# FY 2015 – Year in Review
### Internal Audit Division

Over the past year, Emory's Internal Audit Division (Internal Audit) advanced our mission to add value and improve the institution's operations through a systematic, disciplined approach to evaluate and strengthen the effectiveness of risk management, internal control, and governance processes.



## Our Value Proposition – Objective Insight & Catalyst for Positive Change

The Emory Board of Trustees and senior leadership rely on Internal Audit for insight and objective assurance on the effectiveness of the institution's governance initiatives, risk management efforts, and system of internal controls.

Specifically, Internal Audit delivers value-add services including: detailed assurances (audits), forward-thinking advisory services, sensitive investigations, insightful data analytics and business intelligence, and ongoing response to management requests.   These value-add objective assurance and advisory services are a catalyst for positive institutional change in governance, risk remediation, and the design of process controls.  By improving the institution's capabilities to anticipate and respond to current and emerging risks and challenges, we support management's journey towards achieving Emory's strategic plan and objectives.

## Governance Support

Sound governance practices are at the heart of everything that we do – across research, teaching, and patient care. Internal Audit provides objective assurance to the Board and executive management that risks are managed and controlled in the most robust, effective, and practical way possible. We constantly scan the horizon to identify current and emerging academic medical center industry risks, trends and practices, and through discussions with management, align our priorities with Emory's significant goals and risks. This bolsters our ability to identify, monitor, and continuously collaborate with management on initiatives that matter.

## Responding to Risk – The Three Lines of Defense

As the institution's "3rd line of defense," we independently and objectively evaluate and report on the effectiveness of Emory's risk management across significant processes/programs.

| 1st LINE OF DEFENSE – Business Operations | 2nd LINE OF DEFENSE – Oversight Functions | 3rd LINE OF DEFENSE – Independent & Objective Assurance |
|---|---|---|
| **School/Unit/Program Operational & Functional Management** *Responsible for operating business processes and practices (control) to manage risk:* <br>• *Vision and Strategy* <br>• *Ethical culture & tone at the top* <br>• *Risk identification and mitigation* <br>• *Process and internal control design, implementation and effectiveness* <br>• *Compliance with laws, regulations and policies* | **Business Administration Offices** *Responsible for defining policy and for monitoring the effectiveness of business operation controls to mitigate risk. Such functions include (but not limited to) Dean's Office /Chief Business Officer, Human Resources, Finance, Research Administration, IT, Campus Service, etc.* <br><br> **Risk Management** *Responsible for establishing and maintaining an Enterprise Risk Management (ERM) framework to assist with risk prioritization and reporting* <br><br> **Compliance** *Responsible for providing oversight, support and monitoring of management's compliance with legal, policy or business standards.* | **Internal Audit** *Responsible for providing objective and independent assurance (to the Board) on the effectiveness at first and second line processes and controls to mitigate risk.* <br><br> *Services include:* <br>• *Assurance* <br>• *Advisory/Consultative* <br>• *Governance Support* <br>• *Data Analytics/Business Intelligence* <br>• *Investigations* <br><br> *Compliance also has 3rd line of defense responsibilities (e.g., provides assurance to the Board that management practices promote compliance with laws, regulations and policies)* |

## Enterprise Initiatives

In Fiscal Year (FY) 15, our team had a seat at the table and was engaged in a variety of enterprise-wide forums, including participation in the following:[1]

- Enterprise Risk Management (ERM) Steering Committee
- Executive Compliance Committee
- Enterprise Finance Network (EFN)
- Financial Attestation Process (FAP) Steering Committee
- Data Advisory Committee (DAC)

## Assurance & Advisory – Partnering with Management to Enhance Risk Management

In FY 15, we were dedicated to providing enterprise-wide value through ongoing risk assessment dialogues with management, excellent service, and thought leadership.  Our assurance and advisory reviews enhanced risk management capabilities in the following areas:

- Research Administration
- Campus Physical Access/Security
- Donor Intent
- Study Abroad Programs
- Healthcare Revenue Cycle
- Pharmacy Controlled Substance Procurement
- Business Continuity/Disaster Recovery
- Segregation of Duties and System Access
- Student Data Privacy
- Data Governance and Integrity
- Key Financial Disbursements (Payroll, Purchasing Card (P-Card), Corporate Card, Expense Reimbursements)
- Investigations of Potential Misappropriation/Misuse of Emory Funds
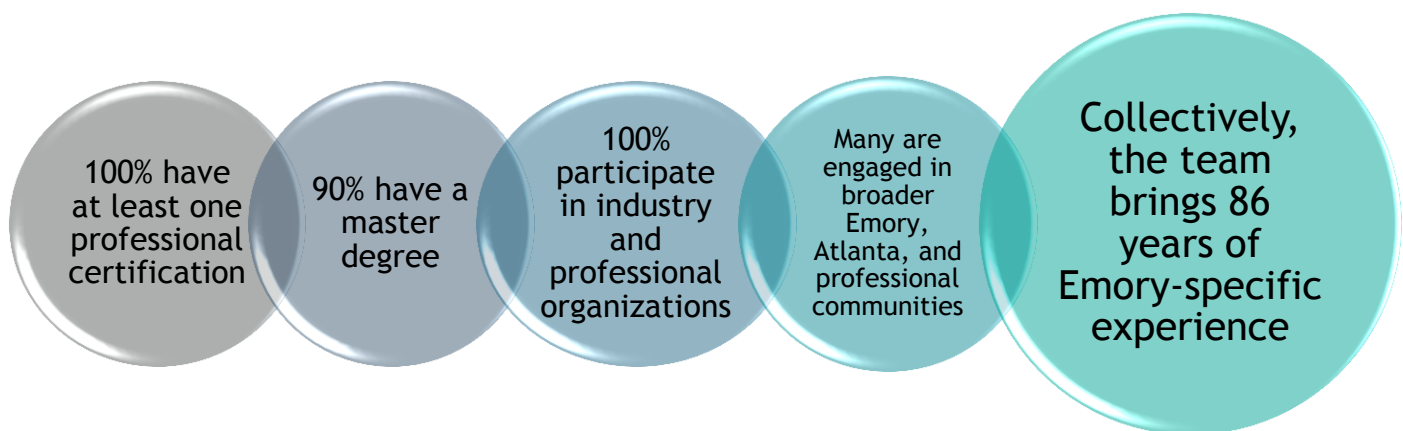- Data Analytics and Business Intelligence to Support Management Decision-Making

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[1] Other governance support/steering committees we participated on included: PeopleSoft 9.2 Upgrade Executive & Steering, Committees,  Information Technology Steering Committee, EHC Finance Committee, 340B Drug Pricing Program Governance, EHC Compliance Council, Clinical Claims and Review Council, Uniform Guidance Steering Committee, Anti-Fraud Steering Committee . . . *and several more*

## Our People

Excellent analytical and communication skills, along with a deep knowledge of our institution's research, teaching, and patient care functions, are capabilities embedded within our **team of 10 audit professionals**.

What brings us together in Internal Audit is an unwavering focus and shared recognition for the importance of what we provide to the Emory enterprise and its various schools, units/facilities, and programs.  We recruit and welcome professionals with diverse personal and professional backgrounds.  Once on board, we strive to retain individuals who perform with rigor, excellence, integrity, and with an ability to be guided by both facts and their intuition.

100% have at least one professional certification

90% have a master degree

100% participate in industry and professional organizations

Many are engaged in broader Emory, Atlanta, and professional communities

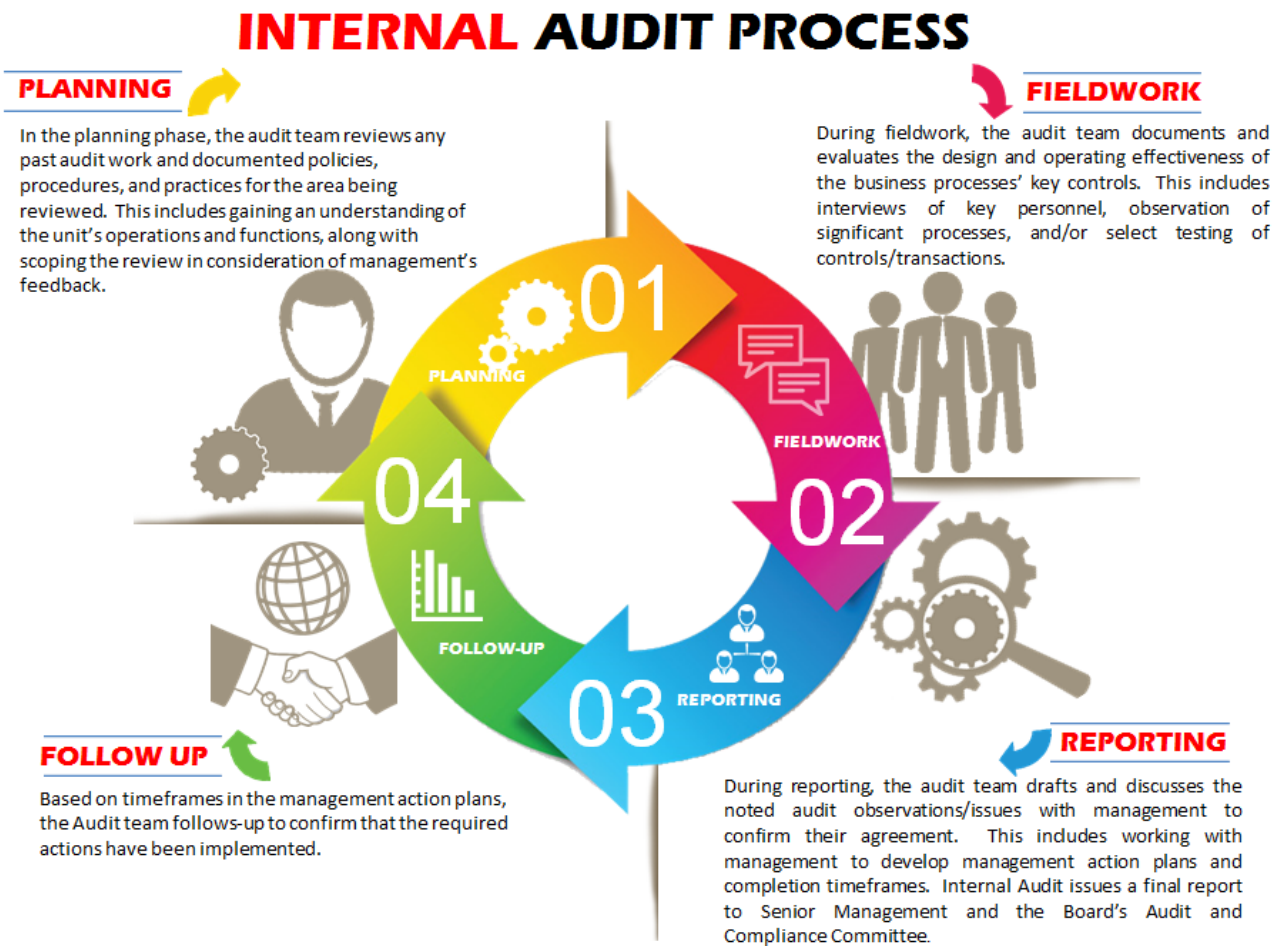Collectively, the team brings 86 years of Emory-specific experience

## Unlocking Talent through Development

In FY 15, Internal Audit launched the Governance, Risk, and Control (GRC) program.  The initial cohort included professionals from the Law School and the Human Resources department.

The GRC program provides an opportunity for selected Emory professionals to gain hands-on audit experience within Internal Audit.  Program participants have the opportunity to work closely with Internal Audit management and gain an understanding of how to assess business process risks and controls and supporting governance/monitoring activities.  These skills and experiences can be applied back in their school/unit/department in real-time, as well as support professional development and career goals.

## The Audit Process

We utilize an *ongoing, dynamic risk assessment model*, by having regular conversations with management to understand what matters to them, and carefully consider these perspectives when planning and performing our work. This approach supports the development of our risk-based audit plan, which is approved by the Audit and Compliance Committee of the Emory Board of Trustees, and the addition of projects during the year based upon emerging risks and issues.

## INTERNAL AUDIT PROCESS

**PLANNING**

In the planning phase, the audit team reviews any past audit work and documented policies, procedures, and practices for the area being reviewed. This includes gaining an understanding of the unit's operations and functions, along with scoping the review in consideration of management's feedback.

**FIELDWORK**

During fieldwork, the audit team documents and evaluates the design and operating effectiveness of the business processes' key controls. This includes interviews of key personnel, observation of significant processes, and/or select testing of controls/transactions.

**FOLLOW UP**

Based on timeframes in the management action plans, the Audit team follows-up to confirm that the required actions have been implemented.

**REPORTING**

During reporting, the audit team drafts and discusses the noted audit observations/issues with management to confirm their agreement. This includes working with management to develop management action plans and completion timeframes. Internal Audit issues a final report to Senior Management and the Board's Audit and Compliance Committee.

| | | Historic | Current |
|---|---|---|---|
| **Internal Audit . . . then and now**<br><br>Changing times call for changing measures. The evolving role of internal audit within an organization is evident. | **Risk Assessment** | Perform annually once a year; use it to develop annual audit plan | Dynamic and ongoing process, update audit plan continuously |
| | **Risk Focus** | Provide assurance on financial controls and compliance | Deliver more holistic business assurance across enterprise risks (including strategic and reputational risks) |
| | **Perspective** | Focus on what happened in the past (value preservation) | Emphasis, in addition to value preservation, on what do we need to do for the future (value creation) |
| | **Testing Strategy** | Review smaller samples of transactions (manually) | Analyze complete populations of data (using data analytics/continuous auditing) |
| | **Staffing Strategy** | Hire a relatively homogenous team to perform typical audits (financial risk) | Recruit and retain a diverse team (skills, experiences, education) to advance focus on broader institutional risks (governance, operational, financial, information technology risks, etc.) |

## Our Services

Our audit professionals work to ensure that Emory business operations are efficient, effective, compliant with applicable laws, regulations and policies, and rigorously controlled. The purpose of the various services that we offer include:

- **Assurance reviews** evaluate whether the business controls related to financial, operational, compliance, and information technology processes are operating effectively to promote attainment of Emory's strategic goals and objectives, and to support compliance with applicable institutional policies/procedures and regulatory requirements.
- **Advisory services** may be requested by management (or identified by Internal Audit) and include facilitation of risk assessments, advice on existing, or to be newly implemented, business processes, controls, policies and information systems, and internal control education.
- **Investigative reviews** evaluate allegations, received via the Emory Trust Line or other internal/external sources, of potential ethical, legal, and/or business conduct violations or concerns.
- **Business intelligence & data analytics** extract insights from operational, financial, and other forms of electronic data; these insights can be historical or real-time and can be risk-focused to confirm controls are operating as intended. This provides value both within Internal Audit (to support our continuous auditing efforts) and for management (to provide business intelligence that supports monitoring efforts to identify and address issues more timely and efficiently).

## Contact us

Phone: 404-727-6146   |   Email: audit@emory.edu   |   Web: www.iad.emory.edu

Please visit our website to learn more about Internal Audit, including our management and staff bio's, along with other details on our activities and initiatives.

For general questions or if you would like to learn more about Internal Audit, please feel free to contact us.



## Confidential Reporting: The Emory Trust Line

Phone: 1-888-550-8850
Online: http://www.mycompliancereport.com/report.asp

# Appendix A – Internal Audit Leadership Biographies & Organizational Chart



## Scott Stevenson – Chief Audit Officer

Scott J. Stevenson is the Chief Audit Officer for Emory University and Emory Healthcare. Scott is responsible for the assessment of enterprise and entity-level risk, and the development and execution of the work plans focused on enhancing internal controls and compliance infrastructures that support and advance Emory's core missions of education, research, and patient care. The Chief Audit Officer reports to the Board of Trustees Audit and Compliance Committee and the Executive Vice President of Business and Administration.

Before joining Emory in 2005, Scott served as a Director at Bon Secours Health System and as a senior auditor with Ernst & Young and PricewaterhouseCoopers. He spent a year in Savannah as the Chief Audit Officer for the Memorial Health System. A member of the Institute of Internal Auditors, and the HealthCare Financial Management Association, Scott has over 25 years of accounting and audit experience. He is a Certified Public Accountant, a Certified Internal Auditor, and holds a Bachelor of Science degree in Accounting from Wake Forest University and an MBA from Averett University.



## Deepa Pawate – Associate Chief Audit Officer

Deepa Pawate is the Associate Chief Audit Officer for Emory University. She is responsible for the audit activities at the University's colleges, centers, and business units, as well as overseeing a coordinated information technology audit program for Emory. Prior to joining Emory in 2005, Deepa was a consultant with the Northrop Grumman Corporation, supporting the U.S. Centers for Disease Control and Prevention in information security and systems analyses. Additionally, she was a consultant with Arthur Andersen, performing internal audits, information technology and project risk management reviews, and other consulting engagements in various industries. She is a Certified Information Systems Auditor (CISA) and a member of the Information Systems Audit and Control Association and the Institute of Internal Auditors.

Deepa received her Bachelor of Arts degree in Computer Science from Emory College, where she was an Emory Scholar, and her Executive MBA with Beta Gamma Sigma honors from the Goizueta Business School of Emory University.

**Stacy Wood – Director of Healthcare Internal Audit**
Stacy Wood is the Director of Healthcare Internal Audit for Emory University.  She is responsible for the audit activities at Emory Healthcare and its various entities.  Prior to joining Emory in 2007, Stacy was the Director for Corporate Compliance and the Privacy Officer at Saint Joseph's Health System.  A Certified Internal Audit, she served as a Director for the Catholic Healthcare Audit Network, a Manager with Ernst & Young, and a Senior Consultant with Arthur Andersen.  Stacy is a member of the Institute of Internal Auditors and the Association of Healthcare Internal Auditors with more than 20 years of business experience.

Stacy holds a Bachelor of Business Administration degree from James Madison University and a Masters of Business Administration from the University of North Carolina at Charlotte.

**Mark Hafitz – Director, Data Analytics**
As well as being an Emory alumnus, Mark has worked for Emory University for over 20 years. His career at Emory started in the Information Technology Division working as a Programmer/Analyst supporting financial applications.  Several years later he began working in the Human Resources Division as the Assistant Director, Information Systems. He managed the daily operations of the Human Resources Information Systems area and oversaw the development and maintenance of all Human Resources systems.  For the last 15 years he has worked in the Finance Division managing and overseeing the completion of the division wide financial systems projects as the Director of Financial Projects.  Prior to Emory, Mark spent several years as a Programmer/Analyst working with the Information Systems group at Kimberly-Clark Corporation.

Mark received his Master of Business Information Systems degree from Georgia State University, and a Bachelor of Arts degree in English Literature from Emory University.

**EMORY**

*Internal Audit Division*
Organizational Chart

**Mr. Scott J. Stevenson**
Chief Audit Officer

**Ms. Starlyss T. M. Stephens**
Executive Administrative Assistant

**Mr. Mark Hafitz**
Director, Internal Audit
Data Analytics

**Ms. Deepa V. Pawate**
Assoc. Chief Audit Officer

**Ms. Stacy R. Wood**
Director, Healthcare
Internal Audit

**Mr. Saleem Khan**
Sr. Manager,
IT Audit

**Ms. Courtney Ruckert**
Manager, University
Internal Audit

**Ms. Christine Habib**
Sr. Manager, Special
Projects, University
Internal Audit

**Ms. Nadine Alliance**
Manager, Healthcare
Internal Audit

**Mr. Jay Thomas**
Manager, Healthcare
Internal Audit

**Mr. Sean Liang**
Audit Senior, University
Internal Audit

**Ms. Alexis B. Schaaf**
Audit Senior, Healthcare
Internal Audit