



Flex Audit Services

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ALL HOSPITALS NEED INTERNAL AUDIT SERVICES

As Healthcare leaders, there are certain things that weigh in the back of one's mind when it comes to the performance of the organization. One needs to know supplies are being used economically, purchases are being made at the best prices, processes are efficient and produce consistent results, the revenue cycle is generating the correct amount of cash, proper internal controls are in place and operating as required, user IT needs are being met, data is being protected, important financial reports and statements are accurate, applicable laws and regulations are being followed, and fraud is not being committed. This assurance should not only be provided by department directors reporting through senior management, but it should also be provided **independently** via an **internal audit function** that reports directly to the CEO and the board of directors. This is the reason Flex Audit Services (FAS) is in business. We can help to provide the assurances needed to help your organization prosper and in turn allow you to get a better night's sleep. We have the flexibility and experience that no other current internal audit service organization can provide. And you will get these services at the lowest cost and with the best solution that nobody else can match as opposed to the standard industry response.

THE STANDARD "SOLUTIONS"

Employ one or more FTEs to be your Internal Auditors

- This option is expensive in both creating and maintaining the function and possibly terminating the function. There will be a need to hire auditors, find office space, and purchase computers and phones. Also, there will be ongoing training costs.
- You may also not find enough qualified talent (especially outside the major metropolitan areas), therefore making it difficult to justify creating this function in the first place.

Outsource the function by contracting with a firm that will provide one or more Client Based Associates (CBA). The FTEs are still physically located at the hospital. This is basically the same solution as employing directly the internal auditors, except the internal auditor is not an employee.

- Same as above.
- This option will be even more expensive. There will be significant corporate overhead costs that must be paid for.
- Independence could easily be compromised as the CBA will be more focused on keeping everyone happy in order to keep the contract than producing results that add value.
- The person presenting audit results to the CEO and the board will probably not be the same person who actually did the work.
- These firms assert either implicitly or explicitly that the "Firm" and its resources are the most important part of performing audits and NOT the auditor actually doing the work.

Outsource the function via a contract with a firm to provide a certain number of "audit hours."

- Same as above.
- Most of the audits will likely be "canned." The goal will be to use up the contracted hours.
- You are likely to have little continuity and retained knowledge since the auditors will be rotated because of other assignments.
- You may be routinely approached to buy other services.



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Co-Source the function. This means both employing an internal auditor as an employee and contracting with a firm to provide internal auditors.

- Same as above.
- This will be the mostly costly option of all.

THE BEST SOLUTION

FAS eliminates the downsides of The Standard “Solutions.” First, FAS employs only **seasoned healthcare internal audit professionals**, and these auditors actually do the internal audits. All are either Certified Public Accountants, Certified Internal Auditors, Certified Information System Auditors, or Six Sigma Black Belts. In addition they all have worked outside of internal audit in leadership roles within a health system. This hands on experience and knowledge provides a more rounded, business perspective. FAS can provide this superior level of service and accomplish this by doing the majority of the work **remotely. This means FAS can provide internal audit services to hospitals of any size and in any location.** Suppliers of one of the Standard “Solutions” would have you believe that someone needs to be onsite to do the audits. This is simply not true. The fact is there is no need to be physically at the hospital to do nearly all internal audits. The FAS auditor will communicate with the employees via the telephone, Skype, online meetings, and/or e-mail. Needed data and reports will be transmitted via HIPPA secured links. If there is a need to be on site, e.g. for certain IT projects, meetings, or board presentations, the auditor can visit the hospital and then leave when there is no longer a need to be onsite. The overhead costs of travel and other downtime are significantly eliminated. There is no need to provide an office. But most importantly, working remotely allows the most qualified auditors to perform the audits and discuss the findings with senior management and the board. It allows complete independence and professionalism.

Second, FAS can be used on a per audit basis or all the way to a full blown implementation of a multiyear audit plan. With the Standard “Solutions,” the amount of work is committed to from the start since new FTEs were hired or the contract calls for a certain number of hours supplied by the firm. FAS rates are very competitive and some projects can even be done on a **contingency basis**. Most importantly, FAS offers all the same services as the Standard “Solutions” offer and ones they don’t offer. These include risk assessments, reviews of revenue cycle areas including charge capture, zero balance reviews, transfer DRG reviews, data security reviews, compliance reviews, purchasing reviews, system installations, 340B Services, continuous auditing, and various process improvement projects using a Lean/Six Sigma approach. We make extensive use of the hospital’s data, and FAS has no proprietary solutions. The knowledge and tools used are transferred to the hospital. This flexibility is simply not offered by the Standard “Solutions.”

For many hospitals, e.g. rural, Critical Access, and hospitals under 300 beds, there really are no Standard “Solutions” options because they are simply too costly. With FAS, cost will never be a barrier. For further information please visit FAS’ website www.flexauditservices.com or call Frank Adomitis at 213-792-2510 or via email at franka@flexauditservices.com. FAS will gladly respond to all RFPs.