

INTERNAL AUDIT

experience **support** // Health care providers face an ever-growing list of challenges, including regulatory requirements, scrutiny from government agencies and demands for public transparency; this list is only going to increase. Does your organization have the processes in place to proactively identify and manage existing and emerging risks? Managing risks requires knowledge, insight and sound judgment—exactly what you can expect from BKD's team of consultants.



There are a number of methods for managing risk, including the most common means of identifying risks, assessing controls and communicating results: internal audit.

Organizations traditionally have maintained an internal audit presence that addresses the basics of risk management concepts and meets the "spirit" of the International Standards for the Professional Practice of Internal Auditing. However, general expectations for internal audit have evolved beyond simple compliance:

- Innovation in technology has organizations more dependent on information systems, relying on automated controls for data input, claims processing and month-end reporting. We can help incorporate information technology (IT) controls into your annual audit plan or independently assess them through a series of assessments and specialized audits, including an IT general controls review, business continuity planning, HIPAA regulations, application/network/cloud security reviews, penetration testing, social engineering assessment, maturity assessment of the problem management or systems development processes and many others.
- Key stakeholders have begun to recognize the increased value of internal audit involvement and are increasingly demanding participation on projects—specifically to identify value-added improvements prior to rollout.
- Audit committees have become more proactive and increased their expectations. They're looking for more coverage across the organization's risk portfolio and more collaboration with business units to gain efficiencies and improve processes, including fraud assessments, Medicare and Medicaid attestation assistance or meaningful use assistance.

RISK ASSESSMENT

Business complexity and regulatory pressure is forcing health care organizations to more consistently and efficiently manage risk. A successful risk-related program starts with a robust risk assessment and the primary goal of identifying internal and external threats to the organization. Four primary aspects come to mind:

1. **TONE AT THE TOP** // There are a lot of moving parts, including individuals across the organization with varying degrees of responsibility. Without management commitment, gaps will become evident.
2. **STRATEGY** // Historically, controls were viewed in silos. A CFO is responsible for financial controls. A CIO is responsible for IT controls. And so on. This scenario typically excludes the emerging risks or those that cross multiple departments and often have the greatest impact.
3. **RISK APPETITE** // Organizations often identify the appropriate risks but struggle to adequately monitor activity. This is partly due to their inability to identify events that influence their strategic objectives as well as the absence of a quantified acceptable level of impact.
4. **ORGANIZATIONAL OBJECTIVES** // Risk management must be specifically tied to the organization's objectives to ensure areas of greatest impact and key risk drivers are being considered.

IMPACT OF DATA IN HEALTH CARE

Health care has been more affected by “big data” than almost any other industry in terms of patient information and operations. Employees, physicians and vendors can make their secrets blend into the forest of data. Hidden items may include:

- Individuals & entities barred from participation in Medicare, Medicaid or related programs
- Persons of interest due to affiliations with organized crime or terror organizations
- Entities excluded from federal contracts or federal assistance & benefits

To complicate matters, these individuals and entities often attempt to obscure their identity through use of aliases, slight name variations, borrowed identification numbers and altered addresses. Conducting business with an excluded individual or entity can carry significant civil monetary fines, a reduction in federal payments and numerous other penalties. Blending technology with investigative talent, BKD’s approach starts with obtaining attribute-based data from your systems regarding

the individuals and entities with which you do business. Our approach uses data enhancement, cross-referencing, advanced data mining and analytical warehousing.

ENTERPRISE RISK SOLUTIONS

Assisting clients in their pursuit of a strong controls framework is at the core of what we do.

BKD created its national Enterprise Risk Solutions (ERS) practice to provide clients with specialized resources capable of delivering the right combination of expertise and skills to help you achieve your desired results. Our ERS team provides internal audit services on an outsourcing and co-sourcing basis. Our extensive experience allows us to provide insight into how organizations are using the internal audit function to manage risk. BKD’s internal audit approach is designed to provide end-to-end results by focusing on developing applicable strategies that help demonstrate fiscal responsibility, foresight and accountability. We can offer additional value by drawing on subject matter specialists, industry insight, technology and best practice recommendations.

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