



# EQA – the struggle is real...the reward is “Generally Conforms”

Julie Pence and Wei-Fu Tan

October 22, 2018



**vizient**®



**Julie Pence**

Chief Audit Executive  
Audit Services

# 20 years in audit and health care



**Internal controls**  
**Sarbanes-Oxley**  
**Contract compliance**  
**Operational**  
**QAIP**

**Process improvement**  
**Team integration**  
**Leadership**  
**Collaborative focus**

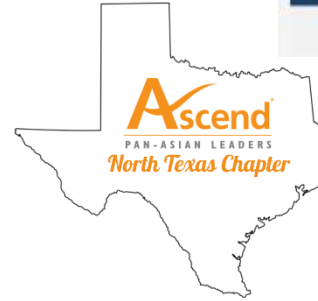


## Wei-Fu Tan

Internal Audit Leader  
Internal Audit

# 12+ years in audit and health care

# vizient™



**Risk assessment**  
**Contract risk**  
**Internal controls**  
**Sarbanes-Oxley**  
**Regulatory compliance**  
**QAIP**

**Controls optimization**  
**Process improvement**  
**Team integration**  
**Leadership**  
**Collaborative focus**  
**Diversity & inclusion**

# Vizient is the nation's largest health care performance improvement company

Our members are the nation's most prestigious hospitals

**3,100**  
health system members

**The top 15**  
hospitals named to  
*U.S. News & World Report's*  
2017-2018 Honor Roll of  
Best Hospitals



**8 of the top 10**  
hospitals named to  
*U.S. News & World Report's*  
2017-2018 Honor Roll of  
Best Children's Hospitals

...use Vizient contracts or services

**>50%**  
of the nation's  
acute care hospitals

**95%**  
of the nation's  
academic medical centers

**>20%**  
of the nation's  
ambulatory market

**~\$100B** in annual GPO purchases

# Objectives

## **This session will:**

- **Take you through the EQA process**
- **Share lessons learned from our first EQA**
- **Highlight the value an EQA brings to your audit shop**

# Overview

While EQA's require a lot of effort; that effort will help your pursuit of improved performance and **EXCELLENCE**

## 1. PREP FOR EQA

How do I get ready for an EQA?

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## 2. SELECT EQA ASSESSOR

What are the key objectives I want to achieve from having the EQA?  
Any deal breakers?

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## 3. PREP FOR ONSITE VISIT

What will the assessors need when they are onsite?

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## 4. ONSITE VISIT

What happens during the onsite?

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## 5. REPORT AND HIGHLIGHT

What do I need to report out and to who?

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# Prepping for an EQA – establish a QAIP



## QA Manual

is a must-have reference that includes all components of a QAIP



## 320 hours

should be budgeted for your team to perform a QAIP (2 FTEs for 4 weeks)



## Documentation

External assessors will review **ALL** documents from QAIP



## Lessons learned

- Make sure you have the latest QA Manual
- Talk to peers about their QA experiences
- Be your own worst critic!

# Select EQA assessor





# Prepping for onsite visit



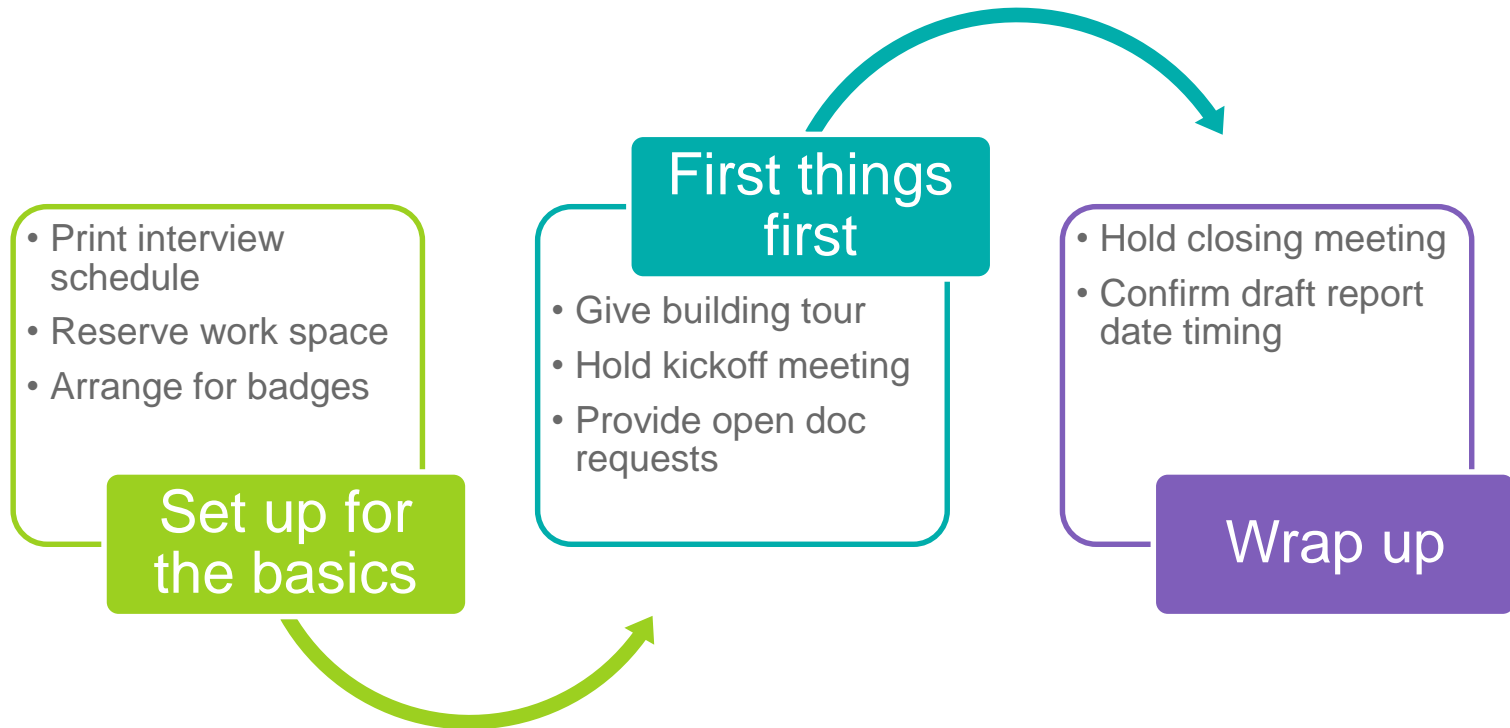
Document Requests	Surveys	Interviews	Assessor Level Setting
<ul style="list-style-type: none"><li>• Extensive list of docs</li><li>• Split the work</li><li>• 2017 manual changes</li><li>• Status meetings</li></ul>	<ul style="list-style-type: none"><li>• Client &amp; staff</li><li>• Heads up email</li><li>• CAE takes ALL surveys</li><li>• IIA GAIN survey</li></ul>	<ul style="list-style-type: none"><li>• Roughly 10 interviews</li><li>• Onsite dates based on availability</li><li>• Heads up email, then calendar appointments</li></ul>	<ul style="list-style-type: none"><li>• Kickoff meeting</li><li>• Space / room, badges, coffee, food, etc.</li><li>• Welcome lunch / breakfast</li></ul>



## Lessons learned

- Everything takes longer than you think (the review is extensive!)
- Some interviews will have to be via phone and/or prior to onsite
- Organize & standardize workpapers in a easily shared format

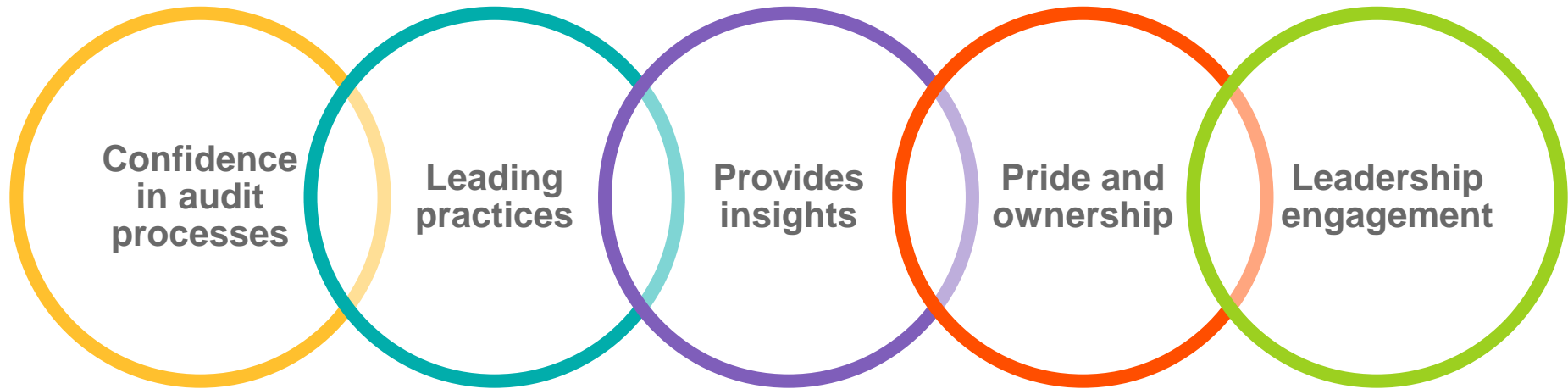
# Onsite visit



## Lessons learned

- Conduct a kickoff meeting with assessors
- Request a daily EOD check-in

# Report and highlight the value add of an EQA



## Lessons learned...toot your own horn!

- Host a results celebration – invite leadership, interviewees, stakeholders
- Write an article highlighting the results
- Post the accreditation!

# Example EQA results dashboard

**Achieved highest rating of Generally Conforms**

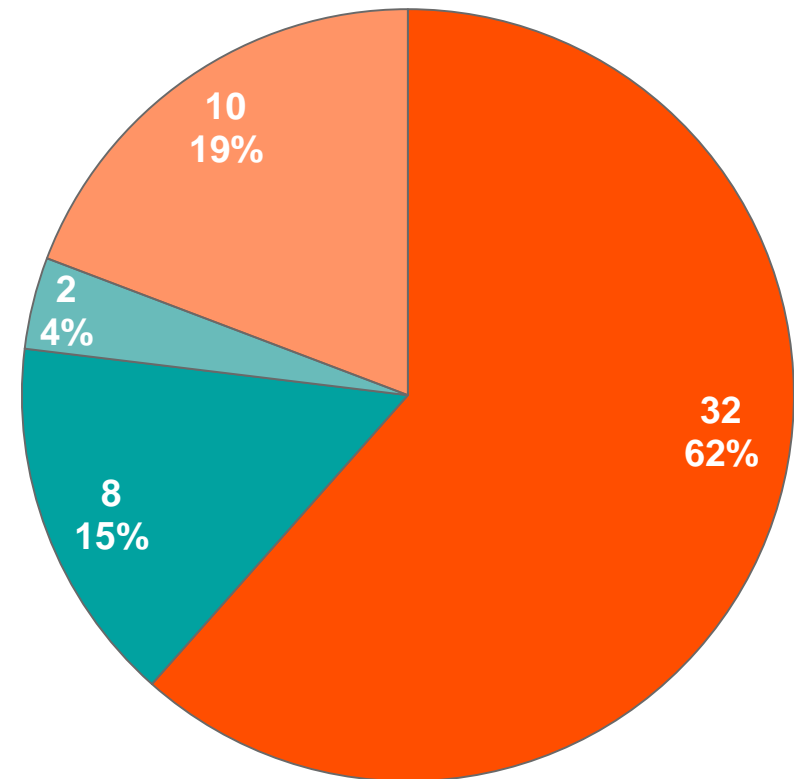
## Scope Overview:

- Assess conformance with the Institute of Internal Audit (IIA) *Standards*, Code of Ethics, and the Internal Audit (IA) team's efficiency and effectiveness
- Identify process enhancements / improvement areas
- Provide insights into executive management and customer' perception and satisfaction levels with the IA team

**While we generally conform with the Standards overall, the EQA team provided key observations and improvement opportunities:**

- No observations or improvements
- Successful practices highlighted
- Observations (*will be remediated as of the Sep. 5 meeting*)
- Improvement opportunities

## 52 IIA Standards



# Vizient, Inc.

## Internal Audit

**It is our overall opinion that Internal Audit generally conforms with the *Standards* and the IIA Code of Ethics.**

**This level of conformance demonstrates a clear intent and commitment to achieving the Core Principles for the Professional Practice of Internal Auditing and the Definition of Internal Auditing**

Governance	
Standard	Rating
1000	GC
1100	GC
1300	GC
Code of Ethics	GC

Staff	
Standard	Rating
1200	GC

Management	
Standard	Rating
2000	GC
2100	GC
2450	GC
2600	GC

Process	
Standard	Rating
2200	GC
2300	GC
2400	GC
2500	GC



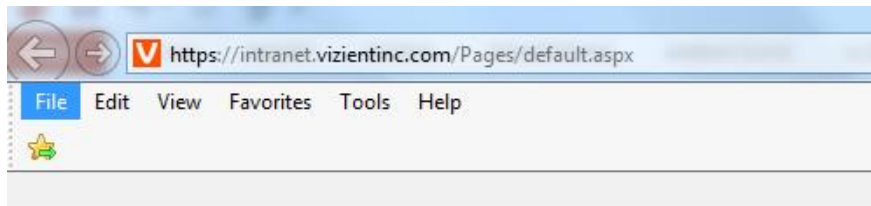
Thank you for the opportunity to be of service to Internal Audit. We will be pleased to respond to further questions concerning this report and furnish any desired information.

[Redacted Signature]  
 [Redacted Name], CRMA  
 Team Leader  
 IIA Quality Services, LLC

[Redacted Signature]  
 [Redacted Name]  
 Director, Quality  
 IIA Quality Services, LLC

Team Member:  
 [Redacted Name], CIA, CRMA

# Example internal article



## Better together: Audit Services challenges us to be exceptional

10/9/2018 – Our Audit Services teams are all about continuous improvement. Most recently, Internal Audit was recognized for their commitment to helping us work toward companywide goals.



Next get  
time pri  
10/8/18 -  
game ch



Vizient a  
10/5/18 -  
around V  
We gain



Vizient's  
10/4/18 -  
Connect

[See all news](#)

**Congratulations on a job well done!**

This accreditation provides stakeholders across the company confidence in our auditing processes. They know we're adhering to professional practices and staying current.

Audit Services offers each and every one of us invaluable insights and peace of mind that our internal processes are not only compliant, but effectively designed to reach our target goals.

The Internal Audit team consists of **Gus Bryant, Tim Freeman, Stacie Hill, Daphne Infante, Bin Wang and Wei-Fu Tan.**

### Better together: Audit Services challenges us to be exceptional

Improving performance. That's what's on the minds of our Audit Services teams each and every day, which includes Internal Audit, Contract Compliance and Research (CCR), Supplier Audit and Revenue Recovery. These teams diligently work with all departments to identify areas for improvement and enhance processes and capabilities to accomplish our companywide objectives.

In mid-August Vizient reached out to the Institute of Internal Auditors (IIA), the governing body of the audit profession, to perform the first ever external quality assessment (EQA) of our Internal Audit team. Through this type of systematic approach, the team is able to get an idea of where they stand on compliance with the IIA Standards and reflect on areas of opportunity.

"The IIA recently assessed our structures, policies, procedures and processes, and I am pleased to report the Internal Audit team received the highest rating achievable," said **Julie Pence**, leader of Audit Services. "These results have been shared with executive management and our Audit and Compliance Committee – both were highly pleased and send their congratulations to the team."

In total, the IIA spent a week here at Vizient meeting with **Byron Jobe, David Erdel, Ashley Weathers, Colleen Risk** and others to assess the Internal Audit function and gain a 360-degree view across the enterprise.

#### EQA measured the team in four areas

- Governance** – Review of team charter, quality assurance and improvement program and independence and objectivity
- Staff** – Review of staff's proficiency, due professional care and continuing professional development (including years of experience, certifications, training records, etc.)
- Management** – Review of the 52 IIA Standards governing the management of internal audit activities (including how our strategic plan, annual risk assessment and audit procedure manual align with Vizient's overall strategic goals).
- Process** – Review of processes that internal audit uses on assurance and consulting engagements (including planning, execution, documentation, etc.)

#### Internal Audit supports us all

Not only does the IIA's recognition reflect Internal Audit's hard work and commitment to leading practices, it also highlights the collaborative relationships among business partners here at Vizient.

"An auditor's role has historically been perceived as identifying every inconsistency without consideration of value to the organization," said **Wei-Fu Tan**, leader of Internal Audit. "Over the past several years, we've been dedicated toward a shift – both in culture and tone – as we've been focusing on adding value to further support our business partners."



### Vizientinc.com Newsroom

#### Vizient Blog

10/2/2018 - Building better teams to meet health care needs

#### Vizient in the News

8/20/2018 - 20 leading revenue cycle management vendors

#### Press Release

9/27/2018 - Vizient 2018 Fall Connections Summit and Innovative Technology Exchange set for October

### Action Items

- 9/18 - 10/12: Vizient Foundation relief fundraiser for Vizient employees
- 10/23: Update your personal con information in Workday

### Master Calendar

# Summary

## Prepping for EQA

- Make sure you have the latest QA Manual
- Talk to peers about their QA experiences
- Be your own worst critic!

## Selecting EQA assessor

- Involve legal sooner to expedite the engagement letter approval process

## Prepping for onsite visit

- Everything takes longer than you think (the review is extensive!)
- Some interviews will have to be via phone and/or prior to onsite
- Organize & standardize workpapers in a easily shared format

## Onsite visit

- Conduct a kickoff meeting with assessors
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## Lessons learned...toot your own horn!

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