



NEHIA/HFMA

2023 Compliance & Internal Audit Conference

Wednesday, November 29 – Friday, December 1, 2023
Mystic Marriott Hotel, Groton, CT

Better Together

Compliance, Internal Audit, and the Case for Independently
Collaborative Work Plan Development

About BerryDunn



Founded in **1974**



Sarah Belliveau,
CEO



Employees in
40+ states



800+ Employees

Office locations



Portland
ME



Bangor
ME



Manchester
NH



Boston
MA



Hartford
CT



Charleston
WV



Phoenix
AZ



San Juan
PR

Services Comply with Limitations
and Regulations of the AICPA and
Public Company Accounting
Oversight Board (PCAOB)

BDO **Independent Member**
firm of the BDO Alliance



Recognized as a **Top 50**
firm by Accounting Today



Awarded "**Best Workplace Culture**"
by BDO Alliance





Yoko McCarthy

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About Yoko

- ❖ Born and raised in Osaka, Japan. Lives in Boston, MA since 1992.
- ❖ Enjoys live music, podcasts, independent movies, traveling, and boxing.
- ❖ Prior to joining BerryDunn, worked for MA State Auditor's Office for 9 years.

Specialties

- ❖ Data analytics
- ❖ Government program integrity
- ❖ Financial process improvement
- ❖ Financial and programmatic audits
- ❖ Forensic accounting
- ❖ Risk assessments



Regina K. Alexander

Principal | FACHE, CHC

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About Regina

- ❖ Lives, works, and plays in the great Green Mountain State of Vermont.
- ❖ Favorite forms of exercise include kayaking, ice skating & snowshoeing.
- ❖ Prior to joining BerryDunn, served in director and executive leadership roles on both the provider and payer side of healthcare organizations.

Specialties

- ❖ Commercial and Government payer audit response
- ❖ CMS overpayments and self-disclosure
- ❖ CIA Implementation
- ❖ Compliance plan development
- ❖ Compliance program effectiveness reviews
- ❖ Stark Law and AKS operational compliance
- ❖ Focus arrangements tracking
- ❖ HIPAA Privacy

Learning Objectives



1) Recognize common elements of compliance work plans presenting an opportunity for plan collaboration and ongoing coordination between the compliance and internal audit functions.



2) Identify potential stakeholders and develop a business case for collaboration.



3) Differentiate between potential real versus perceived barriers to maintaining independence, as well as strategies to mitigate risks without abandoning collaborative efforts.



Show of Hands

- ▲ Your role?
 - ✓ Compliance
 - ✓ Internal Audit
 - ✓ Legal, Risk, something else?
- ▲ Where does IA fit in your organizational structure?
 - Independent function
 - Within compliance
 - Outsourced

The Seven Elements of Compliance Program Revisited

Why IA?

1	Implementing written policies, procedures and standards of conduct.
2	Designating a compliance officer and compliance committee.
3	Conducting effective training and education.
4	Developing effective lines of communication.
5	Conducting internal monitoring and auditing.
6	Enforcing standards through well-publicized disciplinary guidelines.
7	Responding promptly to detected offenses and undertaking corrective action.



Common Elements of Compliance Work Plans

YMMV



- ▲ Develop/review/revise policies and procedures
- ▲ Data analysis
- ▲ Code of conduct, conflict of interest
- ▲ Surveys
- ▲ Effectiveness initiatives
- ▲ Coding and clinical documentation audits
- ▲ Other activities informed by risk assessment, regulatory changes, program integrity focus, HHS OIG work plan

What is Internal Audit?

Definition of internal auditing according to the Institute of Internal Auditors (IIA) Internal Professional Practices Framework (IPPF)

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.

It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.



Internal Audit and Compliance



Common goal: Independently and objectively analyze, review, and evaluate existing procedures and activities to report on conditions and recommend improvements.

Compliance is primarily concerned with regulatory and compliance risk.

*Internal Audit is concerned with all risks to the organization.
Compliance is “Trust” and Internal Audit is “Trust but Verify”*



The independence of internal audit from management decision-making is a significant differentiator.

Emerging & Perennial Healthcare IA Targets



Compliance & Internal Audit Oxymoron?

Collaboration

Noun

[kuh-lab-uh-rey-shuhn]

- ❑ the act or process of working together or cooperating
- ❑ a product resulting from working together or cooperating

Source: <https://www.dictionary.com/browse/collaboration>

Independence

Noun

[in-di-pen-duhns]

- ❑ Also, independency. the state or quality of being independent.
- ❑ freedom from the control, influence, support, aid, or the like, of others.

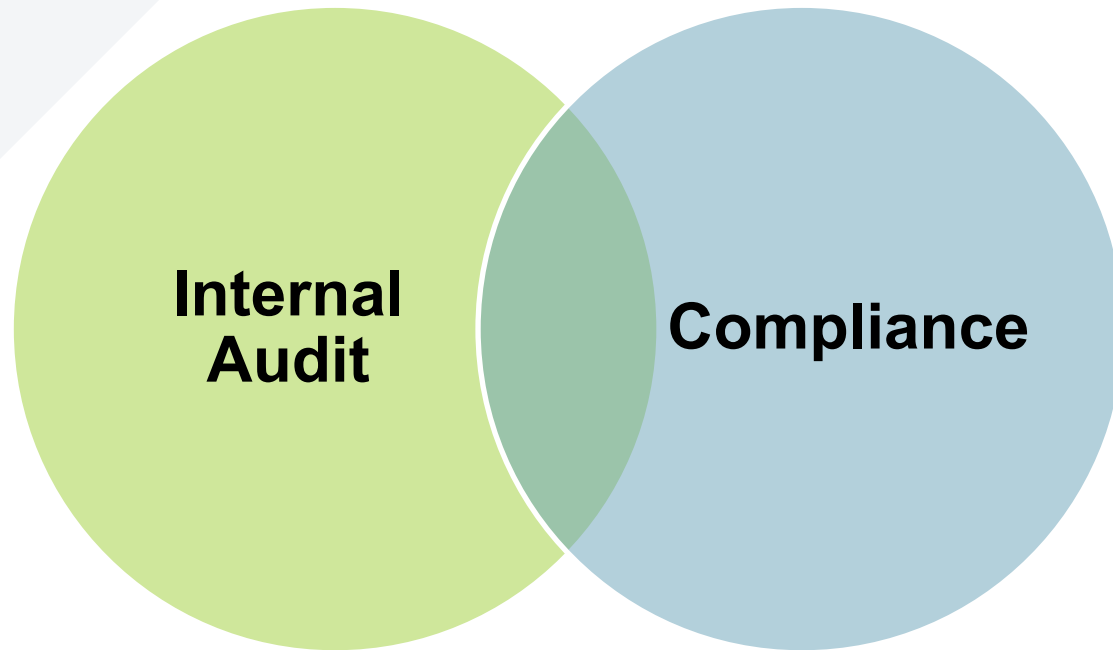
Source: <https://www.dictionary.com/browse/independence>



Is collaboration a *real* or *perceived* threat to independence?

Compliance & IA Overlapping Needs

Work plan collaboration opportunities least likely to impair independence are in the Venn



- ▲ Data Analytics
- ▲ Risk Assessments
- ▲ Plan development
- ▲ Training



Identifying and Acting on Collaborative Opportunities



Potential Opportunity #1

Data Analytics

- ▲ Do compliance, internal audit, risk management request data/reports separately?
- ▲ Is there a common understanding of the types of data/reports available and the meaning of the fields?
- ▲ Which other stakeholders are requesting and acting on similar data without coordination?



Opportunity to Reality Tips *Data Analytics*

- ▲ Coordinate data/reporting requests to save time and reduce IT burden.
- ▲ Same data/reports available to all functions, used for risk assessment process (apples to apples).
- ▲ Facilitates targeting IA resources to higher value audits.
- ▲ Shared analytics promote buy-in.



Potential Opportunity #2

Risk Assessments

- ▲ Do compliance and IA use different risk assessment methodologies?
- ▲ Is the language and definitions of the risk ranking the same?
- ▲ Are external SMEs utilized by either function?
- ▲ Is the timing of the annual assessment in alignment for compliance and IA?



Opportunity to Reality Tips *Risk Assessments*

- ▲ Align timing of risk assessment activities.
- ▲ Compromise and communicate
- ▲ Functions collaboratively design and conduct risk assessment.
 - Each function contributes questions and domains.
 - Duplicative questions/domains are eliminated, questions/domains with overlap are negotiated.



Potential Opportunity#3

Plan Development

- ▲ Is the plan development cycle for compliance & IA functions different?
- ▲ Are plans developed in separately?
- ▲ External vendors/SMEs in the mix?
- ▲ Do the functions report to the Board on a different cadence?



Opportunity to Reality Tips *Plan Development*

- ▲ Leverages risk assessment
- ▲ Timing
- ▲ Scheduling review activities for common targets to avoid resource drain
- ▲ Reporting



Potential Opportunity #4 *Training*

- ▲ Do compliance, IA, and adjacent department staff hold a diverse array of credentials and professional organization memberships?
- ▲ Do the teams utilize different platforms or external SMEs for specialized training?
- ▲ How is information about pertinent regulatory changes disseminated?



Opportunity to Reality Tips *Training*

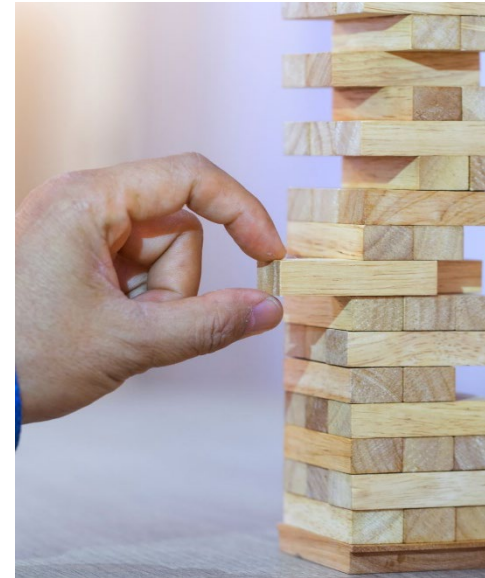
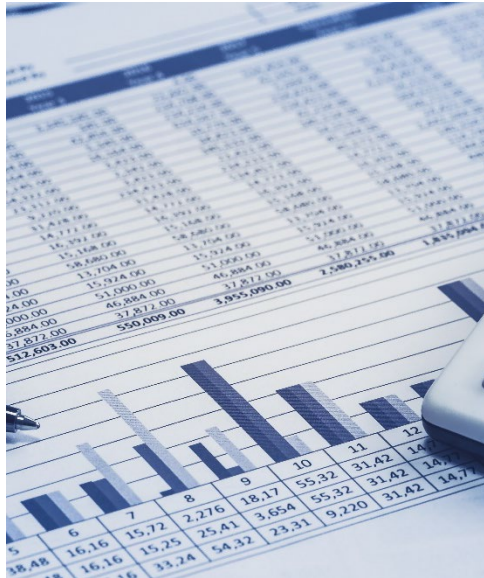
- ▲ Develop an inventory of all credentials/memberships held by compliance/IA and adjacent department teams.
- ▲ Credentials with complementary CPE/CEU requirements = potential for reducing collective budget burden.
- ▲ Leverage platforms and SMEs with capabilities to offer shared trainings.



Better Together? The Case for Collaboration

Potential Stakeholder Round - up

The success of collaborative efforts are limited (at best) unless relevant stakeholders are identified and sold on the benefits to them/the organization.



Benefit #1

Time & Treasure

- ▲ Accomplish wider array of work plan items despite budgetary constraints.
- ▲ Reduce resource intensity required from stakeholder departments.





Benefit #2

More eyes & ears

- ▲ IA observes risks/opportunities that are out-of-scope, shares with compliance for follow-up.
- ▲ Compliance identifies and freely shares issues with IA, resulting in more effective, risk-based audits.
- ▲ Cost and time efficiencies gained because of increased comfort with collaboration.



Benefit #3 One Song

- ▶ Alignment of 'how' compliance and IA speak about risks and prioritization helps leadership and the Board make informed decisions without being SMEs.
- ▶ One voice strengthens the influence of both the compliance and IA functions.



Final Thoughts & Questions