
Program Memorandum Intermediaries/Carriers

Department of Health &
Human Services (DHHS)
Centers for Medicare &
Medicaid Services (CMS)

Transmittal AB-02-039

Date: MARCH 26, 2002

CHANGE REQUEST 2072

SUBJECT: Amplification of Annual Compliance Audit Requirements

This Program Memorandum (PM) provides additional instruction on the requirements of the annual compliance audit found in the revised CMS Business Partners Systems Security Manual (BPSSM) requirements. It applies to all carriers, intermediaries, their data centers, DMERCs, standard systems maintainers, and Coordination of Benefits Contractors.

Section 3.5 of the BPSSM (Annual Compliance Audit) states, “a SAS 70 or Office of Inspector General Chief Financial Officers full scope Electronic Data Processing Controls (OIG CFO EDP) audit will meet the requirement for the Annual Compliance Audit. If one of these audits is to be used to meet the requirements for the Annual Compliance Audit, they must have been performed for the current fiscal year. In addition, the SAS 70 audit MUST have been directed by CMS.”

Section 3.5 of the BPSSM also states that contractors must focus the annual compliance audit on four categories of the core security requirements as specified in advance by CMS. When any one or more of the four selected IS control objectives/categories are not covered by a SAS 70 or OIG CFO EDP audit, then you must perform a limited scope annual compliance audit to cover those IS control objectives not otherwise addressed.

Security Questions and Concerns

CMS expects that you may have questions or concerns about this PM. You may send them to ContractorSystemsSecurity@cms.hhs.gov. We will provide a prompt direct response as well as posting it to a Frequently Asked Questions section on the CMS Medicare Contractor Information Systems Security web page. Its address is: www.HCFA.gov/EXTPART.

The *effective date* for this PM is March 26, 2002.

The *implementation date* for this PM is March 26, 2002.

These instructions should be implemented within your current operating budget.

This PM may be discarded after March 31, 2003.

If you have any questions, contact Sherwin Schulerbrandt at (410) 786-0743.