



Internal Audit Division FY 20 - Audit Plan Overview

Vision

To be a trusted and essential advisor for Emory’s Board of Trustees and executive leadership, and provide valuable business insights that help protect and enhance Emory’s reputation.

Mission

The Internal Audit Division delivers world-class assurance and advisory services by:

- Aligning and prioritizing our work efforts to focus on the enterprise’s strategic goals and risk management objectives.
- Attracting, retaining, and leveraging a talented team by cultivating a culture that empowers employees to be innovative and guides them towards success.
- Building mutually respectful and trusted relationships with colleagues across our schools, business units and healthcare facilities.
- Serving as thought leaders and catalysts for continuous improvement by sharing best practices and standards across the enterprise.

Our Value Proposition

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 intuition'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



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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

Audit Planning Process

Audit's resources are focused on
Delivering value to Emory

Emory Audit's plan is

- Agile
- Risk-prioritized
- Coordinated with other assurance activities
- Focused on key Emory objectives

Emory
Audit
Universe

Create Audit Universe

- Knowledge of the Emory environment
- Emory org charts and budget data
- Higher Ed, healthcare and research process
- Risk Publications

Risks to
Emory's
Objectives

Identify Subset of
Most Significant Risks

- ERM and Compliance Risk Assessments
- Stakeholder Input and Requests
- Peer Benchmarks
- Industry Hot Topics
- Prior year audit findings
- Trust Line Activity
- Data Analytics

Audit Plan
Topics

Identify Audit
Engagements

- Consider skills needed, available Audit Department resources, and coordination with other assurance functions
- Draft plan for discussion and approval by the Audit and Compliance Committee

FY20 Draft Audit Plan

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.

Academic Affairs

Student Sexual Misconduct Framework Audit – Evaluate compliance with process to receive, triage, investigate and resolve reported incidents.

Undergraduate Admissions Advisory – Interview staff to understand influences on admission decisions.

PeopleSoft Student User Access Advisory – Advise on development of user access roles, and related policies and procedures (*multi-phase project*).

Uniform Guidance (A-133) Follow-Up – Validate completion of management action plans related to KPMG audit findings.

Oxford Financial Aid Audit – Evaluate processes to review and grant financial aid.

Health Affairs

Construction Audits – Oversee external construction audit firm’s pre-contract, and interim/final financial contract compliance, reviews for Winship Cancer Institute Tower at EUHM, ESJH, and Musculoskeletal Center at Executive Park. Review draw requests submitted to the Woodruff Board to substantiate release of gift funds.

Denials Management Audit Phase II: Emory Decatur Hospital (EDH) – Evaluate the results of the denials data analytic, completed in Phase I, to identify process improvement opportunities.

Drug Diversion Prevention and Detection Program Attorney-Client Privileged Audit – Evaluate current drug diversion program structure, processes, and outcomes at EHC.

Artiva System Post-Implementation Audit – Evaluate revenue cycle processes developed as a result of the Artiva system implementation at Emory Hospitals.

Readiness for Active Threats Follow-up Advisory – Evaluate actions taken by management to enhance EHC’s active threat preparedness and response model.

Emory Decatur Hospital General Key Financial Controls Audit – Evaluate the effectiveness of key financial controls, including processes to reconcile cash and clearing accounts.

Charge Capture Audit – Evaluate the charge capture processes to identify key risks and controls. EHC facility and clinical area to be evaluated/determined.

Contract Governance Audit – Evaluate compliance with contract governance policies (proper review and authorization).

Firearm Procurement and Safeguarding – Evaluate processes to order, receive, and safeguard firearms used by police and security personnel (includes Emory Police, and EHC security forces).

FY20 Draft Audit Plan

Research Administration
Research Administration Metrics Advisory – Provide advice on the development and implementation of metrics (including data integrity controls).
Effort Reporting Audit – Evaluate sample of effort reporting activities for compliance to policies.

Business And Administration
Employee Termination Process Audit (EU & EHC) – Validate compliance with new policies/procedures.
PLT (President’s Leadership Team) Travel and Expense Audit – Follow-up to validate compliance with policies and effectiveness of new process.
Conflict of Interest Advisory – Provide advice on development and implementation of new COI policies/processes related to the reporting/disclosure/review of business/financial conflicts
Construction Audits – In partnership with Campus Services, provide oversight to the external construction audit firm’s on-contract, and interim/final financial contract compliance, reviews for Old Theology, Oxford CLC, RSPH III, Emory Student Center, HSRB II. Review draw requests submitted to the Woodruff Board to substantiate release of gift funds.
Emory Capital Projects Framework Advisory – Based on the FY19 Emory Post-Acquisition Process audit, provide advisory services and monitor ongoing progress toward development of an Emory-wide formal capital projects framework.
Continuous Controls Monitoring (CCM) and Continuous Auditing (CA) – Continue efforts to integrate continuous auditing and continuous controls monitoring in EU and EHC audit services.
Fiscal Dashboards - EU (Analytics) – Continue efforts to pilot/provide an analytics dashboard that supports distributed fiscal monitoring and follow-up at the school-/unit-level by chief business officers.
Investigations – Placeholder for FY20 financial frauds requiring investigation.

FY20 Draft Audit Plan

Information Technology and Security
Identity/Account Management Audit (EU and EHC) – Evaluate processes to create, update and disable user accounts.
Access/Authorization Management Audit (EU and EHC) – Evaluate effectiveness of processes to grant, review, update, and remove access rights in accordance with policies.
Third Party Oversight Audit (EU and EHC) – Evaluate effectiveness of processes to oversee third party receipt of, or access to, sensitive information.
IT Project Governance Audit (EU and EHC) – Evaluate IT project business case approval framework for projects under the IT Steering Committee’s scope.
Medical Device Security Audit (EHC) – Review governance processes throughout the device lifecycle.
Network Security Audit (EU and EHC) – Evaluate the design and operating effectiveness of network configuration and supporting controls (e.g. user access to networking devices) to restrict access to Emory data.
IT Advisory - Advise on policies, business cases for projects, and risks; provide advisory support and risk management support for initiatives such as Robotic Process Automation (RPA), Cloud, IT asset tracking, and sponsored accounts.
Enterprise Governance Support
Audit Follow-Up (Management Action Plans from Prior Audits)
Key Governance Support Initiatives – Administer enterprise-wide processes including: Financial Attestation, Board of Trustees’ Audit and Compliance Committee, Anti-Fraud Committee, etc.
Risk Monitoring Initiatives - Monitor potential organizational risks and consider potential audit/advisory needs, through: Participation in governance committees (e.g., IT Steering, EHC Finance Administration, Compliance, 340B, Drug Procedures Oversight). Periodic meetings with Emory leaders to discuss risk and progress toward strategic objectives. Annual Audit Plan Development
Quality Assurance Program – Evaluate compliance with Institute of Internal Auditors (IIA) Quality Standards. Implement a quality assurance program.
FY19 Projects Close-Out – Finalize and issue draft reports in process at year end.

Tier 2 Projects

Tier 2 Projects were identified during our risk assessment process. Through our discussions with management, these were judged to be of a lower priority and/or not ready for audit. The listed items below may be selected for future year audit plans, and/or be available for addition to the FY20 audit plan (time permitting or if priorities change).

Academic Affairs

Graduate Admissions Advisory
Office of Equity and Inclusion 5 Year Review

Health Affairs

Procurement: Non-Purchase Order Vendor Set-Up Process Audit
Length of Stay Data Metric Audit
High Price Drugs Audit

Business and Administration

International Business Topics Advisory
Emory Investment Management Self-Administration Model Audit
Budget Loading Audit
New Lease Financial Accounting and Reporting Standards Audit
Gift Acceptance Audit
Campus Services Vendor Contract Compliance Audit

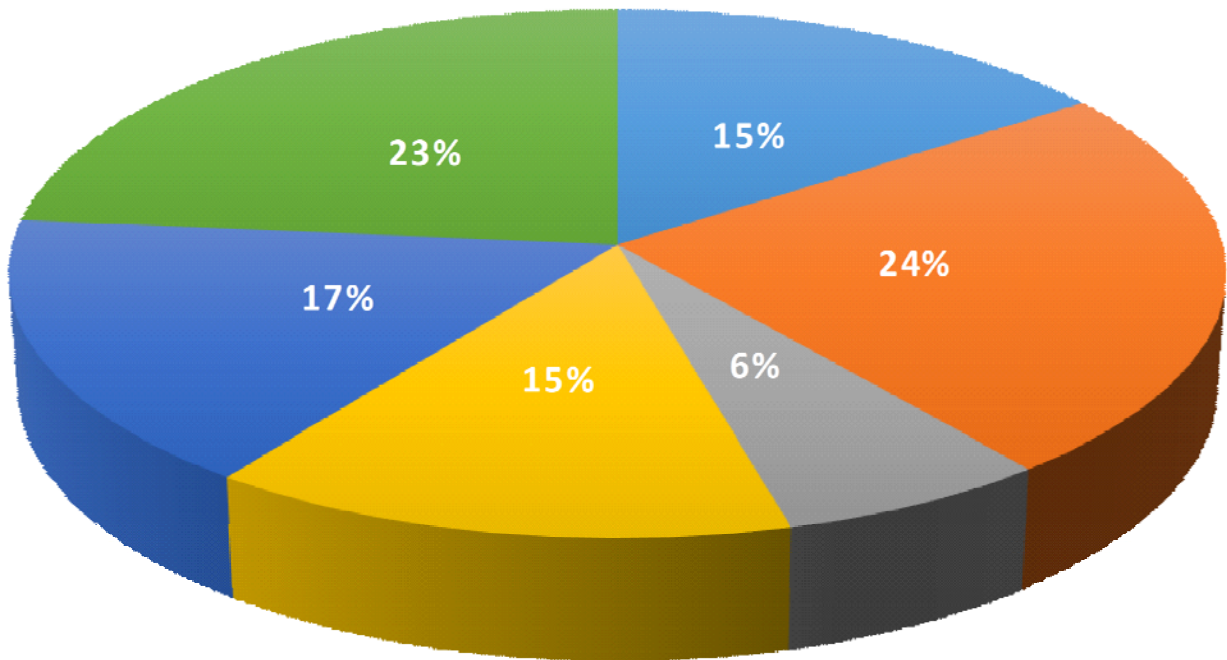
Research

Award Set-Up Audit
COSO Framework/Research Process Documentation
Cost Allowability Audit
Sub-recipient Monitoring Audit
Foreign Threats and Export Controls Audit
Cost Transfers/Expenses After Grant End Date

Information Technology and Security

Research Data Security Audit
Cyber-Incident Response Audit (EU and EHC)
School of Medicine (SOM) IT General Controls Audit

FY20 Audit Plan—Allocation of Effort



■ Academic Affairs

■ Health Affairs

■ Research Administration

■ Business & Administration

■ Information Technology

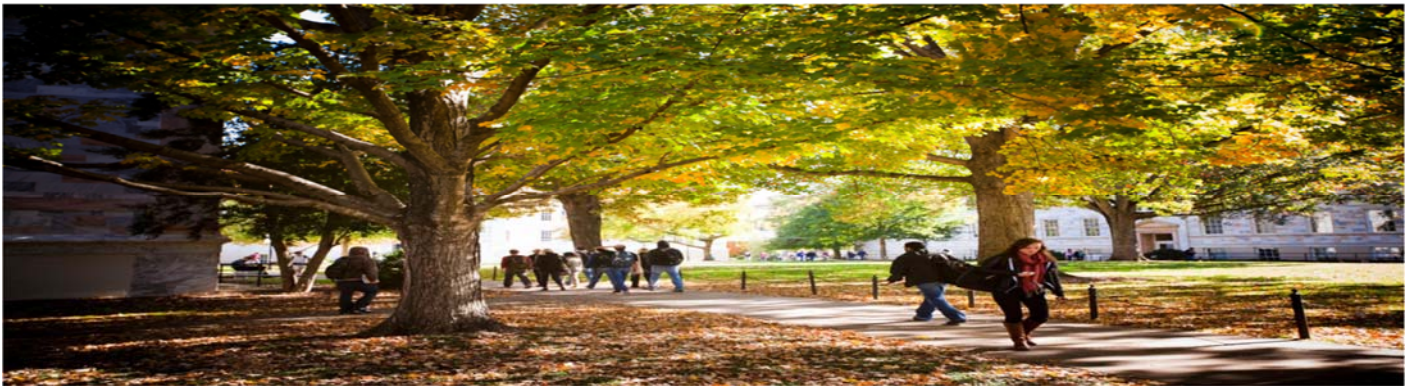
■ Enterprise Governance Support

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.



FY19 Accomplishments

In FY19, 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:

- Financial policies and procedures (Executive travel and expense reimbursement, journal entries)
- Sponsored award close out processes
- Conflicts of interest
- Business continuity planning and IT disaster recovery planning
- Cyber security practices (including encryption, patch management, and vulnerability management)
- IT risk advisory (sponsored accounts, Amazon Web Services, Robotic Processing)
- Construction projects (EUH Tower, HRSB II, EUHM Winship Cancer Tower)
- EHC billing and collection practices
- EHC pharmacy (340b, drug diversion practices)

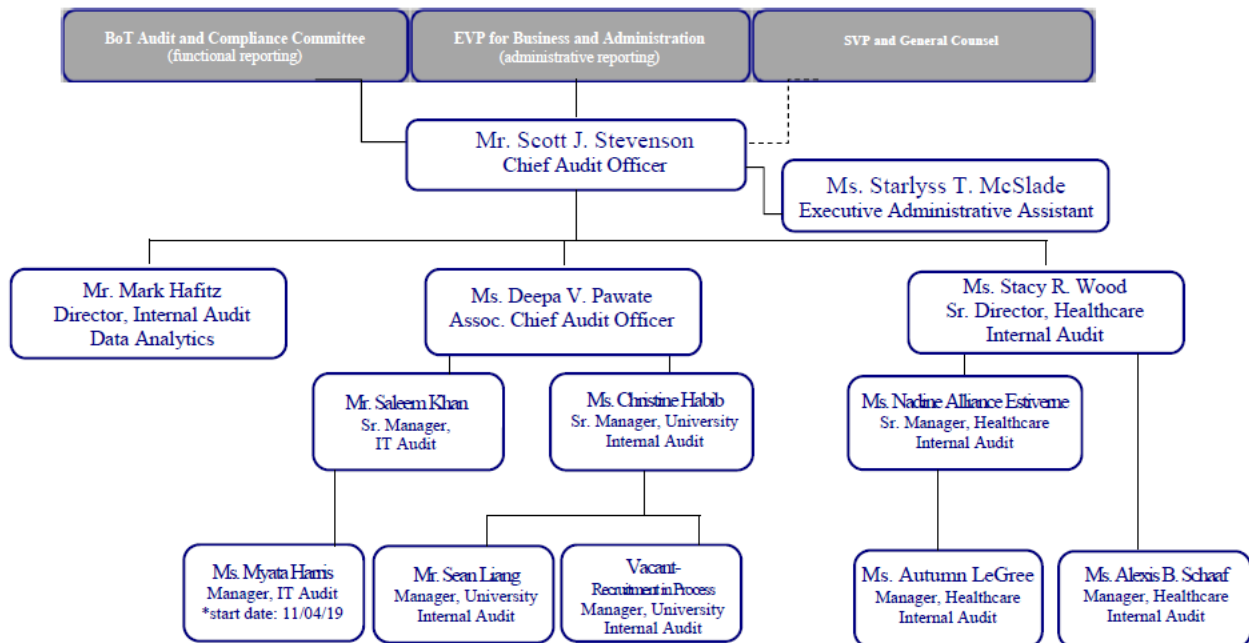
Our People

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 12 audit professionals**.

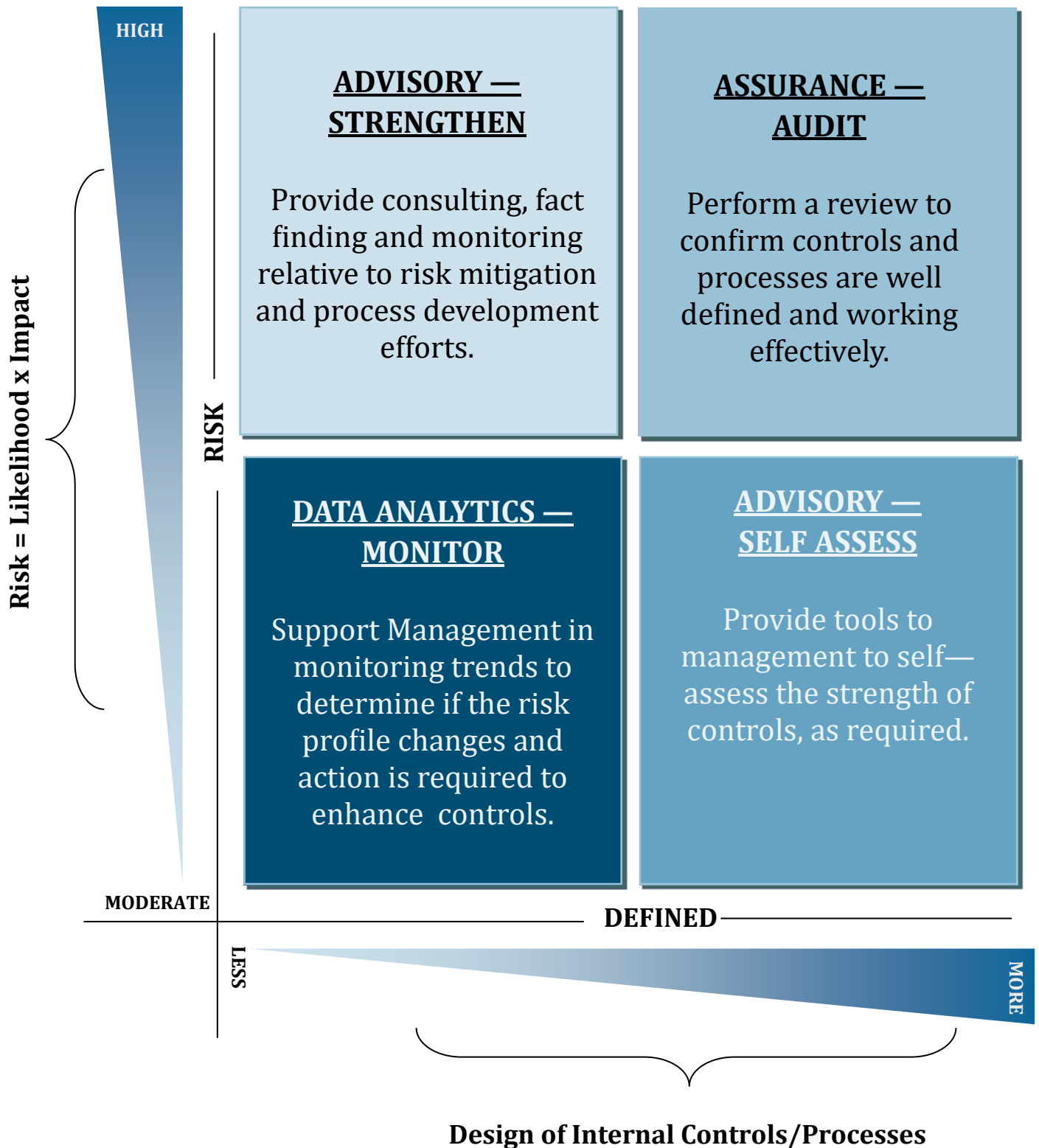
What brings us together in Internal Audit is an unwavering focus and shared appreciation for the importance of what we provide to the Emory enterprise and its various schools, units/facilities, and programs. We recruit and welcome professionals with diverse personal and professional backgrounds. All 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 st LINE OF DEFENSE – Business Operations	2 nd LINE OF DEFENSE – Oversight Functions	3 rd LINE OF DEFENSE – Independent & Objective Assurance
<p>School/Unit/Program Operational & Functional Management</p> <p>Responsible for <u>operating business processes and practices (control)</u> to manage risk:</p> <ul style="list-style-type: none"> • Vision and Strategy • Ethical culture & tone at the top • Risk identification and mitigation • Process and internal control design, implementation and effectiveness • Compliance with laws, regulations and policies 	<p>Business Administration Offices</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>Risk Management</p> <p>Responsible for establishing and maintaining an Enterprise Risk Management (ERM) framework to assist with <u>risk prioritization and reporting</u></p>	<p>Internal Audit</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>Services include:</p> <ul style="list-style-type: none"> • Assurance • Advisory/Consultative • Governance Support • Data Analytics/Business Intelligence • Investigations

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	Senior Director of Healthcare Internal Audit	MBA, University of North Carolina at Charlotte BS, Business Administration, James Madison University	CIA, CRMA
Mark Hafitz	Director , Internal Audit Data Analytics	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	Senior 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
Autumn LeGree	Manager, Healthcare Internal Audit	BBA, Accounting, Georgia Southern University	CFE
Sean Liang	Manager, University Internal Audit	MBA, Georgia Institute of Technology BS, Management, Georgia Institute of Technology	CPA
Starlyss McSlade	Executive Administrative Assistant	BA, Commercial Design, Fort Valley State University	-

Appendix D - FY20 Internal Audit Budget

Description	Budget
Salaries and Fringe	\$2,092,258
Other Operating Expenses	\$234,445
Total:	<u>\$2,326,703</u>

Note: The FY20 budget does not currently include funding for the vacant IT Auditor position. Once this position is filled, our budget will be adjusted to fund this commitment.