BlueSynergy ASSOCIATES

7723 Tyler's Place Blvd., Ste. 119
West Chester, OH 45069
Toll Free- 1-844-424-7825

Value-Added Auditing: An Introduction

We need help!

"*We need help with our audit program". "Our internal auditing is expensive and leadership wants it to show value". "We have all these trained auditors and nothing to show for it".* And finally, "*our auditors will audit where they know they'll find the known problems*".

These are quotes that BlueSynergy Associates hears in almost every conversation we have with DNVGL hospitals. These statements are coming from the individuals who are in charge of the audit program, the internal auditors, and of course **leadership.**

Who are we actually trying to satisfy with all these audits we need to do? The new ISO standard for 2015 knows that many stakeholders exist and that is why we need to identify our internal and external stakeholders and the context of our QMS.

At BlueSynergy Associates we talk about a new style, a more powerful approach to helping you set up your audit program to better demonstrate **how finances are linked to providing patient care** and then when you begin to show these linkages, the real sustainable improvements your hospital will then demonstrate, all using your accreditation. Just imagine, accreditation now begins to shed the perception of being an expense to becoming an asset, which has tangible ROI.

Your hospital **changed** accreditation for a reason; the change is to better help you achieve your Mission and Vision. Now let's **change** the way you manage, plan, conduct, and report your audits.

What is going to help me change?

Value-added auditing (VAA) is a proven method for looking at effectiveness of an organization's operational and financial performance. It has its roots in the US Government Accountability Office (GAO) "Yellow Book". The Yellow book is an in-depth look at the activities **(processes) that affect finances.** VAA has evolved to fully integrate a **full process perspective** while understanding the **financial effect on the organization.** Greg Hutchins, author of "*Value-Added Auditing: The Standard Manual of Risk-Based Process Auditing*" describes in his book the process for conducting practical, cost effective, risk based audits in many different functional areas.

Here is what some are saying about VAA.

"This approach to auditing represents a total paradigm shift. Instead of acting like policemen and auditing as punitive and after the fact, this new approach stresses collaborative team effort, participatory problem solving and proactive improvement rather than reactive corrections."

David Wallace, Former Director of Compliance, State of Texas

"Value-Added Auditing is the right way to uncover risks in today's organizations. It delivers the in-depth diagnosis needed for proactive risk analysis and improvement"

Edward JMetzler, President – Accredo Corporation

What does VAA mean?

Value-added auditing (VAA) can be defined as a systematic, objective appraisal by independent auditors to determine whether:

i) Financial and operational controls are reliable

ii) Organizational risk is identified and managed

iii) Compliance to external requirements (NFPA, OSHA, etc.)

iv) Conformance to ISO 9001, NIAHO and other applicable standards

v) Efficient use of resources and

vi) The organizations objectives are effectively achieved.

While this is an exhaustive definition, it demonstrates the depth and value of the VAA. In a simplified form, VAA is a true organizational performance audit**.**

How long does it take to see these results?

Getting to this degree of internal auditing is something that the **C-suite would love to see;** yet it does not happen overnight. Most all audit programs that I've seen in healthcare are still in the ad-hoc stage. So, logic tells us to begin to move toward this level of performance auditing at a measured rate. Get education, practice, perfect, sustain and repeat. Most organizations state that the move to true performance auditing takes about 4 years. Regardless of the length of time, each cycle of education, practice, perfect and sustainment takes your auditors and their findings to the next level.

How do I build a VAA Audit Program?

The four steps in the lifecycle of VAA include:

1. Managing the VAA
2. Planning the VAA
3. Conducting the VAA
4. Reporting the VAA results

Each of these steps contains multiple components. BlueSynergy Associates can help you organize these components into levels of complexity to allow for a measured approach. Utilizing your time and resources over a planned timeline will better ensure sustainable success. Slow and steady wins the race!

What happens next?

In the next several newsletters (December 2015), BlueSynergy Associates will introduce these four steps of VAA in a series of articles. We will outline each step and give examples of the components. We will also present a typical implementation strategy, one that usually lasts up to four years. The organizational reward for effective performance audits is both operational and financial, thus creating a safer patient environment. In today's volatile, uncertain, complex and ambiguous healthcare environment, having a VAA program can help your organization not only survive, but excel!

Question: What will you do and what will you NOT do to update your audit program to conform to the new 2015 standard?