

Interoffice Memo

DATE:

TO:

FROM:

CC:

SUBJECT: ACL Business Proposal

“Success is simple. Do what's right, the right way, at the right time,” according to Arnold H. Glasow. [ORGANIZATION NAME] added the Internal Audit (“IA”) function to their compliance efforts in [YEAR]. In [YEAR], we expanded the department with the addition of our staff auditor. The opportunity now exists for IA to provide a value-added service through adding a data analysis software solution. This will allow Internal Audit to perform continuous auditing, analytics, investigation, special projects, etc. more efficiently. We propose adding ACL Analytics Exchange (AX) as our data analysis solution due to its reputation and wide utilization within healthcare. Current users include HCA, Catholic Healthcare Audit Network (CHAN), Carolinas Healthcare System, Community Healthcare System (CHS), Blue Cross Blue Shield of South Carolina, Rockford Healthcare System and Banner Health. We make the proposal based on the following:

CONTINUOUS AUDITING

“Continuous monitoring provides increased visibility into higher risk areas of the business, early warnings to management, and enables real-time evaluation of all transactions,” ACL. Continuous auditing (monitoring) is a method where IA can schedule specific data analysis to run at a specified date.

- Exceptions and patterns can be identified within the population as a whole can be investigated instead of auditing for attributes within a sample population resulting in greater coverage;
- AX can be used to identify unusual patterns in the AcuDose or AdminRX systems (e.g., patterns of wasting, dosages, etc.) without the need to review system reports manually; and
- AX will identify outliers for IA (or a business owner) to perform follow-up testing. An example of a continuous audit would be at the 30th of every month a script would run to identify any vendors and employees with the same physical address. It is also capable of identifying multiple vendors that share an address.

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DATA ANALYSIS

Internal Audit currently relies on manual processes and Microsoft Office based tools to perform our analysis. The benefits of utilizing AX include:

- A copy of the data is created ensuring the source data is not compromised;
 - An audit trail is created of what analysis has been performed, the exceptions or outliers identified and the script history so testing can be re-performed in the future without having to create the testing scenario with “raw” data; and
 - The potential for human error is reduced once keying data is removed from the process.
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- AX has unlimited capabilities related to data size unlike that Excel has a maximum number of lines that can be entered. AX can analyze the entire Accounts Payable, Payroll System or Accounts Receivable system, etc., without the need to place the information in multiple documents for analysis;
 - Exceptions can be reviewed instead of the entire data set. For instance, a script can be created to identify employees with overtime, invalid social security numbers or payments to an employee type over a certain amount;
 - AX can be utilized by more departments than audit to perform testing. We have the ability to add licenses as other departments find the analysis capability useful. Potential future users include:
 - Decision Support might find AX useful to analyze large data sets that exists in multiple systems;
 - HR might find AX useful to ensure documentation is complete;
 - AX could be useful in reviewing the charge master for completeness and accuracy;
 - Lab might find AX useful in performing daily reconciliations between systems.
 - HCA utilizes AX to identify overpayments to vendors including those related to maintenance charges, missed discounts or preferred rates, etc.

CHARGE CAPTURING

CHAN also utilizes ACL data analysis software to enable the auditors to investigate patient accounts, identify missing charges, and help departments plug leaks in their charge capture process.

- AX can be scripted to identify drugs administered in AdminRX to AcuDose to help ensure there is a related charge on the correct patient;
- AX can be scripted to identify charges “dropped” in the ECC, Laboratory, Pharmacy, etc. due to the inability of STAR to “cross-walk” data from someone being on outpatient to inpatient status if the treatment started on one day and continued to the next. (For example, if someone seeks treatment in our ECC at 10 PM and the physician admits the patient to an in-patient status at 2 AM, all of the charges prior to the admit time will be dropped because the treatment dates do not match.);
- AX can be used to identify potential over and under payments based on a specific criteria without having to manually intervene to collect the data;
- AX can be used to identify a specific DRG or charges that could indicate unbundling; and
- AX can work across multiple systems. This ability to perform analysis across multiple systems results in the enhanced ability to identify dropped charges, variances or exceptions.

EXCLUDED PROVIDERS

“...Hospitals participating in the Medicare program are precluded from working with employees, physicians, or vendors that have been sanctioned”, CHAN. Healthcare auditors are utilizing ACL software to review data and quickly identify any transactions conducted with sanctioned professionals. The benefits to [ORGANIZATION NAME] are:

- We can move this review to an internal process instead of paying an outside vendor to provide an annual review;
- We can perform the analysis more frequently without an increase in cost; and
- We can provide the original data sources and analysis history utilizing ACL software.

CONCLUSION

For the reasons listed above, Internal Audit believes the purchase of ACL Analytics Exchange (AX) is justified. In summary:

- Addition of AX will result in cost savings, efficiency, timeliness of analysis and continuous auditing abilities;
- IA has started analyzing more complex processes at [ORG NAME];
- IA is identifying value-added services we can provide; and
- ACL software is a force multiplier resulting in more audit coverage without a staff increase.

Internal Audit is requesting the purchase of ACL Analytics Exchange to expand our auditing capabilities. The total cost is:

- Up to [\$XXXXXX] for the purchase including the software, training, support (including 150 hours for implementation including script writing) and a dedicated server. This amounts include the unknowns of:
 - Consultant's travel cost for one week of onsite training and two weeks of onsite implementation;
 - Additional assistance beyond 150 hours for preparing scripts; and
 - Costs associated with purchasing a dedicated server for AX.

Internal Audit strives to provide timely, accurate and relevant information to our team members. "Obstacles are those frightful things you see when you take your eyes off your goal," Henry Ford. AX is the tool that will assist IA to focus resources on key areas of exposure within [ORG NAME].

Thank you for considering our request.

ACL proposal attached under separate cover.