

Tuesdays at Ten

Internal Audit for IDD & BH Providers

October 29, 2024

Agenda

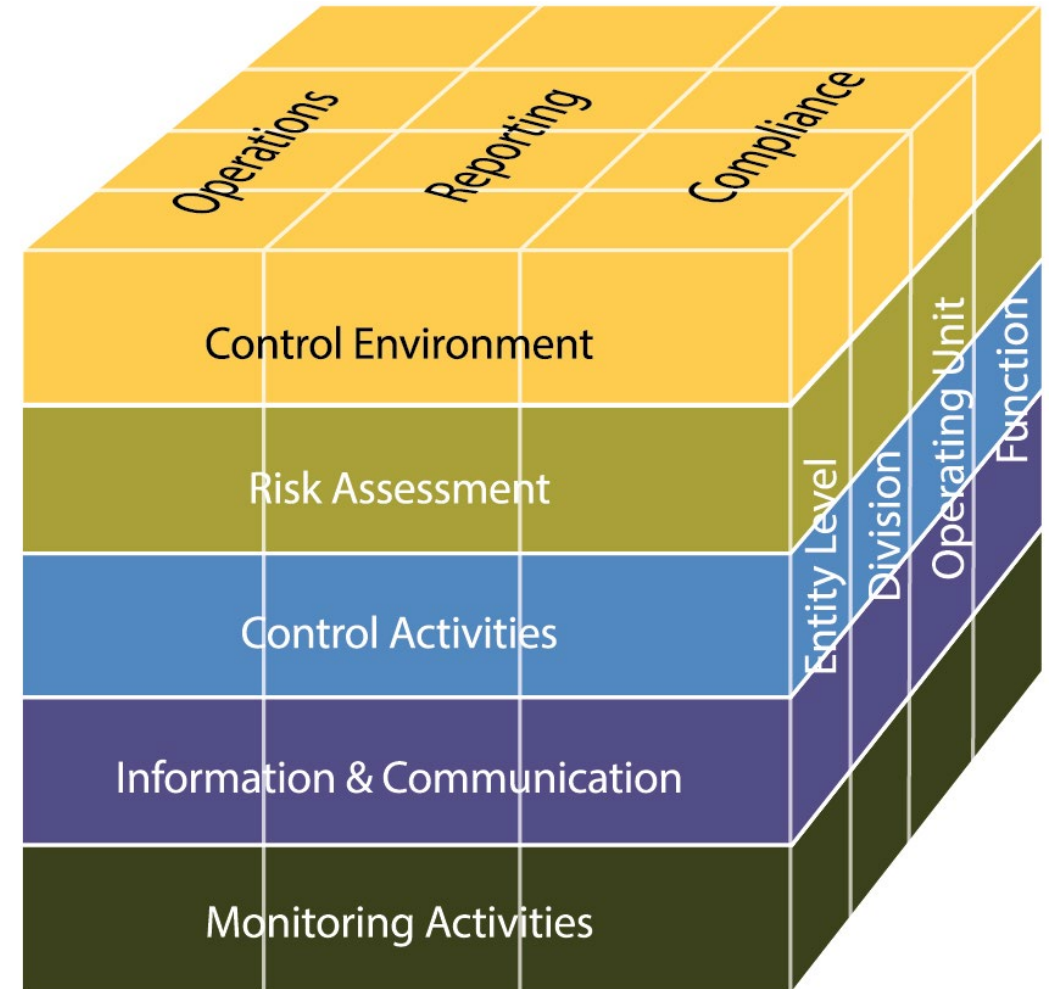
1. Introduction
2. Understanding the Unique Risks Within IDD & BH Organizations
3. Key Components of an Effective Internal Audit Program
4. Tools & Techniques for Auditing
5. Best Practices in Internal Auditing
6. Case Study
7. Q&A



Overview of Internal Auditing

Introduction

- **Purpose** of internal audits is to ensure compliance with regulations, improve operational efficiencies, & to mitigate risks specific to business objectives.
- **Scope** of internal audits: financial (reporting), operational, compliance/regulatory
- **COSO Framework** – Integrated approach to risk management which emphasizes a structured approach to identifying & managing risks in achievement of key objectives related to operations, reporting, & compliance



Understanding the Unique Risks

Risks in IDD & BH

IDD & BH specific challenges

- Consumer care & safety risks
- Medication management
- Behavioral interventions
- Staff training, turnover, burnout, & qualifications
- Complexity in care coordination & oversight
- Community integration & safety

Operational Risks

- Service delivery interruptions
- Coordination of care
- Staffing & workforce management
- IT controls & data integrity
- Consumer safety & well-being
- Data integrity
- Performance improvement

Regulatory & Financial Risks

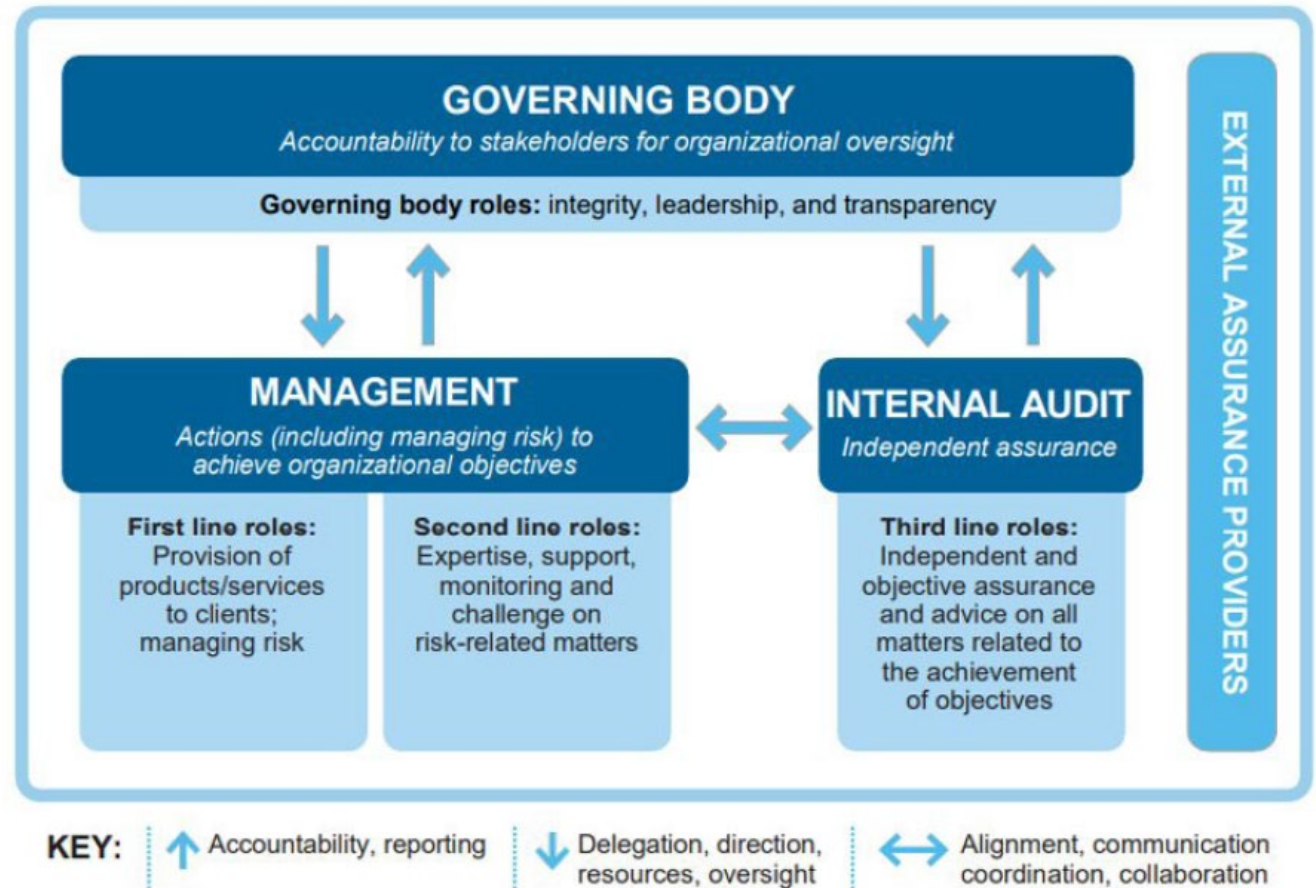
- Medicaid dependency
- Billing & compliance
reimbursements
- Documentation requirements
- Data privacy & security

Effective Internal Audit

Key Components

- Coordinated risk management & monitoring efforts focusing on key risks
- Increased collaboration across the organization
- Reduced assurance costs or expansion in scope
- Limited business / operational disruptions
- Improved reporting to management & the board
- Focus on total risk management & monitoring needs

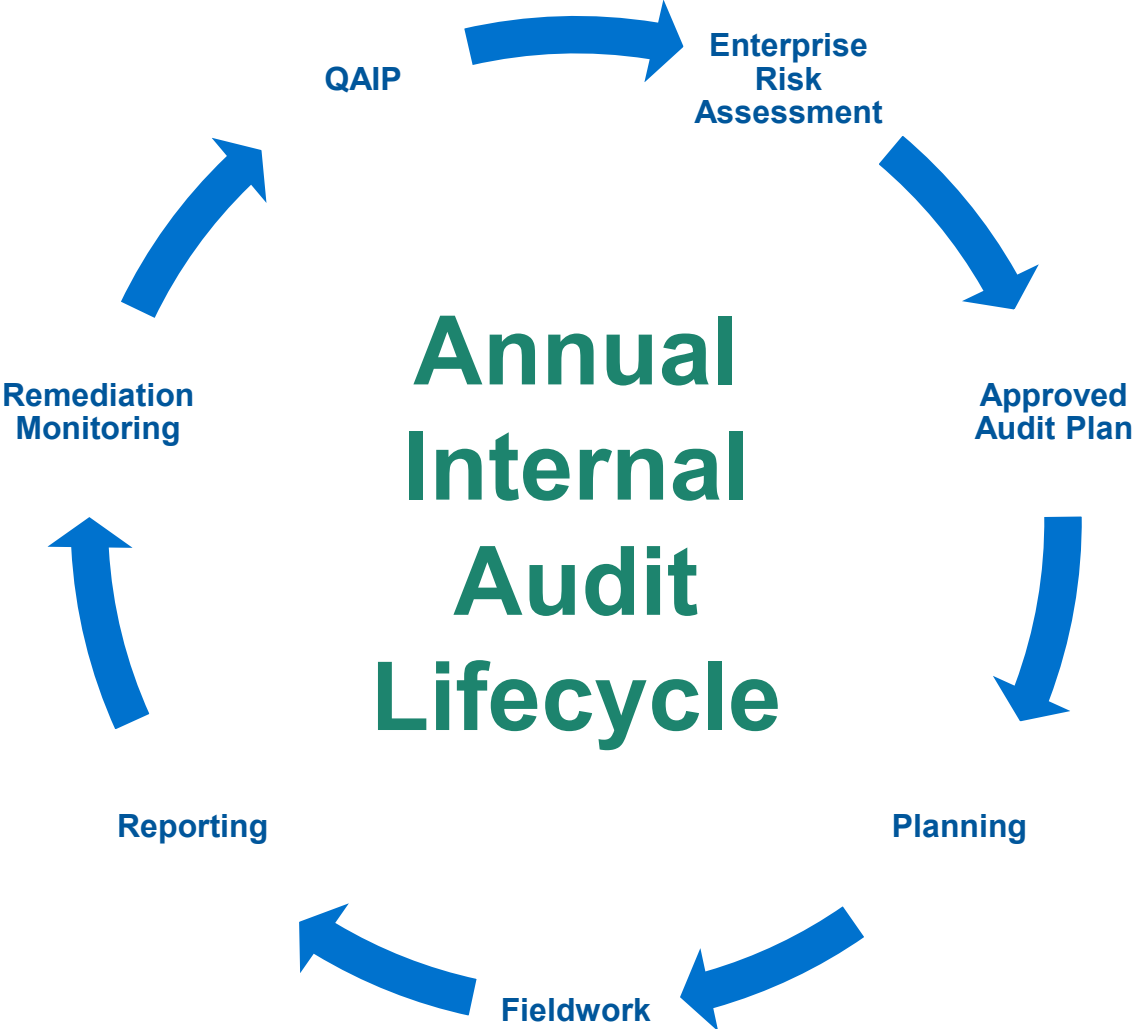
The Institute of Internal Auditors' Three Lines Model



Effective Internal Audit

Key Components

- Gain an understanding of your organization
- Identify, assess, & prioritize risks
- Determine existing mitigating factors
- Estimate resource needs
- Identify specialized resource needs
- Develop draft audit plan & obtain AC approvals
- Execute the annual internal audit plan
- Issue reports with actionable recommendations
- Track & monitor managements' corrective action plans
- Inform management & the Audit Committee

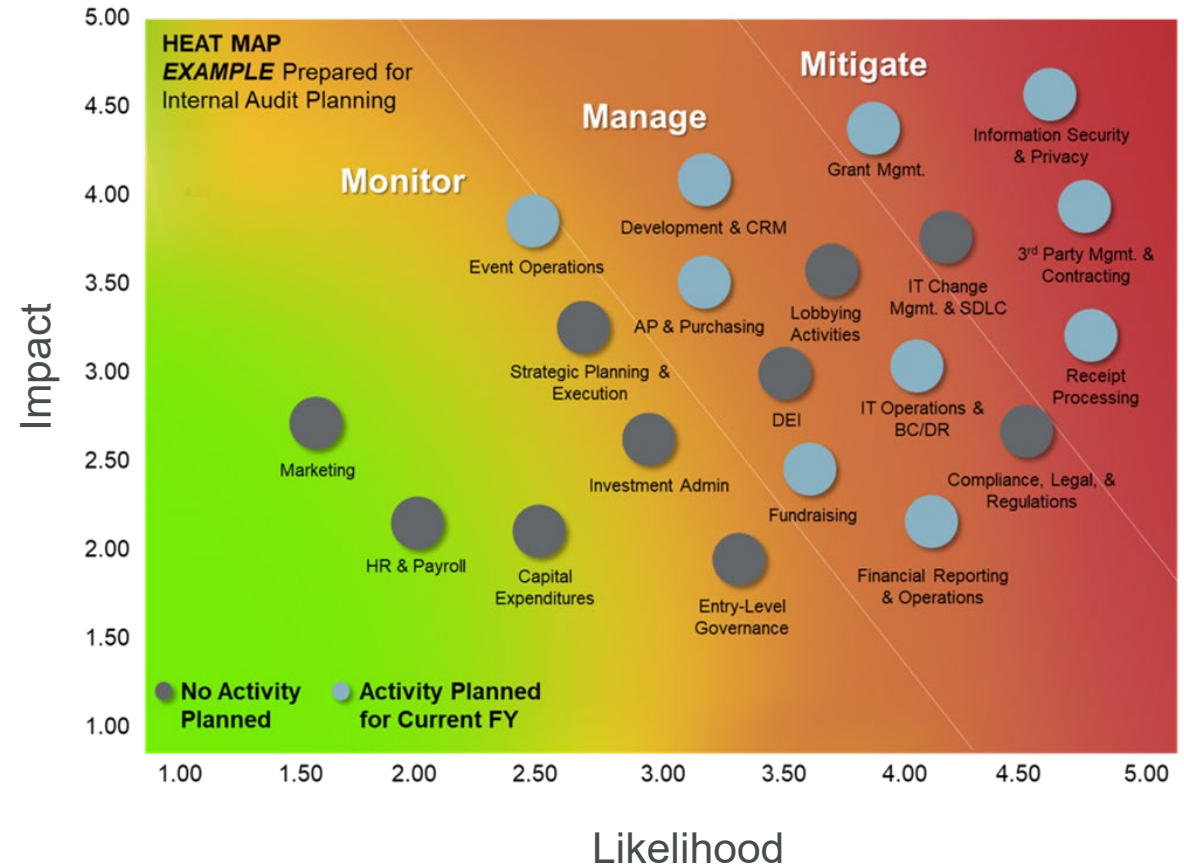


Effective Internal Audit

Key Components – Risk Assessment

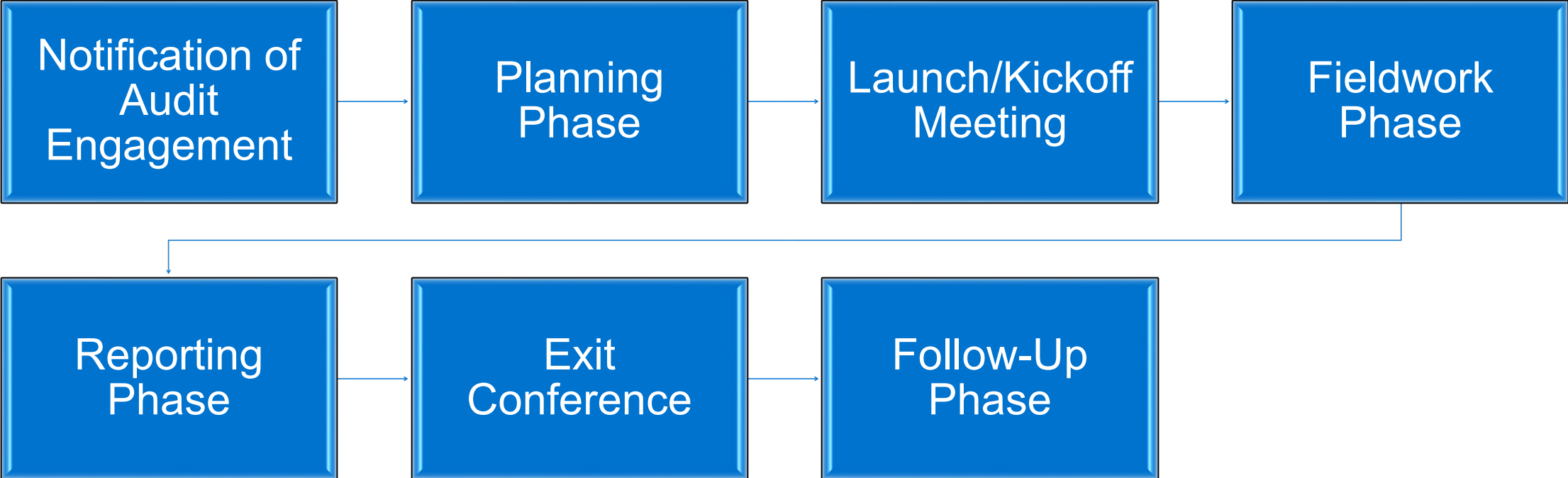
- Information gathering through interviews, facilitated sessions, surveys, financial data, & examples
- Consider inherent & residual risks in each area & the organization as a whole
- Map risk areas based on potential likelihood & impact, delivering results in a heat map
- Common risk domains:
 - Strategy & Reputation
 - Management
 - Regulations & Compliance
 - People & Human Resources
 - Financial Reporting
 - Safety
 - IT & Systems
 - Environment
 - Data & Information
 - Governance
 - Operations & Programs

Heat Map



Effective Internal Audit

Key Components – Conducting the Internal Audit



Effective Internal Audit

Tools & Techniques for Auditing

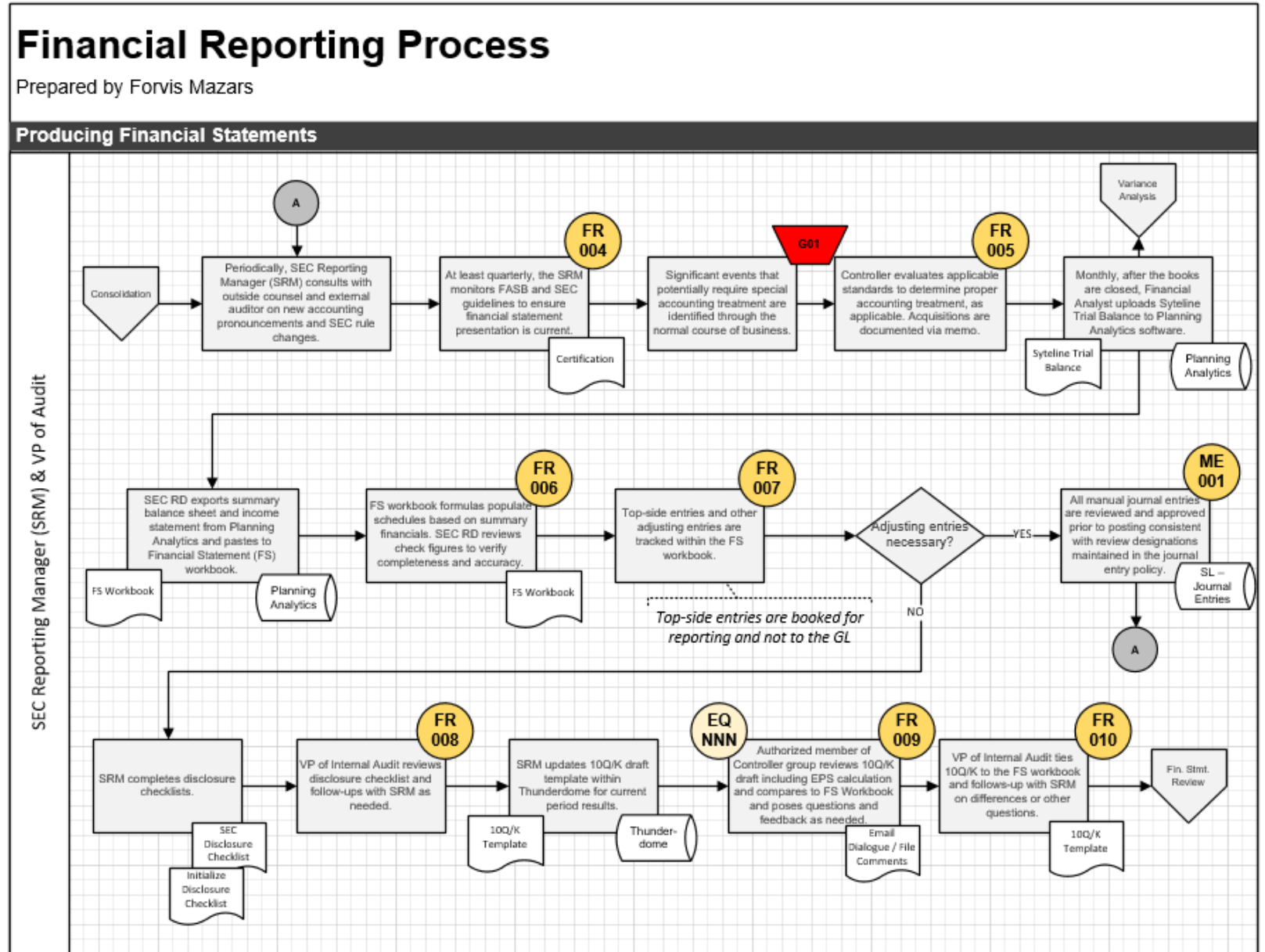
- Audit Methodologies
 - Process mapping – for understanding workflows, controls, & system interfaces
 - Data Analytics – to identify anomalies in financial & operational data
- Use of technology
 - Automated tools for testing
 - Continuous monitoring techniques – compliance



Tools & Techniques

Process Mapping

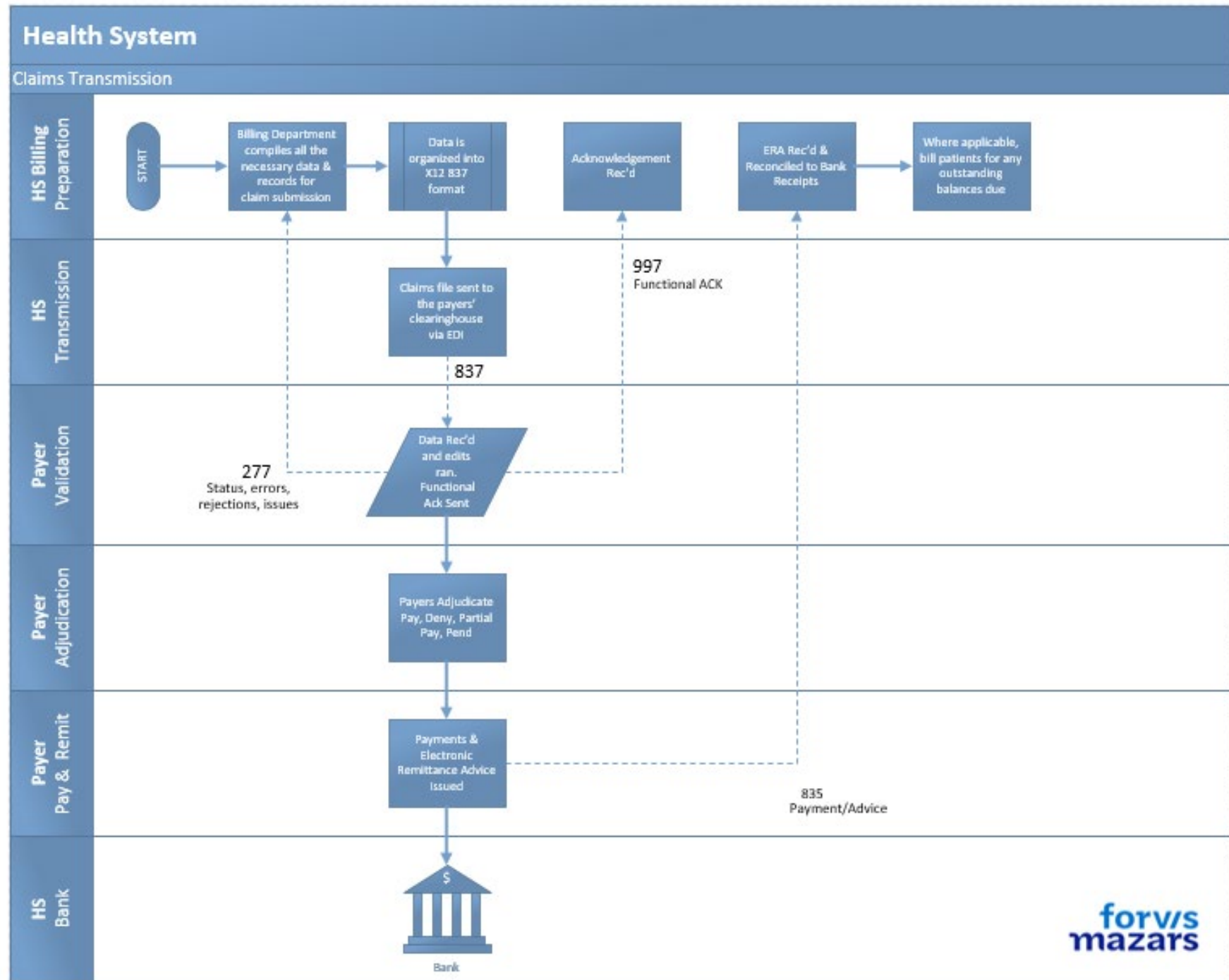
- Single document
- Can facilitate discussions with different levels of management
- Efficient way of describing highly complex processes
- Knowledge gaps in the process are easier to identify
- Shows manual vs. automated controls



Tools & Techniques

Process Mapping

- Works for IT processes
- Swim lanes
- Flow of information across departments & to outside stakeholders



Effective Internal Audit Planning



“Driving the car by looking in the rear-view mirror”

Effective Internal Audit Planning – The Process

- Step 1 – Identify business area objectives
- Step 2 – Identify risks to defined objectives
- Step 3 – Identify controls for each identified risk
- Step 4 – Align the audit steps

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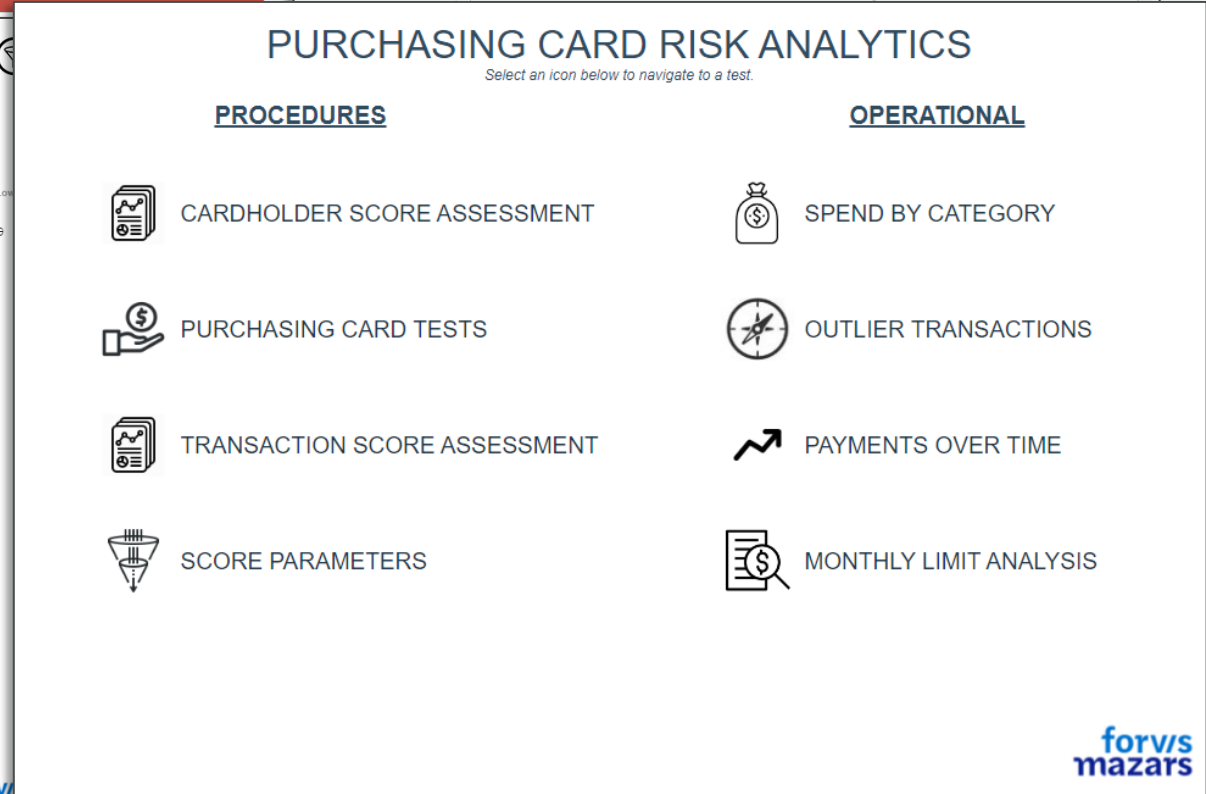
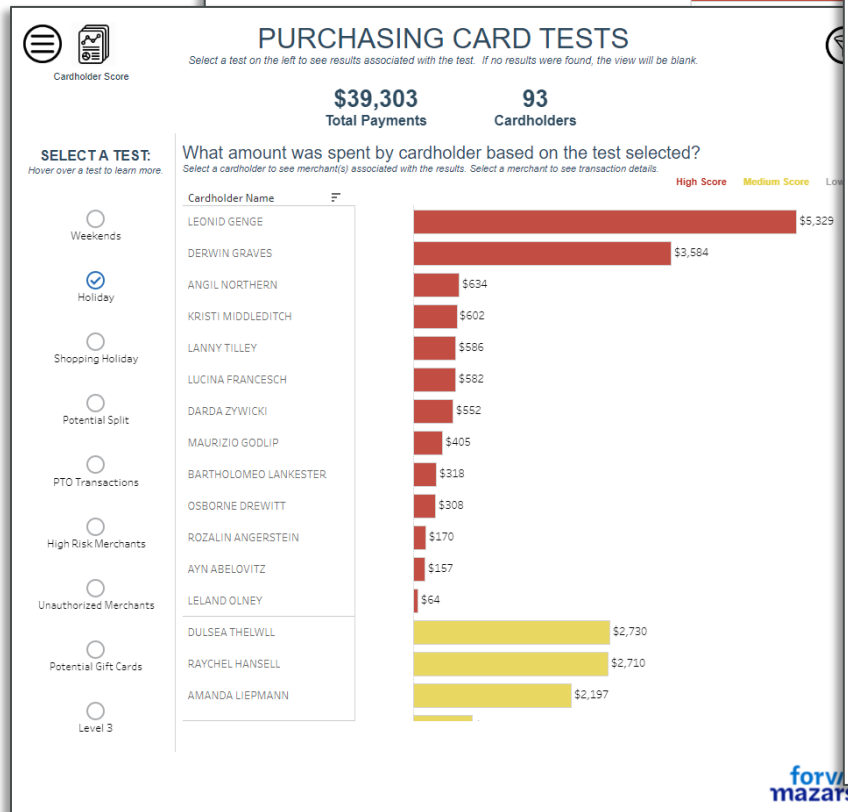
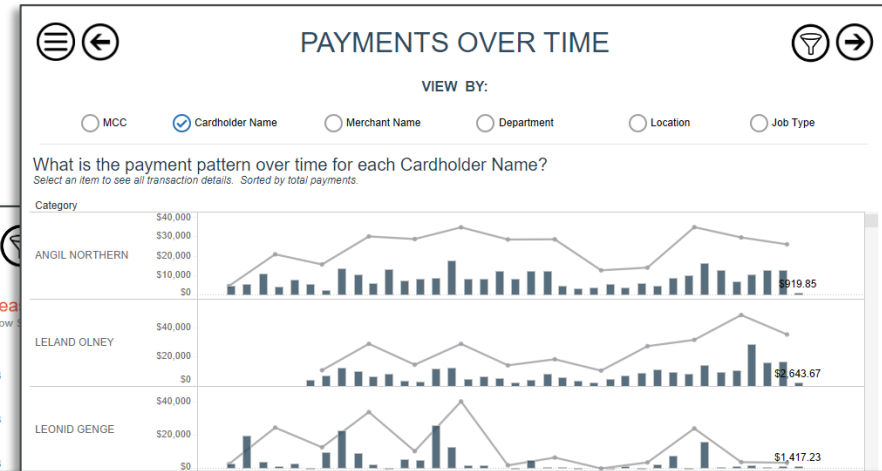
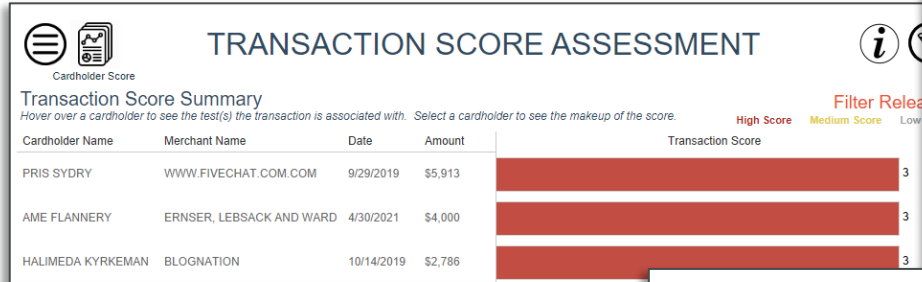
Effective Internal Audit

Fieldwork – Using Data

- ✓ Allows for analysis of entire population vs. traditional sampling
- ✓ Provides meaningful insights
- ✓ Allows for efficiencies during fieldwork but also planning
- ✓ Tests the effectiveness of internal controls embedded in IT systems
- ✓ Can be used in a variety of ways; including financial, operational, & IT audits, monitoring, as well as fraud detection

Effective Internal Audit

Data Analytics



Effective Internal Audit Reporting

- Over Communicate
- No Surprises!
- Accuracy
- Completeness
- QQFF
- Common Sense Recommendations



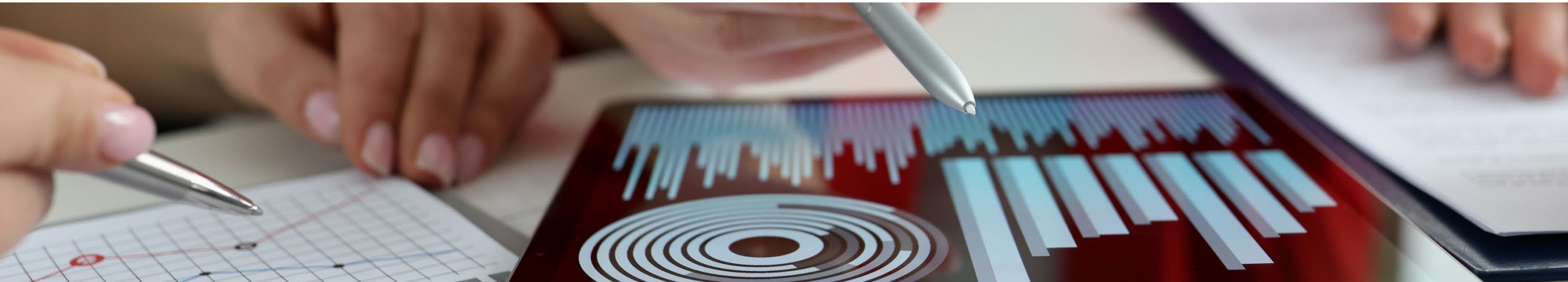
Internal Audit

Best Practices



- Collaboration With Stakeholders
 - Engaging management & staff throughout the audit process
 - Gaining buy-in from leadership for implementing audit recommendations
- Recommendations & Follow-up
 - Developing actionable prioritized recommendations
 - Ensuring timely follow-up on corrective actions
- Continuous Improvement
 - Integrating findings into ongoing quality improvement efforts
 - Importance of adapting the internal audit program changes in regulations & operations

Internal Auditing Case Study



- Medication Inventory Controls & Handling

Effective Internal Audit

Case Study

- Procurement & Inventory Management
- Storage & Security
- Ordering Process
- Medication Dispensing & Preparation
- Administration & Documentation
- Compliance
- Error & Incident Reporting
- Disposal
- Staff Training
- Technology
- Patient Education & Communication



Thank you!





Allan Blum

Partner, New York Metro Area – Healthcare Practice
Leader

212.867.9802

allan.blum@us.forvismazars.com

Allan brings more than 30 years of experience to the clients he serves, providing a wide range of audit and accounting transaction services. He works with a variety of entities within the nonprofit and healthcare industries, including IDD and behavioral health agencies, social service agencies, managed care organizations and housing entities.

He is a member of the American Institute of CPAs and New York State Society of Certified Public Accountants (NYSSCPA), where he is a former chair of the not-for-profit organizations committee. He is also a member of the NYSSCPA Healthcare committee and assists with a variety of cost reporting and accounting topics through various subcommittees.

A regular speaker, Allan has presented for NYSSCPA, New Jersey Society of Certified Public Accountants, and Connecticut Society of CPAs. Topics have included mergers and acquisitions, fair value measurements, endowments, related-party disclosures, and general accounting and auditing updates for nonprofit organizations.



Christie Clements, CIA, CISA, CRMA

Managing Director, Indianapolis

317.383.4037

christie.clements@us.forvismazars.com

Christie is a leader within Forvis Mazars' Internal Audit practice bringing over 25 years of expertise in internal audit. With over 12 years at the firm, she is the nonprofit industry leader in Forvis Mazars' National Internal Audit practice. Christie has experience leading outsourced/co-sourced internal audit and risk management engagements for healthcare clients, bringing an understanding of the industry's unique challenges and opportunities. Prior to joining Forvis Mazars, Christie served as the director of internal audit for a Fortune 40 health benefits organization.

She is experienced in navigating difficult business issues within complex environments, often incorporating data mining and analytics into her consulting engagements. She is skilled at conducting detailed needs assessments to design solutions customized to her client's unique requirements, regardless of scale. She has a proven track record in leading internal audit functions, driving business transformation, assisting in regulatory compliance for clients, and providing a variety of risk advisory consulting services. With a mindset towards continuous improvement, she assists organizations with optimizing business cycles to increase efficiencies, improve control effectiveness, and strengthen compliance using data.

Her internal control projects have encompassed all areas of finance, operations, compliance, and IT cycles across several industries. She is well versed in Third-Party Risk Management (TPRM) concepts, IT general controls (ITGC), application controls, and systems development life cycle (SDLC) concepts. She is trained as an independent assessor to conduct External Quality Assessments (EQAs) for internal audit functions.

Christie is a Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and Certified Risk Management Assurance™ (CRMA®).

She holds a BS in accounting from Indiana University.

Contact

Forvis Mazars

Christie Clements, CIA, CISA, CRMA

Managing Director

P: 317.383.4037

christie.clements@us.forvismazars.com

Allan Blum, CPA

Partner – New York Healthcare Market Leader

P: 212.867.9802

allan.blum@us.forvismazars.com

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