EMORY

Internal Audit Division
FY 17 - 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 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

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**."*
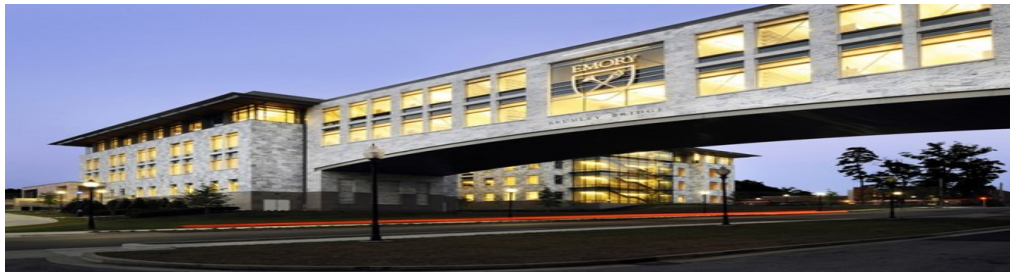
Risk Assessment	Dynamic process to prioritize and address current and emerging risks during the year • Focus on risks that matter (Enterprise Risk Management (ERM), including strategic and reputational risks) • Adjust plan during the year as necessary
Risk Focus	Deliver holistic business assurance across 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: o Limit (cap) staff hours on lower risk investigations • Continue to offer professional development opportunities to Emory business officers through the Governance, Risk, and Control (GRC) Program

Highlights of IA's Assurance and Advisory Services
A Look Back (FY 16) and a Look Ahead (FY 17)

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 16, with a look ahead towards proposed areas of coverage in FY 17.

ERM Risk Domain	FY 16: Highlights of IA's Coverage	FY 17: Key Areas of IA's Proposed Coverage

Academic and Student Affairs	• International Programs – Student Health, Safety and Security
	• Data Governance and Management
	  ◊ IPEDS Reporting
	  ◊ Affirmative Action Plan (AAP)
		• Data Management Advisory (Education and Training Materials)
		• Student Immunization Compliance
		• Minors on Campus

Campus Safety and Physical Plant	• EU Physical Access and Security	• Active Shooter/Bomb Threat Preparedness and Response
Finance and Investment	• Donor Intent • GBS Executive Education • Wire Transfers • Data Analytics (Disbursements) • Financial Attestation Process • Alleged Financial Fraud Investigations	• Financial Commitment Authority • Financial Conflict of Interest (COI) • Office of the President and Cabinet (Disbursements) • Data Analytics (Disbursements) • Financial Attestation Process • Alleged Financial Fraud Investigations
Governance and Corporate Affairs	ERM Steering Committee PeopleSoft Steering Committee IT Steering Committee Compliance Coordinating Committee	

1- Note: Select projects may span multiple ERM risk domains; in such cases, these are categorized under the primary ERM risk domain that they support.

Highlights of IA's Assurance and Advisory Services
A Look Back (FY 16) and a Look Ahead (FY 17)

ERM Risk Domain	FY 16: Highlights of IA's Coverage	FY 17: Key Areas of IA's Proposed Coverage
Healthcare	• **Pharmacy Governance Structure** • **Shared savings/population management** • **EHC Quality Data Reporting** • **J-Wing Construction**	• **Revenue Cycle** • **Patient Satisfaction** • **Drug Diversion Monitoring** • **Contract Management System** • **J-Wing Construction**
Library and Information Technology (LIT)	• **EHC Information Services** • **IT Disaster Recovery to Support Business Continuity Planning (BCP)** **** *Note: BCP is a foundational governance control necessary for business functions across the Emory enterprise***	• **BCP and IT Disaster Recovery** • **IT Compliance Framework** • **Cybersecurity Governance Framework** • **Identity and Access Management**
Research	• **Research Administration Lifecycle Process Flows** • **Effort Reporting**	• **Finance, Grants, and Contracts (FGC) - Quality Assurance: Award Set-Up**
Human Resources	• **Form I-9 Compliance**	

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)
- PeopleSoft 9.2 Upgrade Executive & Steering Committees
- 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.

FY16 Accomplishments

In FY16, 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 of our FY16 initiatives resulted 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:

- Business continuity planning and IT disaster recovery planning
- Emory Healthcare Information Services governance and risk management
- Campus safety and security
- International programs - Student health and safety
- Pharmacy governance structure
- Shared savings/population management
- J-Wing construction
- Data management
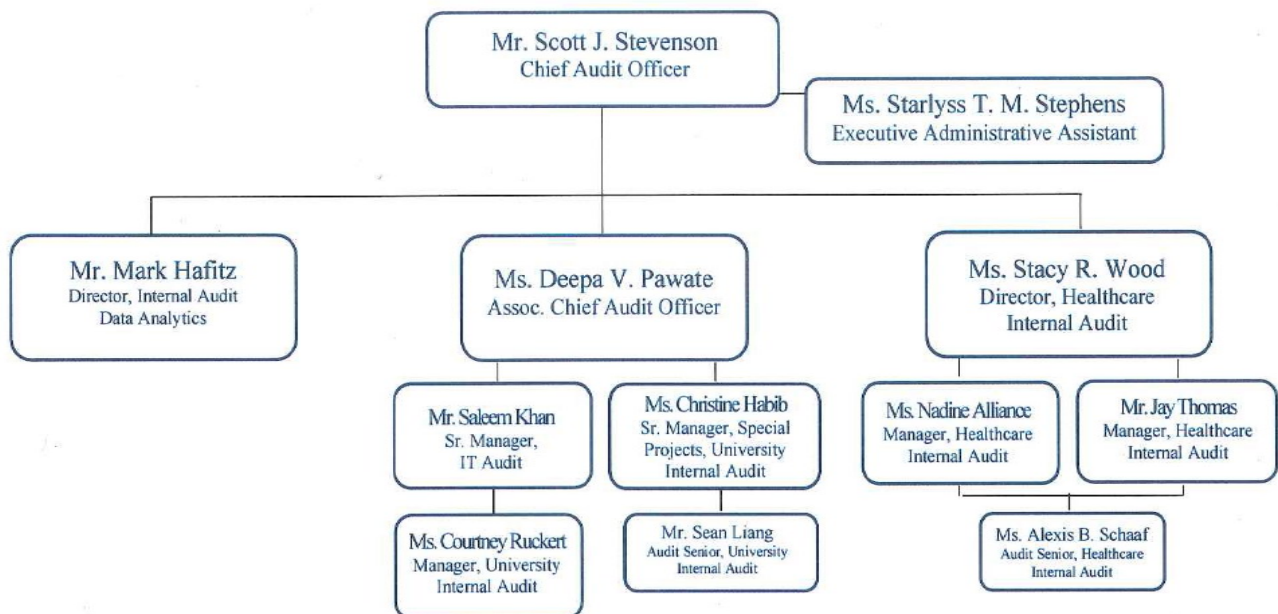- EHC quality data reporting

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**.
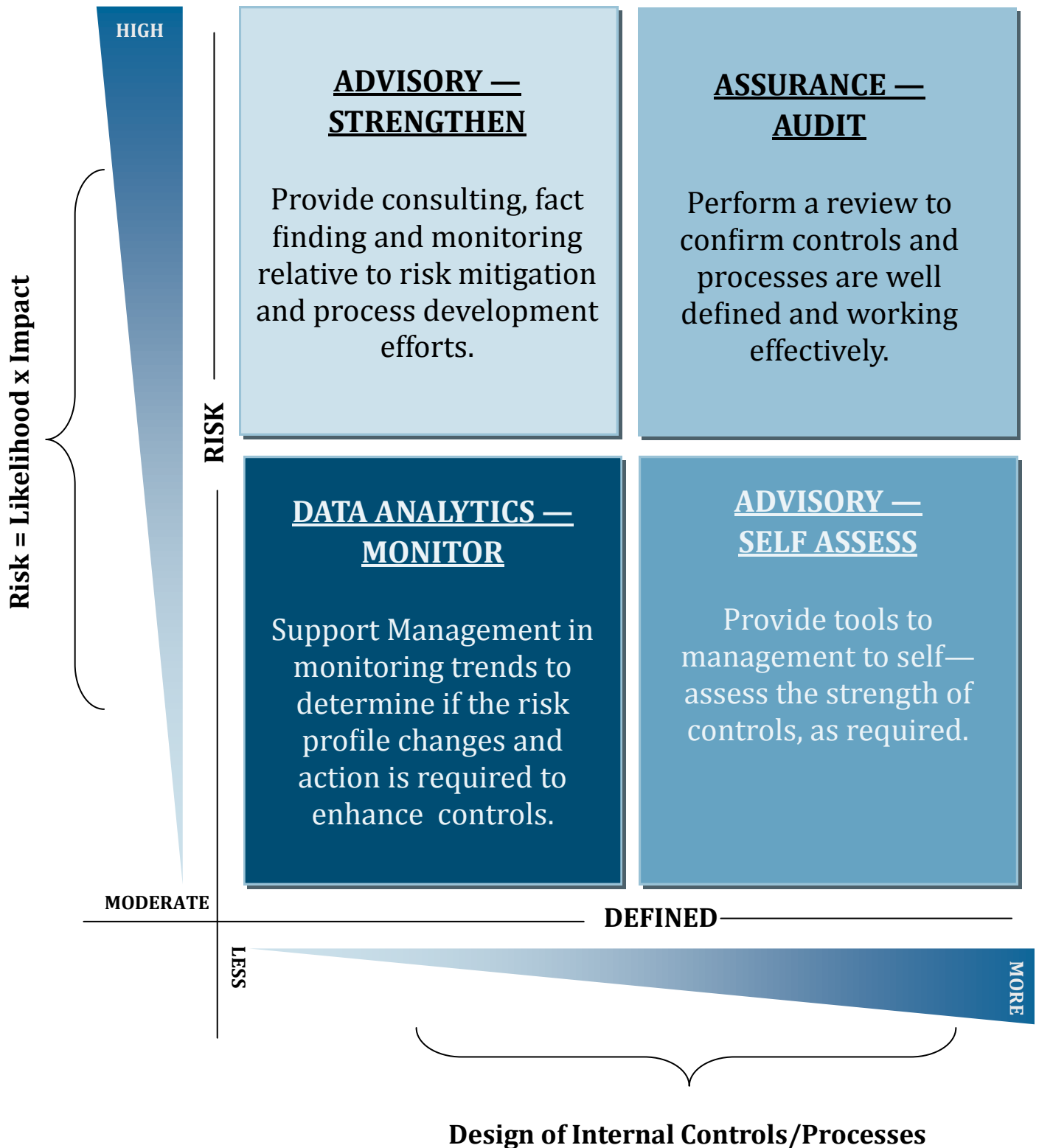
What brings us together in Internal Audit is an unwavering focus and shared appreciation for the importance of what we provide to the Emory enterprise and its various schools, units/facilities, and programs. We recruit and welcome professionals with diverse personal and professional backgrounds. All 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.

100% have at least one professional certification

90% have a master degree

100% participate in industry and professional organizations

Many are engaged in broader Emory, Atlanta, and professional communities

Collectively, the team brings 105 years of Emory-specific experience

Organizational Chart

Mr. Scott J. Stevenson
Chief Audit Officer

Ms. Starlyss T. M. Stephens
Executive Administrative Assistant

Mr. Mark Hafitz
Director, Internal Audit
Data Analytics

Ms. Deepa V. Pawate
Assoc. Chief Audit Officer

Ms. Stacy R. Wood
Director, Healthcare
Internal Audit

Mr. Saleem Khan
Sr. Manager,
IT Audit

Ms. Christine Habib
Sr. Manager, Special
Projects, University
Internal Audit

Ms. Nadine Alliance
Manager, Healthcare
Internal Audit

Mr. Jay Thomas
Manager, Healthcare
Internal Audit

Ms. Courtney Ruckert
Manager, University
Internal Audit

Mr. Sean Liang
Audit Senior, University
Internal Audit

Ms. Alexis B. Schaaf
Audit Senior, Healthcare
Internal Audit

Appendix A: Menu of Value Added Services

Risk = Likelihood x Impact

RISK

HIGH

MODERATE

ADVISORY — STRENGTHEN

Provide consulting, fact finding and monitoring relative to risk mitigation and process development efforts.

ASSURANCE — AUDIT

Perform a review to confirm controls and processes are well defined and working effectively.

DATA ANALYTICS — MONITOR

Support Management in monitoring trends to determine if the risk profile changes and action is required to enhance controls.

ADVISORY — SELF ASSESS

Provide tools to management to self—assess the strength of controls, as required.

DEFINED

LESS

MORE

Design of Internal Controls/Processes

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

1st LINE OF DEFENSE – Business Operations	2nd LINE OF DEFENSE – Oversight Functions	3rd LINE OF DEFENSE – Independent & Objective Assurance
School/Unit/Program Operational & Functional Management	**Business Administration Offices**	**Internal Audit**
Responsible for __operating business processes and practices (control)__ to manage risk: • *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*	*Responsible for __defining policy and for monitoring the effectiveness of business operation controls__ 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.* **Risk Management** *Responsible for establishing and maintaining an Enterprise Risk Management (ERM) framework to assist with __risk prioritization and reporting__*	*Responsible for providing __objective and independent assurance (to the Board) on the effectiveness at first and second line processes and controls__ to mitigate risk.* ***Services include:*** • ***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	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
Courtney Ruckert	Manager, University Internal Audit	BS, Accounting, Tennessee Technological University	CPA, CIA
Nadine Alliance	Manager, Healthcare Internal Audit	MBA, University of Phoenix BS, Legal Studies, St. John's University	CHC, CFE
Jay Thomas	Manager, Healthcare Internal Audit	MS, Accounting, Rutgers University BS, Accounting, Kennesaw State University	CPA, CIA CGAP, CGFM
Alexis Schaaf	Senior Auditor, Healthcare Internal Audit	MPA, Accounting, Georgia State University BS, Accounting, University of Georgia	CPA
Sean Liang	Senior Auditor, University Internal Audit	MBA, Georgia Institute of Technology BS, Management, Georgia Institute of Technology	CPA
Saleem Khan	Senior Manager, IT Audit	MBA, Georgia Institute of Technology BS, Computer Engineering, Louisiana State University and Agricultural and Mechanical College	CISA
Starlyss McSlade	Executive Administrative Assistant	BA, Commercial Design, Fort Valley State University	-

Appendix D - FY17 Internal Audit Budget

Description	Budget
Salaries and Fringe	$1,900,000
Other Operating Expenses	$277,248
Total:	**$2,177,248**