



## Internal Audit Division FY 18 - Audit Plan Overview

### Our Value Proposition - Objective Insight and Catalyst for Positive Change

Internal Audit delivers value-added services that are catalysts for positive institutional change in governance, risk remediation, and the design of process controls. By improving the institution's capabilities to anticipate and respond to current and emerging risks and challenges, we support management's journey toward achieving Emory's strategic plan and objectives

#### Mission

- Provide independent, objective assurance
- **Add value and improve operations of Emory University (EU) and Emory Healthcare (EHC)**
- **Evaluate and improve the effectiveness of risk management, control, and governance processes**
- Promote the safeguarding and effective use of enterprise assets and resources



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# Guiding Principles

*“We deliver **best-in-class** Internal Audit services to the institution, using **a dynamic risk assessment process**. We support the advancement of corporate governance and enterprise risk management by providing **assurance and advisory services that focus on value preservation and value creation.**”*



**Risk Assessment**

- Dynamic process to prioritize and address current and emerging risks during the year
- Focus on risks that matter (Enterprise Risk Management (ERM), including strategic and reputational risks)
  - Collaborate with compliance, legal and risk to provide assurance coverage.
  - Adjust plan during the year as necessary

**Risk Focus**

- Deliver holistic business assurance across enterprise risks
- Emphasis on Board and senior leadership needs
  - Focus on high level monitoring controls (“2nd line of defense”)
    - See Appendix B for a description of the lines of defense

**Perspective**

- Provide future oriented services (value creation), in addition to traditional value preservation focus (see description of services in Appendix A)
- Provide “forward looking” value-added expertise to mitigate risks (e.g., during implementations, education/awareness, data analytics)
  - Evaluate risk from an institutional perspective

**Testing Strategy**

- Analyze complete populations of data
- Strengthen data analytics platform (continuous auditing/monitoring)

**Staffing Strategy**

- Recruit and retain a diverse team (skills, experiences, education) to support assurance and advisory services on broad institutional risks (see listing of staff at Appendix C)
- Safeguard and allocate resources for higher risk work:
    - Limit (cap) staff hours on lower risk investigations
  - Continue to offer professional development opportunities to Emory business officers

## Highlights of IA’s Assurance and Advisory Services *A Look Back (FY 17) and a Look Ahead (FY 18)*

Emory’s Internal Audit Division (IA) strives to dynamically align our efforts with the strategic direction of the Emory enterprise, so that we may serve at the forefront of the most relevant risks. As part of our service, we continuously seek opportunities to extend our traditional assurance provider role into a proactive trusted advisor role.

Outlined below are highlights of IA’s work performed in FY 17, with a look ahead towards proposed areas of coverage in FY 18.

ERM Risk Domain	FY 17: Highlights of IA’s Coverage	FY 18: Key Areas of IA’s Proposed Coverage
<b>Academic and Student Affairs</b>	<ul style="list-style-type: none"> <li>• Data Management Advisory (Education and Training Materials)</li> <li>• Student Immunization Compliance</li> <li>• Minors on Campus</li> </ul>	<ul style="list-style-type: none"> <li>• Underage Children (“Minors”) on Campus</li> <li>• Student Scholarships</li> <li>• Student Safety</li> <li>• Student Data</li> </ul>
<b>Campus Safety and Physical Plant</b>	<ul style="list-style-type: none"> <li>• Active Shooter/Bomb Threat Preparedness and Response</li> </ul>	<ul style="list-style-type: none"> <li>• Security/Access Audit - Follow Up and Advisory</li> <li>• Construction Audit (EU Tower Parking Deck)</li> </ul>
<b>Finance and Investment</b>	<ul style="list-style-type: none"> <li>• Financial Commitment Authority</li> <li>• Financial Conflict of Interest (COI)</li> <li>• Office of the President and Cabinet (Disbursements)</li> <li>• Data Analytics (Disbursements)</li> <li>• Financial Attestation Process</li> <li>• Alleged Financial Fraud Investigations</li> </ul>	<ul style="list-style-type: none"> <li>• Post-Acquisitions Analysis Process</li> <li>• Foundational Fiscal Policies Audit — Follow Up and Advisory</li> <li>• Data Analytics (Disbursements)</li> <li>• Financial Attestation Process</li> <li>• Alleged Financial Fraud Investigations</li> </ul>
<b>Governance and Corporate Affairs</b>	ERM Steering Committee IT Steering Committee Executive Compliance Coordinating Committee	

## Highlights of IA’s Assurance and Advisory Services A Look Back (FY 17) and a Look Ahead (FY 18)

ERM Risk Domain	FY 17: Highlights of IA’s Coverage	FY 18: Key Areas of IA’s Proposed Coverage
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>• Revenue Cycle</li> <li>• Patient Satisfaction</li> <li>• Drug Diversion Monitoring</li> <li>• Contract Management System</li> <li>• J-Wing Construction</li> </ul>	<ul style="list-style-type: none"> <li>• Balanced Scorecard—Data Integrity</li> <li>• Revenue Cycle               <ul style="list-style-type: none"> <li>⇒ Managed Care Recoupments</li> <li>⇒ Durable Medical Equipment Billing and Collection</li> <li>⇒ Retail Pharmacy Billing and Collection</li> </ul> </li> <li>• Drug Diversion Monitoring</li> <li>• Construction Audit (EU Tower)</li> <li>• St. Joseph Hospital Consignment Inventory</li> </ul>
<b>Library and Information Technology</b>	<ul style="list-style-type: none"> <li>• BCP and IT Disaster Recovery</li> <li>• IT Compliance Framework</li> <li>• Cybersecurity Governance Framework</li> <li>• Identity and Access Management</li> </ul> <p><i>** Note: BCP is a foundational governance control necessary for business functions across the Emory enterprise</i></p>	<ul style="list-style-type: none"> <li>• EHC IT Audit Follow Up</li> <li>• Cybersecurity               <ul style="list-style-type: none"> <li>⇒ Vulnerability Scanning and System Patching</li> <li>⇒ Encryption</li> <li>⇒ HIPAA Risk Assessment</li> <li>⇒ Identify and Access Management</li> </ul> </li> <li>• BCP and IT Disaster Recovery Advisory</li> <li>• Cloud Technology Advisory</li> </ul>
<b>Research</b>	<ul style="list-style-type: none"> <li>• Finance, Grants, and Contracts (FGC) - Quality Assurance: Award Set-Up</li> </ul>	<ul style="list-style-type: none"> <li>• Award Set-Up Process</li> <li>• Award Close Out Process</li> </ul>
<b>Human Resources</b>		*

\*Select projects address HR risks as secondary objectives (examples: Minors on Campus, Fraud Investigations).

## Highlights of IA’s Goals for FY18

Overarching Goal	Specific Initiatives/Tactics
Promote the Adoption of Governance and Risk Management Best Practices.	<ul style="list-style-type: none"> <li>• Execute the approved FY18 audit plan.</li> <li>• Utilize data analytic expertise to provide valuable information and tools to the institution (e.g., hours scheduled to work comparison, system access, student retention and privacy, etc.).</li> <li>• Provide advisory support on management actions to implement previously issued audits (Key Fiscal Policies, Campus Security, Student Travel, etc.).</li> </ul>
Increase Institutional Awareness of Internal Audit’s Role	<ul style="list-style-type: none"> <li>• Update IA’s vision and mission statements.</li> <li>• Formalize “audit orientation” communications with new key leaders.</li> </ul>
Continually Enhance the Efficiency and Effectiveness of Internal Audit Processes	<ul style="list-style-type: none"> <li>• Audit follow up process: Implement an automated issue tracking platform (collaboration with Compliance).</li> <li>• Audit Efficiency: Pilot use of “audit liaison” in select FY18 assurance reviews.</li> <li>• Financial Attestation Process: Document the criteria used to identify employees required to complete an attestation, and conduct exit interviews with departing chief business officers.</li> </ul>
Recruit, Retain and Develop Audit Team Members	<ul style="list-style-type: none"> <li>• Fill 2 open positions with strong candidates.</li> <li>• Continue to offer meaningful learning and development opportunities to audit team members.</li> </ul>

## Continuous Risk Assessment and Monitoring

Our team keeps informed on emerging risks through ongoing discussions with leadership, and engagement in a variety of enterprise-wide forums, including:

- Financial Attestation Process (FAP) Steering Committee
- Anti-Fraud Steering Committee
- Enterprise Risk Management (ERM) Steering Committee
- Executive Compliance Committee
- Data Advisory Committee (DAC)
- Information Technology (IT) Steering Committee
- Business Continuity Planning (BCP) & Disaster Recovery (DR)
- EHC Finance Administrative Team, 340B Drug Pricing Program Governance, EHC Compliance Council, Clinical Claims and Review Council, Shared Savings Agreement and Population Management, Value Acceleration Process... *and several more*

*New projects are added to the audit plan throughout the year based on these on-going risk assessment processes and discussions.*



## FY17 Accomplishments

In FY17, we provided enterprise-wide value through ongoing risk assessment dialogues with management, excellent service, and thought leadership. In each project, we considered the institution's perspective, and promoted consideration of opportunities to adopt consistent best practices system-wide. Several initiatives result in the elevation of risks into Emory's ERM program for formal monitoring and reporting. Below is a summary of select areas where we partnered with management to enhance Emory's risk management capabilities:

- Key Fiscal Policies (Conflict of Interest, Delegation of Financial Authority, Account Reconciliations)
- Business continuity planning and IT disaster recovery planning
- Emory Healthcare Information Services governance and risk management
- Emergency response practices (active shooter and bomb threat scenarios)
- Minors (children) on campus - safety and security
- EHC construction governance structure
- J-Wing construction
- EHC billing and collection practices
- EHC patient satisfaction

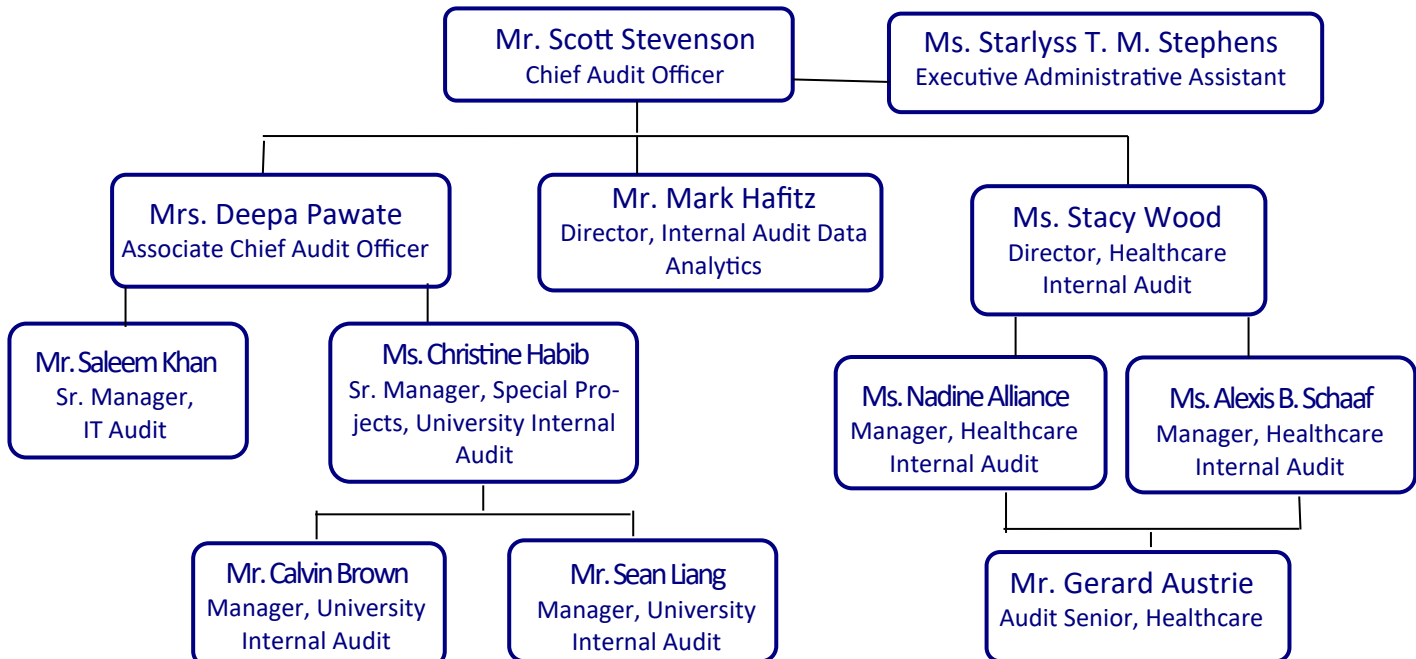
## Our People

Excellent analytical and communication skills, along with a deep knowledge of our institution’s research, teaching, and patient care functions, are capabilities embedded within our **team of 11 audit professionals**.

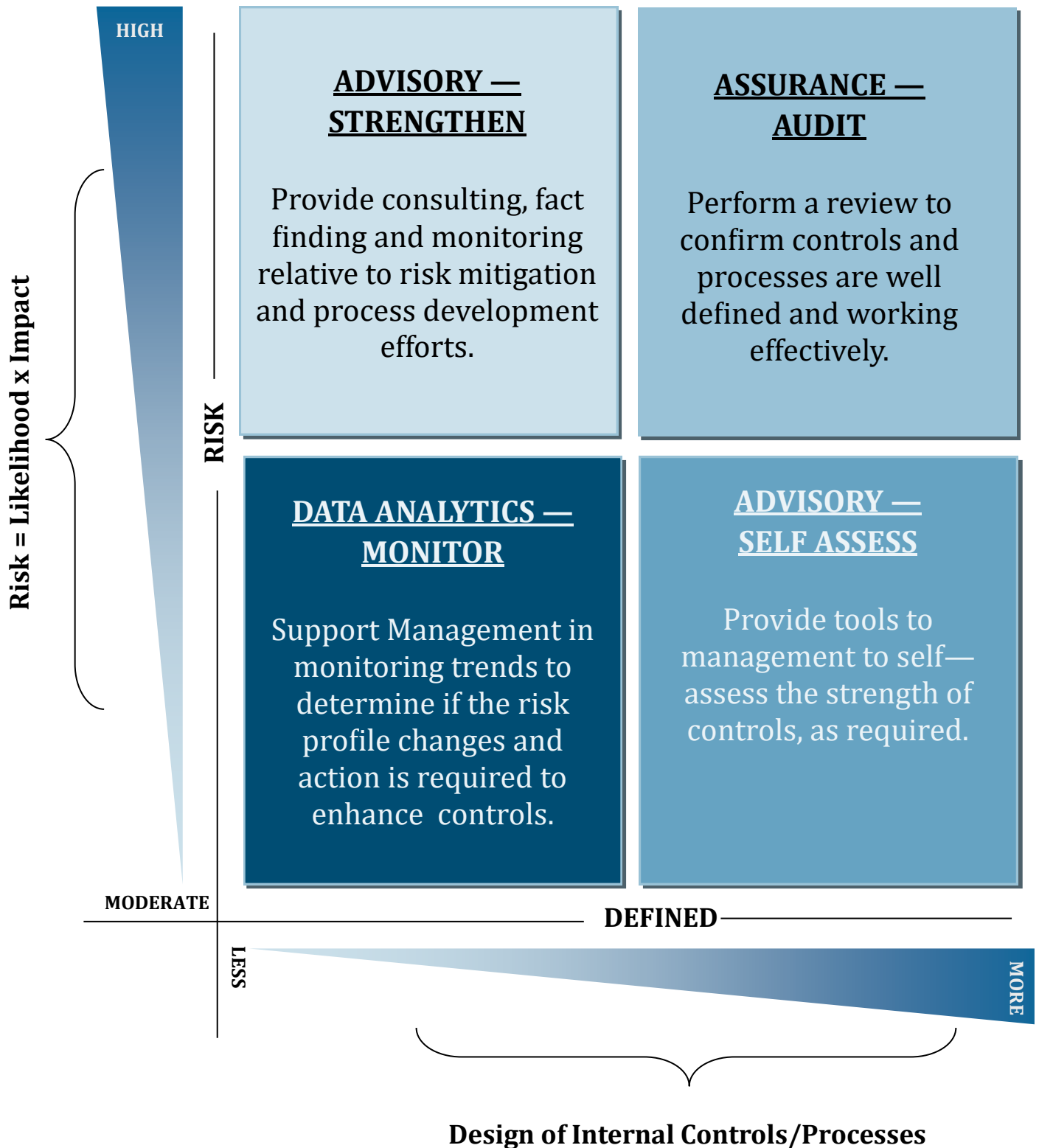
What brings us together in Internal Audit is an unwavering focus and shared appreciation for the importance of what we provide to the Emory enterprise and its various schools, units/facilities, and programs. We recruit and welcome professionals with diverse personal and professional backgrounds. All team members perform with passion for excellence, integrity, and a desire to work collaboratively with management to enhance Emory’s governance and risk mitigation capabilities.



## Organizational Chart



# Appendix A: Menu of Value Added Services





# Appendix B: Responding to Risk - Internal Audit's Role in the Three Lines of Defense

1 <sup>st</sup> LINE OF DEFENSE – Business Operations	2 <sup>nd</sup> LINE OF DEFENSE – Oversight Functions	3 <sup>rd</sup> LINE OF DEFENSE – Independent & Objective Assurance
<p><b>School/Unit/Program Operational &amp; Functional Management</b></p> <p>Responsible for <u>operating business processes and practices (control)</u> to manage risk:</p> <ul style="list-style-type: none"> <li>• Vision and Strategy</li> <li>• Ethical culture &amp; tone at the top</li> <li>• Risk identification and mitigation</li> <li>• Process and internal control design, implementation and effectiveness</li> <li>• Compliance with laws, regulations and policies</li> </ul>	<p><b>Business Administration Offices</b></p> <p>Responsible for <u>defining policy and for monitoring the effectiveness of business operation controls</u> to mitigate risk. Such functions include (but not limited to) Dean's Office /Chief Business Officer, Human Resources, Finance, Research Administration, IT, Campus Service, etc.</p> <p><b>Risk Management</b></p> <p>Responsible for establishing and maintaining an Enterprise Risk Management (ERM) framework to assist with <u>risk prioritization and reporting</u></p>	<p><b>Internal Audit</b></p> <p>Responsible for providing <u>objective and independent assurance (to the Board) on the effectiveness at first and second line processes and controls</u> to mitigate risk.</p> <p><b>Services include:</b></p> <ul style="list-style-type: none"> <li>• Assurance</li> <li>• Advisory/Consultative</li> <li>• Governance Support</li> <li>• Data Analytics/Business Intelligence</li> <li>• Investigations</li> </ul>

## Appendix C - Internal Audit Staff

Name	Title	Education	Professional Certification (s)
Scott Stevenson	Chief Audit Officer	MBA, Averett University BS, Accounting, Wake Forest University	CPA, CIA
Deepa Pawate	Associate Chief Audit Officer	MBA, Emory University BA, Computer Science, Emory University	CISA
Stacy Wood	Director of Healthcare Internal Audit	MBA, University of North Carolina at Charlotte BS, Business Administration, James Madison University	CIA, CRMA
Mark Hafitz	Director , Data Analytics— Internal Audit	MS, Business Information Systems, Georgia State University BS, English Literature, Emory University	CIA
Christine Habib	Senior Manager, University Internal Audit	MBA, Charleston Southern University BS, Accounting & Management Science, University of South Carolina	CFE
Saleem Khan	Senior Manager, IT Audit	MBA, Georgia Institute of Technology BS, Computer Engineering, Louisiana State University and Agricultural and Mechanical College	CISA
Nadine Alliance	Manager, Healthcare Internal Audit	MBA, University of Phoenix BS, Legal Studies, St. John's University	CHC, CFE
Alexis Schaaf	Manager, Healthcare Internal Audit	MPA, Accounting, Georgia State University BS, Accounting, University of Georgia	CPA
Sean Liang	Manager, University Internal Audit	MBA, Georgia Institute of Technology BS, Management, Georgia Institute of Technology	CPA
Calvin Brown	Manager, University Internal Audit	BA, Finance, Georgia State University	CISA, CISSP, CFE
Gerard Austrie	Senior Auditor, Healthcare Internal Audit	MBA, Cameron University BA, Business Administration, Midwestern State University	CPA, CIA
Starlyss McSlade	Executive Administrative Assistant	BA, Commercial Design, Fort Valley State University	-