

Client's challenge

A payer needed an internal audit function that would fit the scope of its business and meet industry standards. While performing first-year internal audit work, PricewaterhouseCoopers recognized that the client had undervalued the importance of an effective internal audit function. In today's complex payer environment, this client faced increased financial risk by not having an actively managed internal control environment.

PricewaterhouseCoopers' Advisory solution

PricewaterhouseCoopers presented a business case to management and the audit committee that the company needed to establish an internal audit function that would measure up to industry standards and create effective governance. We identified the client's critical internal audit need and presented the value drivers. To establish credibility, we leveraged benchmarking data from a national internal audit roundtable, whose membership included the nation's 40 largest healthcare payers and providers.

We were engaged to develop an enterprise-wide internal audit plan. Our internal audit professionals and industry subject matter specialists worked together to identify risks and develop a comprehensive audit plan.

The assessment identified numerous risks, persuading management that the company needed stronger internal controls. One of those risks, the lack of quarterly execution of claims adjudication, could have jeopardized the entire contract and impeded cash flow. The risk assessment also proactively identified multiple risks involved in a major acquisition the company was undertaking.

Impact on the client's business

Because of our commitment to help this client correct its internal audit deficiencies and create an effective governance structure, the company implemented operational improvements and enhanced its control environment to manage risk and improve financial reporting. As a result, the client realized cost benefits, enhanced financial operational compliance, and improved IT system performance.

Contact:

Jeff Hoover
(724) 934-2062
jeff.hoover@us.pwc.com