-type: none"> • Development, approval and maintenance of an up-to-date contingency plan and / or disaster recovery plan. • Periodic testing of contingency and / or disaster recovery plans. • Updating plans based on lessons learned.
A.28	Controls provide reasonable assurance that appropriate environment protections for sensitive areas such as data centers are implemented in accordance with the current CMS ARS, BPSSM, and other applicable policy.

50.7 – G Controls – Medicare Secondary Payer (MSP)

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

G – Control Number	Control Objective – Medicare Secondary Payer (MSP)
G.1	<p>Medicare Administrative Contractor internal quality controls are established and maintained that ensure timely and accurate processing of secondary claims submitted, including paper MSP claims with a primary payer's explanation of benefits (EOB) or remittance advice (RA). This includes utilization of the MSPPAY module, resolving all MSP edits (including 6800 codes*), creation of "T" records and resolving suspended claims in accordance with CMS instructions at Publication 100-05 Chapter 5 and 6. Contractor internal systems used to process MSP claims are updated via the Common Working File (CWF) automatic notice in an automated fashion. Suspended claims that require manual intervention are corrected and reviewed by the appropriate suspense staff.</p> <p>This control objective does not pertain to BCRC or the CRC contractors.</p>
G.2	<p>Audit trails for MSP receivables are created and maintained. An audit trail should include details of the source of the receivable, correspondence in date order, reasons for adjustments, referral to treasury, collection of the debt, and any information regarding the establishing, reconciling and resolving a receivable for an outstanding debt. All applicable systems (e.g. HIGLAS) should be updated accurately and timely, and be accessible to the appropriate individuals.</p> <p>This control objective pertains to MACs, BCRC, and CRC Contractors.</p>
G.3.1	<p>Contractors ensure compliance with all CMS instructions and directives relating to MSP Investigations by the Benefit Coordination & Recovery Center (BCRC). This includes the MACs transmitting appropriate, timely and complete Electronic Correspondence Referral System (E CRS) submissions in accordance with Publication 100-05, CWF Assistance Requests and E CRS MSP inquiries to the BCRC as a result of the receipt of a phone call, correspondence, claim or unsolicited check/voluntary refund. All references must be maintained in an area accessible to MSP staff and must be available for CMS review.</p> <p>*The E CRS user guide is located at: Publication # 100-05 The Electronic Correspondence Referral System on the Web (E CRS Web) User Guide.</p> <p>This control objective does not pertain to the CRC Contractor</p>

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

G – Control Number	Control Objective – Medicare Secondary Payer (MSP)
G.3.2	<p>The Commercial Repayment Center (CRC) must transmit appropriate, timely and complete ECRS submissions and CWF Assistance Request as a result of a phone call, inquiry or correspondence received to ensure debtor information is accurate. The Benefits Coordination and Recovery Center (BCRC) must respond to all ECRS Inquiry and Assistance Requests for all contractors.</p> <p>This control objective pertains to the CRC and the BCRC.</p>
G.4	<p>Contractors identify and track all incoming correspondence to ensure timely acknowledgement, response, and priority compliance with the Statement of Work (SOW) for MACs and other Medicare Contractors. <i>All correspondence includes written inquiries, including letters, faxes, telephone inquiries, e-mails and any other forms of communication to support and complete a correspondence/inquiry action, shall be handled consistently for accuracy, professionalism and timeliness.</i> These tracking mechanisms should include the ability to track ECRS submissions when awaiting response/status from the BCRC, or further actions such as claims adjustments after the BCRC has completed their investigation.</p> <p>This control objective pertains to MACs, BCRC, and CRC Contractors.</p>
G.5	<p>Contractors shall have quality assurance measures in place to ensure the accuracy of the implementation of any CMS directive or any required work process/deliverable expressed in the SOW. Contractors shall also provide evidence that the results from quality assurance checks are documented to identify errors and that training venues are implemented to prevent the reoccurrence of these errors.</p> <p>This control objective pertains to MACs, BCRC, and CRC Contractors.</p>

50.10 – J Controls – Financial Reporting Review Requirements

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

Transactions for Medicare accounts receivable, payables, expenses shall be recorded and reported timely and accurately, and financial reporting shall be completed in accordance with CMS standards, Federal Acquisition Regulation (FAR), Financial Accounting Standards Advisory Board, Cost Accounting Standards, and Generally Accepted Accounting Principles (GAAP). For the following control objectives, the review shall focus on the following areas:

- Cost Report Settlement Process;
- Contractor Financial Reports:
 - *Form CMS H751B (Status of Accounts Receivable – Excel Template)*
 - HIGLAS-CMS Balance Sheets and Income Statements,
 - HIGLAS-CMS Treasury Report on Receivables (TROR),
 - HIGLAS-CMS CNC Eligibility,
 - HIGLAS-CMS MSP Recovery GHP/Non-GHP Receivables,
 - Reconcile the HIGLAS accounts receivable balance and activity to the following reports/registers:
 - CMS Beginning Balance Report,
 - CMS Transaction Register,
 - CMS Applied Collection Register,
 - CMS Adjustment Register,
 - CMS AR Overpayments Report,
 - CMS Interest and Late Charges,
 - CMS AR Balance Detail,
 - CMS Written-Off/CNC,
 - *Form CMS 1521 (Schedule of Letter of Credit Draws – Excel Template)*
 - *Form CMS 1522 (Monthly Bank Reconciliation – Excel Template)*
 - Reconciliation of Cash Balances and Cash Receipts.
 - HIGLAS-CMS Trial Balance and General Ledger,
 - HIGLAS-CMS Cash Management Reports,
 - HIGLAS-CMS Accounts Payable Reports:
 - AP Detail Schedule of Entitlement Payables Due & Payable-Refunds Payable (216006),
 - AP Detail Schedule of Entitlement Payables Due & Payable-Top Offsets (216097),
 - AP Detail Schedule of Entitlement Payables Due & Payable-Settlement Matching (216098),
 - AP Detail Schedule of Entitlement Payables Due & Payable-Third Party Payer (216099),
- HIGLAS-Contractor's Monthly Bank Reconciliation Worksheet.

J – Control Number	Control Objective – Financial
J.1	Financial statements and reports should include all authorized transactions that occurred for the period reported.
J.2	Valid financial transactions are prepared and approved by authorized personnel in accordance with management and CMS' policies.
J.3	Recorded and processed transactions are correctly classified, maintained, summarized and reconciled. In addition, transactions shall be properly supported.
J.4	Segregation of duties exists and are implemented within the area of financial reporting (i.e., there shall be separate authorization, record keeping, and custody).

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

J – Control Number	Control Objective – Financial
J.5	All assets and liabilities exist, are properly valued, and are correctly recorded in the books/records of the contractor.
J.6	Accounts receivable and accounts payable balances be properly valued and aged appropriately in accordance with CMS policies.
J.7	Contractor Financial Reports are accurate, signed/certified by authorized individuals and presented timely to CMS in accordance with Publication (Pub) 100-06 of the Medicare Financial Management Manual, Chapter 5, Financial Reporting, Section 230 and/or the HIGLAS Certification Statement.
J.8	Banking information relevant to Medicare processing is accurately stated and conforms to the tripartite agreement.
J.9	Collection Reconciliation Acknowledgement Forms (CRAF) and/or facsimiles are accurate, correctly classified, maintained and reconciled. In addition, CRAFs and/or facsimiles shall be signed/approved by authorized individuals and timely sent to CMS in accordance with CMS's policies.

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

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

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 (<i>ITRs</i>) 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 <i>ITR</i> 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</i> contractors review the <i>system</i> 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 <i>as follows</i>:</p> <ul style="list-style-type: none"> • 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. • HIGLAS contractors ensure that the HIGLAS AR transactions are updated timely for debt referrals as needed.

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

K – Control Number	Control Objective – Debt Referral (MSP and Non-MSP)
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 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.</i>
K.6	<p><i>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:</i></p> <ul style="list-style-type: none"> • <i>CMS contractors who have not transitioned to HIGLAS, including the APA line of business, ensure that the HIGLAS Debt Management Module is updated timely with refund/adjustment information as needed.</i> • <i>HIGLAS contractors, including the APA line of business, ensure that the HIGLAS AR transactions are updated timely and accurately with the refund/adjustment information as needed.</i>
K.7	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.
K.8	<i>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.</i>
K.9	Contractors ensure that debts have the correct status when the debt is referred to Treasury and retains this correct status while at Treasury.

50.12 – L Controls – Non-MSP Debt Collection

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

L – Control Number	Control Objective – Non-MSP Debt Collection
L.1	All overpayments that meet the applicable threshold should be demanded. Demand letters initiate the collection of a provider debt as well as inform the provider of the existence of the debt, their appeal rights with respect to the debt, and the ramifications if the debt is not paid or an <i>ERS</i> agreement is not reached within a specified time period in accordance with CMS instructions. The content of manually created demand letters are reviewed and approved according to CMS guidelines. The demand letter shall be issued, printed mailed timely, and maintained, in accordance with CMS instructions at Pub 100-06, chapters 3 and 4.

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

L – Control Number	Control Objective – Non-MSP Debt Collection
L.2	Extended Repayment Schedules (ERSs) shall be analyzed for approval or denial by a supervisor in accordance with CMS instructions. The supervisor's review includes monitoring all approved ERSs, the complete financial analysis of the provider's application, compliance with the ERS, and the referral to CMS when necessary in accordance with CMS instructions at Pub 100-06, Chapters 3 and 4.
L.3	Interest is calculated and applied correctly and timely in accordance with CMS instructions at Publication 100-06, Chapters 3 and 4. The interest rate is updated in accordance with the notice of the new interest rate for Medicare Overpayments and Underpayments notification. Interest changes are updated in all applicable systems.
L.4	Bankruptcy cases are handled in accordance with CMS instructions and instructions given by the Office of General Counsel (OGC). An audit trail of the overpayment shall exist before and after the bankruptcy filing to ensure that Medicare's best interest can be represented by OGC. Contractors shall maintain, track, and update the status of a bankruptcy in accordance with CMS instructions at Pub 100-06, Chapters 3 and 4.
L.5	Provider debt is collected timely, completely, and accurately with an appropriate audit trail of all collection activity and attempts of collection activity in accordance with CMS instructions at Pub 100-06, Chapters 3 and 4.
L.6	Control number L.6 reserved. Control not in use as of IOM revision number 214.
L.7	Timely review and processing of all 838 Credit Balance Reports. Ensure that all reported credit balances are collected and properly processed in accordance with CMS instructions in accordance with CMS instructions at Pub 100-06, Chapter 12.
L.8	<i>For overpayments subject to the limitation on recoupment under the Medicare Modernization Act (MMA), recoupment is stopped within the set timeframes for the receipt of requests filed for the redetermination and reconsideration levels of appeal. Once both levels of appeal are completed and CMS prevails, collection activities, including revised demand letters and internal recoupment may resume within the timeframes set forth in accordance with 42 CFR section 405.379 and Publication 100-06 Chapter 3, Section 200.</i>
L.9	Contractors <i>shall</i> calculate the 935 interest <i>on favorable and/or partially favorable decisions determined by the ALJ and subsequent appeal levels. The calculations shall be completed within the set timeframes on the recouped amounts that were applied to the principal balance only. Voluntary payments are excluded for purposes of the calculation of 935 interest. After the amount is calculated, the Contractor shall issue a refund check to the provider.</i> Contractors shall update, track, and maintain <i>the</i> appeal status <i>on overpayments</i> in the applicable systems <i>in accordance with 42 CFR section 405.379 and Publication 100-06 Chapter 3, Section 200.</i>

50.13 – M Controls – Provider Enrollment

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

M – Control Number	Control Objective – Provider Enrollment
M.1	Review the Medicare enrollment applications (paper CMS-855 or Internet-based Provider Enrollment Chain and Ownership System enrollment application) and take appropriate action in accordance with CMS guidelines in the Publication 100-08, Chapters <i>10 and</i> 15 of the Program Integrity Manual (PIM).

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

M – Control Number	Control Objective – Provider Enrollment
M.2	Reassignments of benefits are made in accordance with Publication 100-04, Chapter 1, Section 30.2 of the Medicare Claims Processing Manual and Publication 100-08, Chapter <i>10 and</i> 15 of the PIM.
M.3	Control number M.3 reserved. Control not in use as of this IOM revision.

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

70 – List of Commonly Used Acronyms

(Rev. 10614, Issued: 03-23-21, Effective: 10-01-20, Implementation: 04-22-21)

Acronym	Definition
A/B	Medicare Part A / B
AICPA	American Institute of Certified Public Accountants
AO	Authorizing Official
AP	Account Payable
A&R	Audit & Reimbursement
AR	Account Receivable
AIFMA	Associate IFM 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
CWF	Common Working File
DCS	Debt Collection System
DD	Day/Date Number (01 – 31)
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
FISS	Fiscal Intermediary Standard System
FMFIA	Federal Managers' Financial Integrity Act of 1982
FPLP	Federal Payment Levy Program

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

Acronym	Definition
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
<i>IFM</i>	<i>Innovation & Financial Management Group</i>
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
MM	Month Number (01 – 12)
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
POC	Point of Contact
POE	Provider Outreach and Education
PRRB	Provider Reimbursement Review Board
PTS	Provider Tracking System
Pub	Publication
QIO	Quality Improvement Organization

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

Acronym	Definition
RA	Remittance Advice
RO	Regional Office
RAC	Recovery Audit Contractor
RCA	Root Cause Analysis
RDS	Retiree Drug Subsidy
RMH	Risk Management Handbook
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
20YY	Year Number (e.g. 2019, 2020, 2021, etc.)
ZPIC	Zone Program Integrity Contractor(s)