



It is Time to Talk Risks Not Audits

By Kenneth E. Spence, CFE

We are approaching the end of the year. It's that time when you begin to think, or panic, about the audits you haven't yet done in 2012 as well as developing your audit plan for the new year. Each November I worked diligently at the annual CAE exercise of trying to merge risks, requests, system implementations, follow-ups, resources, skill sets and estimates of audit times into an amalgam called my new audit plan.

Normally, I avoid clichés like the plague because they are so 'group-think.' However, conformity in thought unwittingly kicks in as you prepare the report to the Audit Committee on the past year, and present for approval your audit plan for the new year.

Each year I would sharpen my pencil, put on my thinking cap, step up to the plate and do my level best to think outside the box. I reached out to my partners across the organization to keep them in the loop.

We talked about inherent risk, control, core competencies, bandwidths and tearing down organizational silos. I let them know internal auditors were change agents and that we were there to help them square the circle where the rubber meets the road.

An iterative, interactive, risk-based assessment process produced the product—a risk-based audit plan everyone was comfortable with. My audit plans enabled us to get a few quick wins by plucking the low hanging fruit. Plans were scalable, which allowed us to right-size if we encountered unanticipated events. On Audit Committee meeting day, I put on my game face, opened my kimono and talked to the Committee about this year's results and next year's plan.

What I shared was in line with my peers across the country, but there was an underlying problem.

I talked about my department's activities: what we had hoped to do, what we did, the value of our accomplishments, what we were still working on, what unplanned audits managers had requested, what we had yet to start and what we were no longer going to pursue and why.

The committee's approval of the new audit plan set the stage for next year's activity reporting. Locked into group-think, I followed the herd. That didn't make it right, and I could have done better by the Audit Committee.

I no longer work with Audit Committees, but you do. So how can you improve upon what I did and most everyone still does?

First, change perspectives and consider Audit Committee responsibilities rather than your own activities. They are the board's chief risk committee and you report to them. Your role is to help them meet *their* responsibilities.

Second, at Audit Committee meetings and in your reports, talk to them about the organization's bigger risks. Inform them about the threats on the horizon. Explain how the organization's risk profile has changed in the past year. Inform them about how management has organized itself to address risks and which risks have been mitigated to what extent since you last met. Discuss who is assigned to monitor risks, what their plans are and how they have been doing.

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The Audit Committee will appreciate having a clearer picture of what is being done to control and mitigate today's threats and tomorrow's problems. Changing your perspective will change your audit activity. It is time to talk risk threats and not audit activity.

In this issue of *New Perspectives*, we are talking risk. Some may not be front-and-center for you yet. They should be.

Electronically Stored Information (ESI) in healthcare is fragmented and cumbersome to get at. You have to know where your data is and defend how you collect it. This article will get you thinking, as does Dr. Goldman's piece on big data.

Physician/industry interactions will heat up when HHS puts those relationships on a public website. You will want know which of your staff pose a risk to your institution. Kristin Brook's article on avoiding sanctioned and high-risk staff fits right in. More than 1,500 sources

carry healthcare sanctions data and most do not talk to one another. You need to know every day that the payroll contains no sanctioned employees and that you are not doing business with a sanctioned individual or entity. Quite the task considering the ever-changing target.

Jeannie O'Donnell walks us through how to mitigate the biggest risks of all—Business Continuity Planning. Third party data breaches give organizations Excedrin headaches. Hourihan and Baker tell us how to be smarter about vendor risk management. Lastly, for a change of pace, Cornwell and Holden share thoughts on efficiencies of automating document creation and review processes.

So there you are—another risk-filled issue of *New Perspectives* to ponder. Like the tide, risks keep rolling in, which is why it is a good idea to consider a new perspective for Audit Committee communication. Your Audit Committee will thank you.

I wish you good reading. **NP**

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Correction



The fall issue of *New Perspectives* inadvertently carried an incorrect picture for Chad Peterson, CHC, CHP, CHSS, CISA, CISSP, CRISC, CSCS, ITIL-Foundation. Chad co-authored the article, "HIPAA Security Audits: How to Get Your Organization Ready." The correct picture appears here, and in the electronic version of the article in the member's only section of the AHIA website.