



FAU's Billing Compliance Audit Handbook

The framework outlined in this document is supported by five corresponding sections. Each section of the framework serves a distinct purpose to provide each of FAU's covered components with a structured, repeatable process to evaluate the accuracy, integrity, and compliance of FAU's billing activities. Together, these documents establish clear responsibility, consistent audit execution, and institutional oversight of billing compliance across the University's covered components.

Billing Compliance Audit Governance Structure

This Governance Structure establishes the roles, responsibilities, and oversight functions required to support effective billing compliance across all Covered Components. It defines who is responsible for technical billing review, who provides governance oversight, and how institutional risk is monitored.

1. Covered Components (Unit-Level Responsibility)

Covered Components are responsible for the technical billing review of their own clinical activities.

Each Covered Component must:

- Maintain the ability to conduct internal billing audits,
- Designate at least one qualified technical reviewer,
- Apply the standardized audit methodology outlined in FAU's billing compliance audit handbook,
- Document all audit activities in a clearly identifiable location,
- Implement corrective actions when identified,
- Submit required audit reports and documentation on the published schedule, and
- Utilize external billing compliance support if internal qualifications are not present.

Covered Components retain full responsibility for the accuracy of documentation, coding, time-based billing, and adherence to payer rules.

2. Governance and Process Oversight

The Billing Compliance Committee with the support of the Controller's Office govern the billing compliance audit framework and ensures organizational adherence to the required billing compliance plan, billing compliance audit handbook, and University Policy 7.4.

Its responsibilities include:

- Issuing the audit methodology, templates, and annual audit schedule,
 - The audit methodology and annual audit calendar are subject to review and approval by the Billing Compliance Committee.
- Verifying timely submission and completeness of unit audit documentation,
- Maintaining the central billing compliance audit repository,
- Tracking errors, corrective actions, and follow-up activities across units,
- Confirming reviewer qualifications are documented,
- Providing consolidated compliance status reports to the Billing Compliance Committee (BCC), and
- Escalating noncompliance according to policy.

The Controller's Office provides governance oversight and process validation, not technical review of clinical documentation or coding.

3. Billing Compliance Committee (Institutional Oversight and Risk Monitoring)

The Billing Compliance Committee ensures institution-wide alignment and monitors systemic billing compliance risks.

The BCC must:

- Review aggregated compliance trends submitted by the Controller's Office,
- Evaluate units' follow-through on corrective action plans,
- Recommend institution-wide improvements, training, or policy adjustments,
- Address escalations where units fail to meet compliance requirements, and
- Approve annual updates to the Billing Compliance Plan.

The BCC verifies that covered components comply with their approved billing compliance plans.

4. External Billing Compliance Support (As Needed)

When a Covered Component does not have a qualified internal reviewer, the unit must obtain external billing compliance review services.

External resources must:

- Follow FAU's established audit methodology,
- Provide written reports consistent with internal documentation standards,
- Deliver recommendations for corrective actions, and
- Submit results to the, BCC, Covered Component and the Controller's Office.

5. Governance Principles

The governance model is anchored in the following principles:

- A. Responsibility Stays With the Unit**
Units own their coding, documentation, and billing accuracy.

- B. BBC and Controller Provides Oversight, Not Technical Review**
Finance ensures the structure is followed, and documentation exists, but does not interpret clinical content.

- C. BCC Oversees Institutional Risk**
The committee monitors patterns, systemic issues, and escalation.

- D. Independence Is Maintained**
Technical reviewers must not audit encounters they processed or approved for billing.

- E. Consistency Across Units**
All Covered Components follow the same methodology, documentation standards, and timelines.

6. Escalation Path

To maintain accountability, the following escalation structure applies when units fail to meet requirements:

1. Unit-Level Notification - initial deficiency notice
2. Unit Leadership (Dean/Director) - if deadlines are missed
3. BCC Review - for repeated or unresolved deficiencies
4. Senior Administration - if compliance cannot be achieved

This ensures the responsibility for corrective action remains at the appropriate level.

BILLING COMPLIANCE AUDIT METHODOLOGY

This methodology defines the required structure for how Covered Components must perform internal billing audits. It establishes how audits must be conducted and documented but does not prescribe clinical or coding standards, which remain the responsibility of qualified reviewers at the unit

1. Purpose

To provide a uniform process across all Covered Components for conducting, documenting, and submitting internal billing compliance audits.

2. Reviewer Qualifications

Units must designate at least one reviewer who:

- Has completed required billing compliance training
- Understands documentation standards and payer rules
- Is independent of the billing entry for encounters audited
- Can interpret clinical documentation and coding

Units may use approved external reviewers if internal qualifications are not met.

3. Sample Selection Requirements

Units must:

- Select a random sample of encounters
- Follow minimum sample sizes established annually
- Document the randomization method
- Ensure the sample represents the full mix of services provided

4. Required Audit Components

Each audited encounter must be reviewed for:

- Presence of documentation
- Documentation supporting services billed
- Proper coding alignment (CPT/HCPCS/ICD)
- Correct application of time-based billing rules
- Adherence to payer-specific requirements
- Proper internal revenue cycle controls

Units complete the checklist; the Controller does not validate clinical accuracy.

5. Documentation Requirements

Units must maintain:

- Completed audit checklists
- Audit report template
- Sample selection documentation
- Corrective action plans (if applicable)
- Follow-up documentation

All files must be retained in a dedicated compliance folder.

6. Reporting Requirements

Units must submit:

- The completed audit report
- Checklist files
- Corrective action plans (if applicable)
- Reviewer qualification documentation

These must be submitted by the deadlines set in the annual audit schedule.

7. Corrective Action

If deficiencies are identified, units must:

- Create a corrective action plan
- Implement corrective measures by required deadlines
- Provide follow-up documentation
- Participate in follow-up reviews if required

8. Controller's Oversight Role

The Controller's Office will:

- Verify submission completeness
- Track corrective actions
- Maintain the institutional compliance archive
- Report status to the BCC

The Controller does not perform clinical or coding reviews.

AUDIT GUIDE FOR COVERED COMPONENTS

For Covered Components

This guide explains the steps each unit must take to perform internal billing audits under the University's Billing Compliance Audit Handbook. It provides a structured process without requiring specialized terminology beyond what trained reviewers already know.

1. Identify Your Reviewer

Each unit must designate a reviewer who meets the required qualifications. Document their name, training completion, and role. If no qualified staff exist internally, contact the Controller's Office for guidance on obtaining external support.

2. Prepare for the Audit

Before beginning the audit:

- Ensure access to documentation systems
- Confirm ability to retrieve encounter notes
- Save audit templates provided by the Controller's Office
- Set up a unit compliance folder

Units may run internal "practice audits" prior to formal cycles.

3. Select Your Sample

Follow these steps:

1. Pull a list of all encounters in the audit period
2. Use a random selection method (Excel randomizer, system tool, random number
3. generator)
4. Select required number of encounters
5. Document your method and save the sample list

Consistency and documentation matter more than sample size sophistication.

4. Perform the Audit

For each encounter:

- Complete the audit checklist
- Attach relevant supporting documentation
- Note any deficiencies in the audit report template

Reviewers should focus on:

- Documentation supporting services billed
- Correct code selection
- Proper time-based billing documentation

5. Complete the Audit Report

The Audit Report Template includes:

- Summary of findings
- Sample size and selection method
- Category-level error rates
- Detailed exceptions
- Root causes
- Corrective action plan (if needed)

Retain a copy of the audit report in a designated, easy identifiable location.

6. Submit Your Materials

By the deadline in the annual schedule, submit:

- Audit report
- Completed checklists
- Sample selection documentation
- Corrective action plan (if required)

Submit electronically to the BCC and Controller's Office through the designated channel.

7. Implement Corrective Actions

If errors are identified:

- Assign responsibility within your unit
- Document steps taken
- Complete changes before the corrective action deadline
- Provide follow-up evidence
- Adherence to payer rules

8. Retain Documentation

Units must keep a full compliance file including:

- All checklists
- All reports
- Sample documentation
- Reviewer qualifications
- CAPs
- Follow-up evidence

Files must be maintained in a secure and identifiable location.

ANNUAL AUDIT CALENDAR

Annual Billing Compliance Audit Calendar - Effective July 1 (Year 1)

Quarter 1 - Audit Period: July 1 - September 30

- Audit Due: **October 31**
- Corrective Actions Due (if needed): **November 30**
- Follow-Up Confirmation: **December 31**

Quarter 2 - Audit Period: October 1 - December 31

- Audit Due: **January 31**
- Corrective Actions Due: **February 28**
- Follow-Up Confirmation: **March 31**

Quarter 3 - Audit Period: January 1 - March 31

- Audit Due: **April 30**
- Corrective Actions Due: **May 31**
- Follow-Up Confirmation: **June 30**

Quarter 4 - Audit Period: April 1 - June 30

- Audit Due: **July 31**
- Corrective Actions Due: **August 31**
- Follow-Up Confirmation: **September 30**

Annual Review

- Controller submits consolidated report to BCC: **October**
- BCC issues recommendations: **November**
- Revisions to Plan drafted (if needed): **December-January**

CONTROLLER VS UNIT SCOPE CHART

Roles & Responsibilities - Controller vs. Unit (Covered Component)

Function	Unit (Covered Component)	Controller's Office
Performs technical billing audit	✓ Yes	✗ No
Reviews clinical documentation	✓ Yes	✗ No
Reviews CPT/HCPCS/ICD coding	✓ Yes	✗ No
Confirms payer rule compliance	✓ Yes	✗ No
Uses audit checklist	✓ Yes	✓ Provides template
Completes audit report	✓ Yes	✗ No
Maintains unit compliance file	✓ Yes	✗ No
Submits audit materials	✓ Yes	✓ Receives
Tracks corrective actions internally	✓ Yes	✓ Tracks status centrally
Issues methodology and templates	✗ No	✓ Yes
Sets annual audit calendar	✗ No	✓ Yes
Verifies units submitted audits	✗ No	✓ Yes
Files documentation in central archive	✓ (unit copy)	✓ (central copy)
Reports institutional trends	✗ No	✓ Yes
Escalates noncompliance	✗ No	✓ Yes
Provides training content	✓ Can request/consult	✓ Coordinates and distributes
Performs external audits	Optional	✗ No
Arranges external compliance help	✓ Yes, if needed	✓ Oversight only