

Diversity Adds Value to Internal Audit

BY CHERYL AJEMIAN

What comes to mind when you hear someone is an internal auditor? Does your mental picture conjure up an accountant, a CPA, or a calculator and pocket protector? As we enter the next millennium, auditors need to demonstrate that they are business professionals, who understand the customer's operations and business risks, instead of people who chase missing vouchers. Partnering with customers and being more proactive and creative in approaches to risk assessment and mitigation, while covering an ever-expanding globalization of risks, should be the goal of all auditors.

Auditors are not always viewed as management's favorite people. Being audited is **not** fun. No manager likes having his or her books, processes or policies questioned. How, then, can internal audit move toward the goal of partnering with customers and building positive relationships, while increasing productivity and customer satisfaction? Diversity of audit skills, in the broadest sense, is the key to achieve this goal.

What is Audit Skill Diversity?

People often think of diversity in terms of differences in age, sex, national origin, religion, and color. Diversity, however, represents much more than demographics. Its meaning is much broader and includes differences in work experiences, education and training, learning, communication styles, and attitudes.

The addition of diverse, or non-traditional, members to your internal audit team provides an opportunity for internal audit to add value to an organization and partner with customers. Diversity provides an added dimension of creativity, yields a wider perception, fuels the ideation process, and allows you to capitalize on each team member's individual and unique strengths.

How Aetna Did It

The Internal Audit Department at Aetna, Inc. exemplifies the strategy of building diversity. Since 1994, Aetna, Inc.'s internal audit management has been hiring both traditional and non-traditional auditors. Non-traditional auditors include a variety of educational, professional, and experiential backgrounds, such as specialists in physician reimbursement, insurance operations, professional nursing, banking, non-profit healthcare facility management, management consulting, hospital finance, and hospital management. Aetna's internal audit department has found that the addition of diverse or non-traditional staff enhances the collective thought processes, facilitates the understanding of key business process and concepts, and fosters broad-based thinking and creative solutions. Some outstanding results have been produced which benefit the company, the audit department and the audit customer.

Benefiting Audit Customers

Internal audit customers are also a diverse group, with different management styles, beliefs, communication styles, perceptions, and reactions. Their business is viewed through their own perceptual filters, forming individual and unique paradigms.

Effectively matching the skills, communication styles, and backgrounds of traditional and non-traditional auditors to the audit customers facilitates partnering and building positive relationships. Communications with customers and understanding the customers business are improved. Credibility increases when audit customers can identify with auditors who have similar operational or management backgrounds, experiences, and skills sets. This leads to increased customer satisfaction and more focused audits.

Sandi Carmichael, Core Health Delivery Operations Head for Aetna US Healthcare comments, "When you perform an audit, you have to apply sound, traditional auditing skills to that function. But it is also imperative to develop some fluency

in the customer's business in order to add value. The non-traditional auditors I have worked with, Cheryl Ajemian, RN, MBA, and Marion Pazik Zordan, RN, MBA, both came from acute healthcare management. This has facilitated smoother communication and also a quicker 'time to market' on given audits, as they come to the task with some understanding of the business."

What are the Lessons Learned?

In a traditional audit department bringing people together with diverse backgrounds can initially create a culture shock. As nurses, accountants, and operations, and IT specialists begin working together it can be very interesting. However, these different viewpoints and approaches soon become valuable commodities to the audit team as they focus on the common goal of value added services to the customer.

The Payoff – A Best Practice

Best practice internal audit departments of the next millennium will need to effectively use non-traditional audit staff to maximize their value to the company. In an environment of rapid globalization, increasing competition, rapidly expanding technologies, and exponentially growing information systems, this is critical to audit's overall effectiveness. In this evolving and increasingly complex environment, information and knowledge will be power. The audit department that embraces and effectively utilizes diversity will have that power to adapt, to perform proactively and to survive in this changing environment.

Making diversity part of an audit department's vision and strategy for the year 2000 may not make customers enjoy audits; however, a value-added approach to internal audit's role of evaluating an organization's risk, facilitating effective control processes, and protecting the bottom line will result.

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