Interoffice Memo

DATE:

TO:

FROM:

CC:

SUBJECT: ACL Business Proposal

[ORGANIZATION NAME] added the Internal Audit ("IA") function to their compliance efforts in [DATE]. In [DATE], 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) and Blue Cross Blue Shield of South Carolina. We make the proposal based on the following:

CONTINUOUS AUDITING

Continuous auditing (monitoring) is a method where IA can schedule specific data analysis to run at a specified date. Exceptions can be identified in the entire population instead of a sample resulting in greater coverage. 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.

DATA ANALYSIS

Internal Audit currently relies on manual processes and Microsoft Office based tools to perform our analysis. The benefits of utilizing AX include: source data is not compromised; an audit trail is created of what analysis has been performed so it can be re-performed in the future; human error is reduced by removing keying data from the process; AX can analyze the entire Accounts Payable, Payroll System or Accounts Receivable system, etc.; exceptions can be reviewed instead of the entire data set; AX can be utilized by more departments than audit to perform testing through the addition of licenses.

CHARGE CAPTURING

- ACL data analytics software can be utilized to enable the auditors to investigate patient accounts, identify missing charges;
- AX can be scripted to identify charges "dropped" in STAR since it is not capable of "cross-walking" data from someone being on outpatient to inpatient status;
- 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

Healthcare auditors are utilizing ACL software to review data and quickly identify any transactions conducted with sanctioned professionals. The benefits to [ORG NAME] are performing this review to an internal process instead of paying an outside vendor and we can run it more frequently without an increase in cost; and provide the original data sources and analysis history utilizing AX.

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 (AX) 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), dedicated server and dedicated storage. This amount includes the unknowns of the consultant's travel cost for one week of onsite training and two weeks of onsite implementation; and costs associated with purchasing a dedicated server and storage for ACL. This is the tool that will assist IA to focus resources on key areas of exposure within [ORG NAME].

ACL proposal attached under separate cover.