

The Office of Hopkins Internal Audits Annual Report



JOHNS HOPKINS
UNIVERSITY



JOHNS HOPKINS
MEDICINE



Fiscal Year 2020

Vision

For the benefit of Johns Hopkins Institutions, the Office of Hopkins Internal Audit will:

- Be a catalyst in improving the internal control environment through raising awareness and providing assurance
- Develop creative audit approaches in response to change
- Be viewed as a leader in Higher Education and Healthcare internal auditing

Mission

OHIA is an independent service provider who supports the tripartite mission of Johns Hopkins by championing internal controls and providing assurance of effective risk mitigation by performance of the following services:

- Internal Audit
- Risk Advisory
- Training and Awareness
- Fraud and Special Investigations

In carrying out these services, OHIA leverages innovative approaches and technological tools including data analytics to ensure near real time transparency into the institutions risk environment.

OHIA seeks to develop an engaged staff with subject matter expertise in various institutional and industry-relevant areas and leverages an extensive group of peer relationships in order to provide value-added feedback and advice to the organization.

Values

- Integrity
- Excellence
- Respect
- Collaboration

Office of Hopkins Internal Audits —Year In Review

In fiscal year (FY) 2020, the Office of Hopkins Internal Audit (OHIA) continued to add value to the organization in many ways, including a significant re-alignment of the function to support COVID-19 related activities. The fiscal year annual internal audit plan focused on high priority areas, including COVID-19 response, research, international and clinical operations and was effectively managed balancing our commitment to the plan while being responsive to a significant number of high priority special investigations. These investigations included work related to athletics, employee conflict of interest and foreign involvement in NIH-funded research. In addition, to this, OHIA partnered with Johns Hopkins University (JHU) Human Resources to strengthen employee benefits administration practices including performing an internal review of the Office of Benefit Services and audits of University retirement plan vendors. We also participating in numerous JHU and JHHS policy initiatives including JHU's implementation of a financial transaction approval policy. In addition, the Office continued to play a role in other organizational initiatives including the School of Medicine Operations Process Transformation initiative, the University's Policy Project, the University's Global Operations Team, the Johns Hopkins Medicine Enterprise Risk Management and the University's Institutional Risk Management (IRM) programs while also contributing to important leadership searches (e.g. Jhpeigo COO/CFO, JHBPSH). Related to the OHIA's strategic plan, we continued supporting our suite of data analytics, implemented a new internal audit reporting format and supported the performance of an external quality assessment review (QAR) to measure the internal audit function against internal audit professional standards. Late in the year, OHIA established a COVID-19 Response team and began to align internal audit expertise to support internal controls considerations related to processes being revised or established related to the pandemic. This includes various areas including payroll and benefit changes, remote working and support of the federal funding relief efforts. This will continue to be a major focus moving forward.

Strategic Planning

FY2020 was the fifth and final year of the five-year strategic plan developed by Internal Audit and approved by the Board Audit Committees in FY2016. The strategic plan identified areas the department would seek to implement over a 5-year time horizon and included:

- Enhancing the **Business Acumen** of Internal Audit Staff to enhance our credibility and to ensure relevant, high-quality advice
- Investing in **Data Analytics** to provide more transparency into the organization and more timely assurance around key business processes
- Establishing a formal **Risk Advisory** service line designed to provide more opportunities for Internal Audit to influence risk mitigation throughout the organization
- Developing a formal **Communication Strategy** including internal controls and risk mitigation training offerings designed to enhance the overall culture of the Institutions

Tactical efforts in FY2020 focused on continued investments in data analytics, launching a new internal audit report format, and support of an external QAR. Investments in data analytics continue to resonate throughout the organization as internal audit works to change the audit paradigm from a periodic audit approach to near real-time auditing of key administrative processes.

Cyber threats and attacks continue to grow in number and complexity—all while the business world grows increasingly connected and digital. Amid this new landscape, managing cyber threats becomes a business and strategic imperative, with the stakes higher than ever.

Deloitte—Assessing Cyber Risk, 2017

According to a 2016 Ponemon Institute, an independent research firm focused on privacy, data protection, and information security policy, 70% of respondents believe that third-party risk in their organization is increasing significantly.

Office of Hopkins Internal Audit Perspective—Observations From Recent Audit Activity

COVID-19 Impact (IRM Risk 2015-21, JHM ERM #29)

The COVID-19 pandemic has significantly impacted the organization requiring changes to existing business processes and the establishment of new processes to prepare and respond to the pandemic. The pace of change has been significant and the organization must ensure that through the pace of change, internal control considerations are being properly considered. In FY2020, OHIA established a COVID-19 Response team, composed of various subject matter experts to assist the organization in thinking through these challenges. The challenges are vast from changes created by the transition to the remote work environment, to the implementation of financial mitigation (e.g., 403b contribution suspension) to accounting for federal funding relief. Areas are encouraged to engage internal audit in process change and development to ensure internal control considerations are being properly assessed.

IT Security (IRM Risk 2015-37, JHM ERM #10)

IT security continues to be a high-risk for the organization. In the past few years we have seen a number of large companies experience significant data breaches and the market for healthcare information creates significant incentives for sophisticated attacks. In 2014, Healthcare IT News reported that healthcare data breaches have increased 138% since 2012, with anywhere from 40-45 million patient records compromised. The penalties for these breaches can be significant, with HIPAA fines ranging from \$100 to \$50,000 per violation (record). In order to combat this threat, the organization maintains significant technological controls to prevent against data breaches, including firewalls, intrusion prevention systems, and multi-factor authentication. However, the organization must also address the behavior of its employees, as many breaches are caused by the individual actions of employees through sharing of passwords, phishing schemes, and lack of adequate protection of equipment/mobile devices. Continued vigilance and investment is needed in this area.

Transactional Approval (IRM Risk 2015-32, JHM ERM #18)

The University's decentralized structure creates challenges in overseeing the internal control environment around financial transactions. Most transactions are initiated and approved in departments throughout the organization where SAP approval structures are not consistent and the level and expertise of the staff varies greatly. In July 2017, a former University faculty member pled guilty to unlawfully obtaining travel expense reimbursements from the Johns Hopkins University totaling over \$550k, which illustrated these risks. These examples prove that it is more important than ever to ensure the University has the appropriate approval structures in place. In 2019, OHIA championed the implementation of an umbrella transactional approval policy stipulating the requirements for individuals approving transactions that ensures these principals are consistent across all policies. The policy was implemented on September 1, 2019 and compliance continues to be an important priority.

Conflict of Interest (IRM Risk 2019-2, JHM ERM #33)

In FY2018 and FY2019, OHIA investigated multiple allegations of employee conflict of interest and commitment. As such, there continues to be a need to remind employees of their responsibilities to disclose under Health System and University Conflict of Interest policies. Examples of situations that could pose the appearance of a conflict of interest include:

- Providing personal consulting for personal compensation to external parties for work that is similar to the work performed for Johns Hopkins
- Whenever an employees' relationship to an outside party might appear to influence either the conduct of University business, including procurement or the conduct of research within the University

In these instances, employees must disclose the relationship or situation to their supervisor in writing. The supervisor must evaluate the report and if necessary take action to appropriately manage the conflict.

Third-party Risk (IRM Risks 2017-6 and 2015-28, JHM ERM #15)

Third-party risk continues to increase as cost pressures in the industry have led to more outsourcing of operations. In a recent Deloitte survey of 170 firms, "87% have experienced an incident with a third-party that disrupted their operations, and 11% have experienced a complete failure in their vendor relationship." For the University and Health System, examples of third-party risk include research partners (subrecipients), human resources benefit providers, and information technology operations. The Institutions must continue to strengthen their risk management procedures over third-party relationships. As stated in Deloitte's report, "managing third-party risk is an ongoing process. It's about prevention rather than reaction". OHIA working in collaboration with University and Health System personnel, has been championing enhancements to vendor risk management to strengthen institutional processes in this area.

OHIA Facts

- 24 professional and administrative staff
- 78% of professional staff hold auditing-related certifications
- FY20 Internal Audit Budget was approximately \$4 million
- OHIA completed over 76 audit projects in FY2020 with many more in process at year end
- Our Administrative staff scheduled over 590 meetings in fiscal year 2020 in support of audit objectives; 92% of those meetings were coordinated within 5 days
- OHIA staffs three Board Audit Committees accounting for over 35 Board and Trustee Meetings

Departmental Leadership



Jim Jarrell, CPA, CIA

Chief Audit Officer

Jim Jarrell is the Chief Audit Officer for both The Johns Hopkins University (JHU) and The Johns Hopkins Health System (JHHS) reporting directly to the Audit Committees of the JHU and JHHS Boards of Trustees, with administrative reports during FY2020 to the JHU Senior Vice President for Finance and Administration, Daniel Ennis, and the JHHS Senior Vice President and General Counsel, Dan Shealer. In this role, he oversees all operational and information technology audits, risk advisory services, special investigations and assists in the coordination of the Johns Hopkins Medicine Enterprise Risk Management program. He started at JHU in 2002 as a Senior Internal Auditor, and has held positions of Advanced Senior Internal Auditor and Director. Jim has an Accounting Degree from the University of Maryland, Robert H. Smith School of Business, and is a Certified Public Accountant (CPA) and Certified Internal Auditor (CIA). He is former President and current Board Member of the Institute of Internal Auditors – Baltimore Chapter and a Board Member of the Johns Hopkins Credit Union currently chairing the Credit Union's Supervisory Committee. Prior to joining Hopkins, Jim served as an internal audit consultant with the professional services firms, Protiviti and Arthur Andersen



Debbie Radke, CPA

Sr. Director

Debbie graduated from the University of Maryland, College Park in 1974 obtaining her B.S. in Accounting with honors. Debbie is a CPA and Certified Healthcare Internal Audit Professional (CHIAP) who has 17 years public accounting experience in the Baltimore metropolitan area (E&Y, regional firm, and local firm) with a focus on the healthcare industry. In addition, she has 15 years experience working within the healthcare industry, including stints at Bon Secours Health System Inc. as Financial Director Long Term Care; Bon Secours Hospital Baltimore as Controller; and Keswick Multicare Center as CFO. Debbie came to Hopkins as a Director of Internal Audits in 2001 and was promoted to Sr. Director in 2014, appointed to lead the function with Jim Jarrell and Barry White. Debbie's work at Hopkins has primarily centered around Johns Hopkins Medicine, including revenue cycle, sponsored research, and payroll. As the Sr. Director of Internal Audits she leads a team of 4 Internal Audit Managers and 9 operational auditors. As a member of the OHIA leadership team Debbie has contributed to the development of the annual audit plan and audit methodology, departmental policies and procedures, departmental continuous improvement efforts, and strategic initiatives. She is an active member of the Association of Healthcare Internal Auditors (AHIA) recently having received the Founders Award for her years of service. This is AHIA's highest and most prestigious award and recipients of the Founders Award represent AHIA's "Hall of Fame."

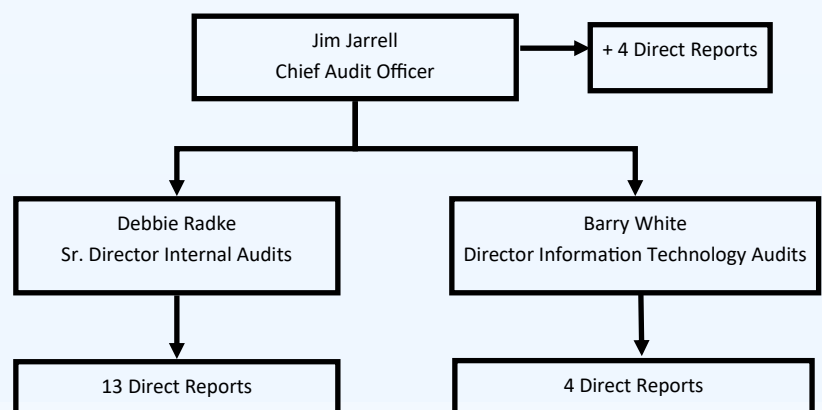


Barry White, MBA, CISA, CISM

IT Audit Director

Barry graduated with honors from Towson State University in 1980 and received his MBA from the University of Baltimore in 1986. He was hired in the IT industry in 1980 and for eight years worked for a number of large companies performing a multitude of functions, including systems and application programming, system implementations, and security. Barry was an associate professor at one of the local community colleges and taught computing courses for several years during the evening. He came to Johns Hopkins in August of 1988 as an IT Auditor and has been with Internal Audits since then. He achieved the Certified Information Systems Auditor (CISA) designation in January 1991, the Certified Information Security Manager (CISM) designation in June 2004, and the CHIAP in August 2019. As the Director of the Information Technology Auditing team he is a member of the OHIA Management team.

Organizational Chart



Strategic Plan Goals

- Enhancing the **business acumen** of internal audit staff to enhance our credibility and to ensure relevant, high-quality advice
- Investing in **data analytics** to provide more transparency into the organization and more timely assurance around key business processes
- Establishing a formal **risk advisory** service line designed to provide more opportunities for internal audit to influence risk mitigation of the organization
- Developing a formal **Communication Strategy** including internal controls and risk mitigation training offerings designed to enhance the overall culture of the Institutions

Strategic Plan Year 5 Accomplishments

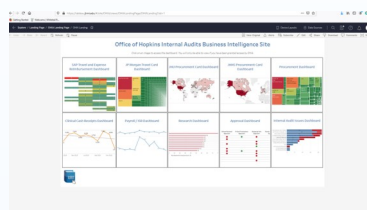
- Updates to existing dashboard tools and continued growth in external user base
- Expanded data analytic capabilities to the JHU Applied Physics Lab through the creation of a JHUAPL procurement card dashboard.
- Launched and refined revised internal audit report format
- Completion of external Quality Assessment Review which conclude OHIA as Generally Conforms with Internal Audit Professional Standards, the highest level of assurance under the Standards.

Office of Hopkins Internal Audits —Strategic Plan

FY2020 was the fifth year of the five-year strategic plan developed by OHIA and approved by the Board Audit Committees in FY2016. Tactical efforts in FY20 focused on continued investments in data analytics, launching a new internal audit report format and support of an external QAR. Investments in **data analytics** continue to resonate throughout the organization as internal audit works to change the audit paradigm from a periodic audit approach to near real-time auditing of key administrative processes. In FY2020, OHIA continued to maintain our suite of data analytical dashboards which are used to support continuous auditing while also being available to management across JHU and JHHS as monitoring tools. Continuous audit approaches are in place around travel, clinical cash handling, procurement, payroll and research. In addition, OHIA designed and built a procurement card dashboard to support the Johns Hopkins Applied Physics Lab while also building/maintaining an approval dashboard to support JHU's implementation of the Financial Transaction Approval Policy. Finally, OHIA built a research dashboard and is working on a pilot continuous audit approach around University-related sponsored research.

Data Analytics and Continuous Auditing

Investments in **data analytics** continue to resonate throughout the organization as internal audit works to change the audit paradigm from a periodic audit approach to near real-time auditing of key administrative processes. In FY2020, OHIA continued to maintain our suite of data analytical dashboards, which are used to support continuous auditing while also being available to management across JHU and JHHS as monitoring tools. Continuous audit approaches are in place around travel, clinical cash handling, procurement, payroll, and research. In addition, OHIA designed and built a procurement card dashboard to support the Johns Hopkins Applied Physics Lab, while also building/maintaining an approval dashboard to support JHU's implementation of the Financial Transaction Approval Policy. Finally, OHIA built a research dashboard and is working on a pilot continuous audit approach around University-related sponsored research.



In FY2020, OHIA also launched a new **internal audit report** format designed to more effectively communicate audit results to various stakeholders across the organization. The new report leverages an overall rating for the area and a more descriptive audit and issue format describing areas/controls in three ways, operating effectively, generally operating effectively, and not operating effectively to assist in the communication of individual audit findings, while also providing insight on the performance of the area as a whole.

New Executive Summary

New Attachment A—Detailed Issues

Finally, in FY2020, OHIA worked to support the performance of external **QAR** of the function, drafting the request for proposal under the oversight of University Procurement, reviewing proposals and collaborating with JHU and JHHS leadership to make a final recommendation to the Board. E&Y was selected to carry out the QAR and we supported them during the review including scheduling coordination, workpaper review, and interviews. The scope of the review was to evaluate OHIA's compliance with professional standards for internal audit while also obtaining stakeholder feedback from across the organization. E&Y issued their report in May 2020.

Feedback Received During QAR

What E&Y Heard

OHIA has excellent leadership with a strong strategic, highly collaborative, and valuable audit function

OHIA demonstrates a solid understanding of both businesses

Over the past five years, OHIA has increased the visibility of the function and its capability across the organization

There is an opportunity for clarification of roles and greater coordination with other risk functions

There is an opportunity for OHIA to share process efficiencies and opportunities for improvements across the organization

OHIA should perform a succession planning and organizational future skills assessment

Stakeholder Quotes—Current State:

“Leadership at OHIA is excellent”

“OHIA staff have a good understanding of the business”

“Risk advisory approach is collaborative and insightful.”

“OHIA is definitely a valued business partner”

“OHIA is always responsive and accommodates audit requests”

“Over the past five years, OHIA has made themselves more visible to the organization and has become an even more valuable business partner”

“The continuous monitoring audits are providing quick and valuable insight”

Office of Hopkins Internal Audits—Results of Quality Assessment Review

The International Standards for the Professional Practice of Internal Auditing (the Standards) require an external quality assessment review (QAR) to be performed over the internal audit function every five years. In fiscal year 2020, the professional services firm E&Y was hired to completed a QAR over the Office of Hopkins Internal Audit. In completing the review, E&Y performed 45 stakeholder interviews, reviewed the OHIA governance structure, policies and procedures and workpapers supporting 8 audits. They also assessed OHIA's processes against the E&Y leading practice internal audit maturity model and performed benchmarking of OHIA against peer organizations.

E&Y concluded that OHIA “generally conforms” with the Standards and is well positioned to serve the organization. This is the highest ranking achievable under the Standards.

IIA standard	Rating
1000 – Purpose, authority, and responsibility	GC
1100 – Independence and objectivity	GC
1200 – Proficiency and due professional care	GC
1300 – Quality assurance and improvement program	GC
2000 – Managing the IA activity	GC
2100 – Nature of work	GC
2200 – Engagement planning	GC
2300 – Performing the engagement	GC
2400 – Communicating results	GC
2500 – Monitoring progress	GC
2600 – Communicating acceptance of risks	GC
Code of Ethics	GC

E&Y also identified important opportunities that should be pursued in order to enhance the overall function and to further elevate the quality of services provided to JHU and JHHS. Many of E&Y's other recommendations are strategic in nature and designed to elevate the Office of Hopkins Internal Audits to the next level of best practice. As such, we welcome the opportunity to consider these as we develop our next 5 Year Strategic Plan. Key insights that will be focused as a part of that process include:

- Defining formal succession plans for key leadership roles and establishing individual career maps for all internal audit personnel.
- Working collaboratively with management and the Board of Trustees to evaluate internal audit resources and to pursue creative opportunities to enhance audit coverage including further alignment with other JHU and JHHS risk/compliance functions, guest auditor programs, and technological enhancements.
- Formalizing internal audit approaches for educating the broader organization on emerging risk and internal control considerations.
- Implementing departmental initiatives to increase efficiencies, including enhancements to stakeholder reporting and performance monitoring.

The development of the next 5-year period of our strategic plan will be a collaborative process working with management and the Board of Trustees and will be a major goal for FY2021.

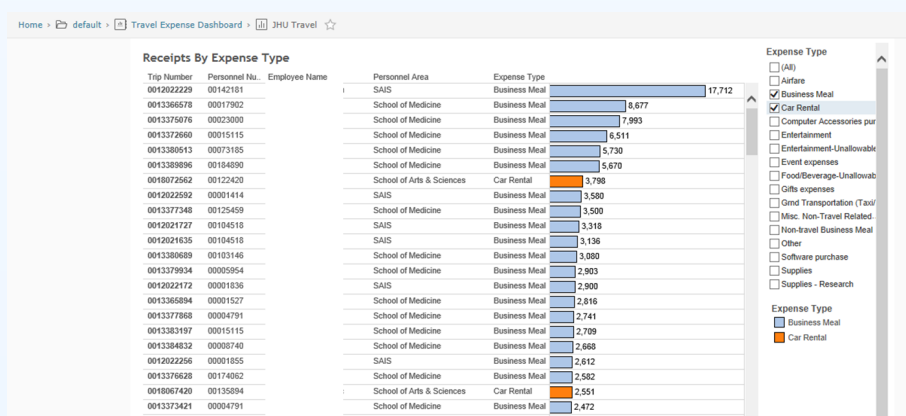
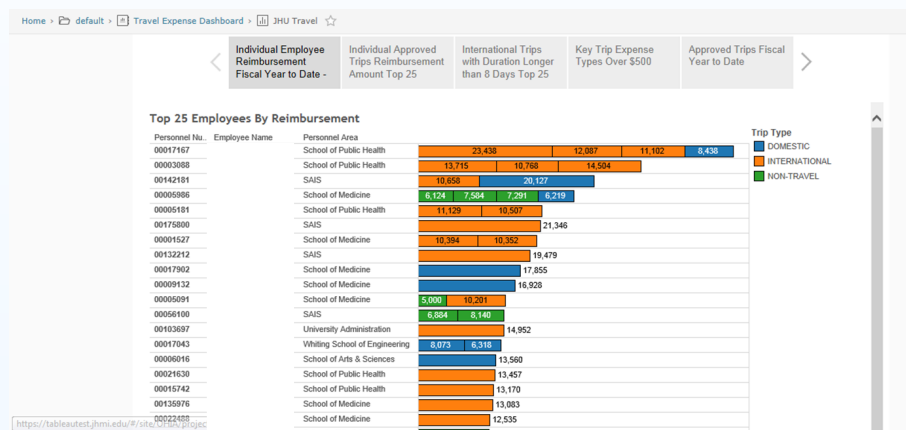
“With advancements in technology, ease of use, and affordability of tools, now more than ever internal audit can focus on building a keen sense of direction to leverage data in a way that provides greater business insights, increases efficiency, enhances monitoring activities, and allows the company to respond better to risks.” - 2015 PwC State of the Internal Audit Profession

“Traditional internal audit (IA) methodologies have served their purpose well for decades. However, as the business landscape for most organizations becomes increasingly complex and fast paced, there is a movement toward leveraging advanced business analytic techniques to refine the focus on risk and derive deeper insights into the organization. Leading IA functions are embracing recent enhancements in data mining technology and data visualization tools to deliver results more dynamically in response to risk, dive deeper into organizational data, and deliver fact-based insights.” - Deloitte Perspectives—Transforming Internal Audit Through Data Analytics



Changing the Audit Paradigm—Moving from Periodic to Near Real-time Assurance

By leveraging data effectively, internal audit can provide near real-time assurance over critical business process. Through a combination of data analytics and visualization tools, the Office of Hopkins Internal Audits has built data dashboards that can be leveraged to perform continuous auditing and to provide early warning indicators to management.



Management Requests and Special Investigations

Each year the Office of Hopkins Internal Audits fields a significant number of request from management. Internal Audit is responsive to these requests and re-prioritizes the audit plan as necessary to accommodate. Examples of these in FY2020 include:

- COVID-19 Pandemic Response
 - Convention Center Field Hospital
 - Telemedicine
 - Federal Relief Funding
 - Employee Relief Funds
- Clinical Pharmacology Analytical Laboratory
- School of Medicine Faculty Compensation
- School of Education Counseling Programs
- Homewood Security, Dorm Access
- Johns Hopkins Hospital Nursing Compensation Changes

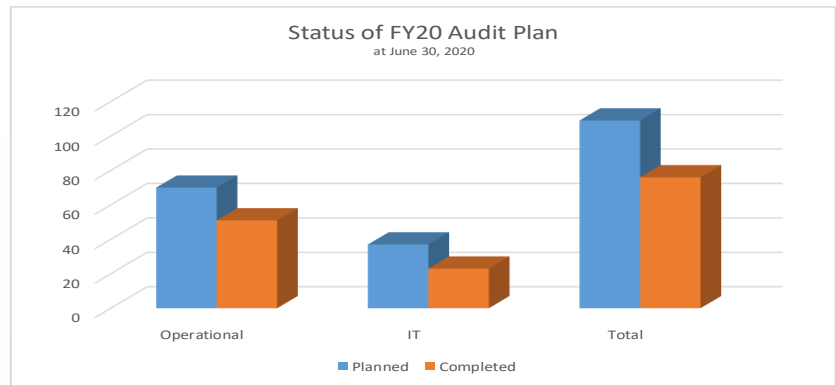
Other Activities

The Office is participating in a number of process improvement and risk-related initiatives including:

- JHM Enterprise Risk Management
- SOM Operations Process Transformation Initiative
- JHU Policy Project

FY2020 Audit Plan Status

At June 30, 2020, OHIA completed 76% of the FY2020 plan, with 33 projects in process, which were carried over into the FY 2021 audit plan.



FY2020 Audit Plan Highlights

Research <ul style="list-style-type: none"> • Four departmental research audits <ul style="list-style-type: none"> — SOM – Research Management Services — SOM Cardiology — SOM Ophthalmology — BSPH International Health • Clinical Trials • Monitoring Conflict of Interest in Research Management Conditions 	Clinical <ul style="list-style-type: none"> • JHM Disposition of Opioids/Controlled Substances • JHACH Health Information Management • JHHC Appeals • MacroHelix 340b Post-Implementation Review • SOM/JHCP Infusion Services • Potomac Home Health
Information Technology <ul style="list-style-type: none"> • IT@JH Data Center • JHACH IT Security • SSEI Apps Review • MSOW Clinician Credentialing System • Epic Reviews <ul style="list-style-type: none"> — Change Control — MyChart — Community Connect — Access Termination • Cloud Phase 2 • Webservers and Accessibility • Cybersecurity Risk Assessment with CISO 	Payroll <ul style="list-style-type: none"> • JHU Office of Benefit Services • JHU Retirement Plan Vendor Audits <ul style="list-style-type: none"> — TIAA — Fidelity — Vanguard — Prudential • SH/SMH Dependent Eligibility • Intermediate Sanctions • JHACH FML • JHACH Flexible Spending Accounts • JHH Timekeeping Practices
International <ul style="list-style-type: none"> • One international field office audits (Kenya) • Johns Hopkins Aramco Healthcare (JHAH) Revenue Cycle 	Procurement <ul style="list-style-type: none"> • Accounts Payable Shared Services • Pre-implementation Review – Concur Travel Reimbursement • SOM Executive Card • SOM Facilities, Maintenance and Plant Operations • JHHS Signature Authority
Continuous Audits <p>Performed Monthly on a Sample-Basis on Risk Assessment Indicators noted in OHIA Dashboards)</p> <ul style="list-style-type: none"> • Johns Hopkins University and Johns Hopkins Health System Travel Reimbursement • Johns Hopkins University and Johns Hopkins Health System Procurement (including Procurement Card) • Johns Hopkins University and Johns Hopkins Health System Payroll • Johns Hopkins University Research • Johns Hopkins Medicine Clinical Cash Receipts 	Other <ul style="list-style-type: none"> • JHBMC Affiliate Entity Audit • JHACH Child Safety • JHHS Treasury • SOM Pediatrics Philanthropic Funds • University Health Services • Undergraduate Admissions • SOM Registrar's Office • JHU - USNWR Rankings • Construction Audits <ul style="list-style-type: none"> — Viragh — McCauley Hall — Sibley Proton — Suburban Campus Redevelopment – Phase I — Greenspring Pavilion III

Fiscal Performance

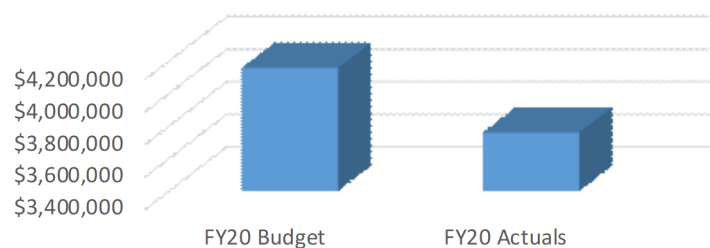
Fiscal stewardship is a key goal of the Office of Hopkins Internal Audit as we can not expect to hold others accountable to standards we are not willing to follow. In FY2020 OHIA was able to substantially meet its commitments to the organization and ended the fiscal year significantly under budget. There were two main driving factors:

- There were four vacancies in FY 2020, which reduced the actual salary costs against budget
- The Office of Hopkins Internal Audit's work with Johns Hopkins Medicine International brought in additional revenue to the department totaling approximately \$101k. Since FY2016, OHIA has generated approximately \$400k in additional revenue for the organization as a result of this relationship. In addition to this, OHIA received \$98k in additional un-budgeted support from Jhpiego.

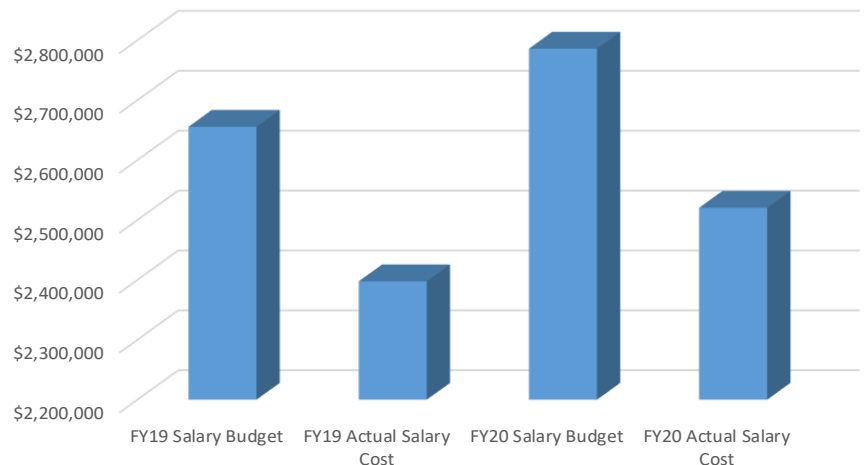
At fiscal year end, the department ended up approximately \$397k under budget.



OHIA FY2020 Budget to Actual Fiscal Performance



FY2019 to FY2020 OHIA Salaries Budget to Actual



Department Administration

Some turnover in department staffing occurred in FY2020 with turnover in two positions as of May 2020. Recruiting for these positions was put on hold in light of financial challenges related to the COVID-19 pandemic.

Because of these vacancies, effective budget management and additional funding received from our work with Johns Hopkins Medicine International; the department ended FY2020 under budget.

The vacant positions were eventually eliminated in early FY21, resulting in over \$400k in permanent cost savings to JHU and JHHS.

The OHIA management team continues to watch employee engagement and conducted a Gallup pulse survey in May 2020.

In FY2020, OHIA established a working group focused on enhancing perceptions that employee's opinions have value broadly throughout the department in all activities would perform. The workgroup has made a number of recommendations that OHIA will be implementing in FY2021.

“Employees who believe that management is concerned about them as a whole person – not just an employee – are more productive, more satisfied, more fulfilled. Satisfied employees mean satisfied customers...”

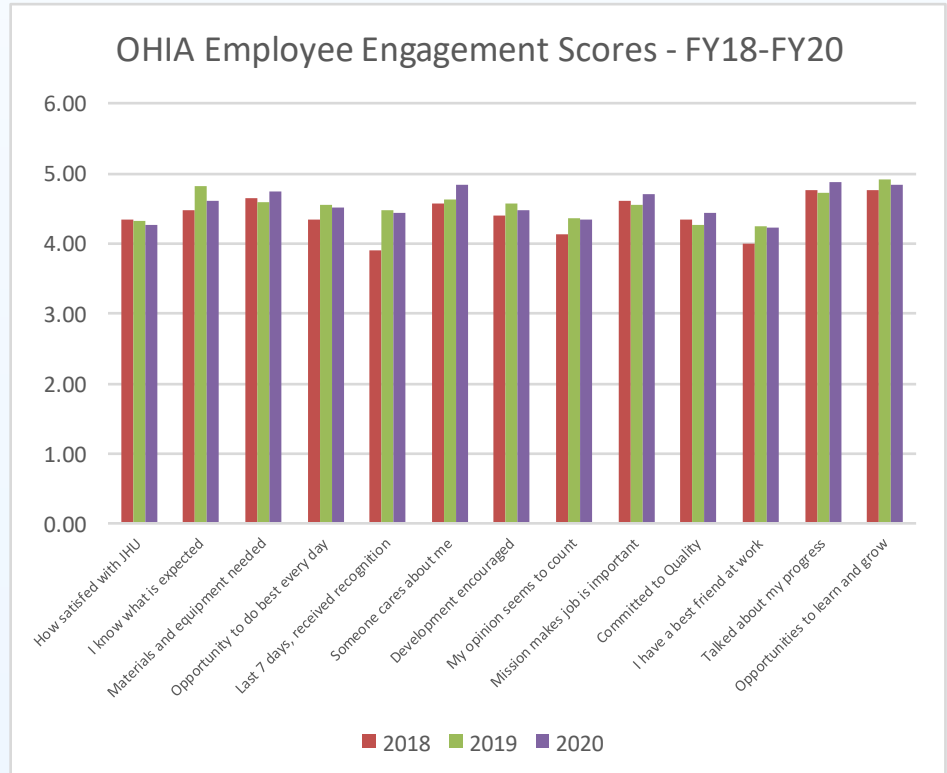
– Anne M. Mulcahy



Department Snapshot

Total Staff	26
Average Years of Professional Experience	20
Average Years at Hopkins	9.7
Total Certifications	21
FY2020 Turnover Rate	4%

Employee Engagement



Departmental Metrics

OHIA utilizes various tools and metrics to gauge operational performance, including:

- Client Surveys
- Annual Surveys of Senior Leaders
- Open Audit Issues Tracking Database

Client Comments

"The results of the audit uncovered areas for improvement that we would not have identified on our own. It takes a process like this to realize the knowledge in our heads versus the knowledge we document and can share in order to be able to transition duties to others"

"Auditors understand the business process and challenges"

"New reporting format is much friendlier and easy to consume, nice job. Auditors are always professional and collaborative."

"The audit was thorough and I believe the results were transformational in nature and will really help JHHCG develop a proactive approach to denials management."

"The audit team was organized, clear in their instructions and provided relevant updates along the way. They reached out with questions and concerns, appropriately and as necessary."



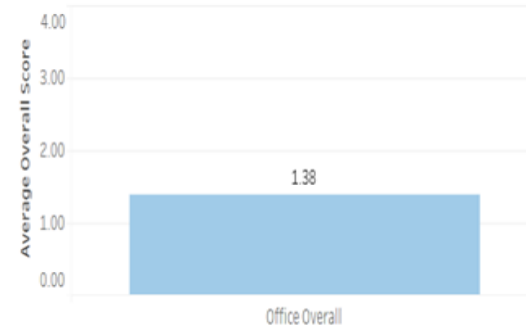
Client Survey Results

After every project, feedback is requested. Clients are asked to rate the function on a scale of 1 to 5 (1 being the highest overall satisfaction). The response rate in FY2020 was approximately 32%. The following charts display the overall scores in FY2020.

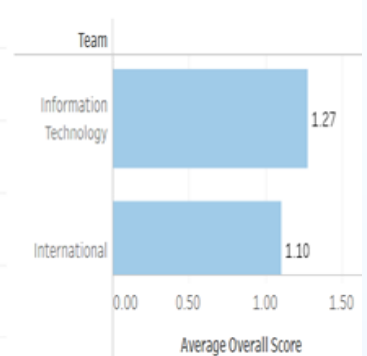
Internal Audit Projects

Overall Score - OHIA

Note: When accessed by auditor, team data will only reflect that auditor's data.



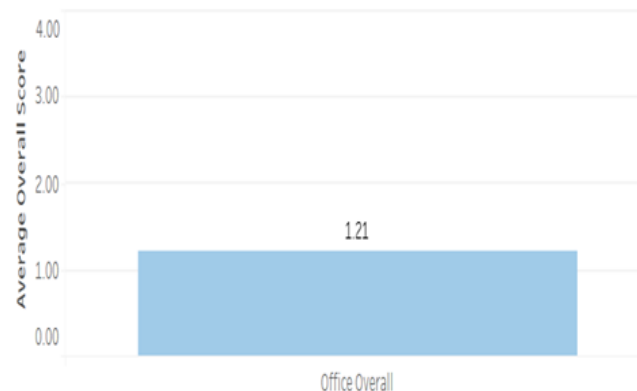
Overall Score by Team - All



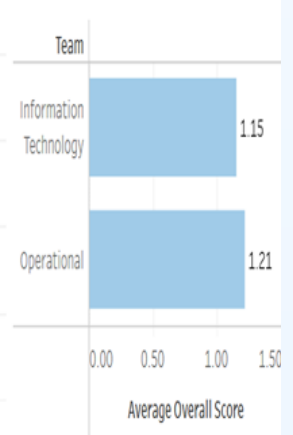
Risk Advisory Projects

Overall Score - OHIA (Advisory)

Note: When accessed by auditor, team data will only reflect that auditor's data.



Overall Score by Team - All (Advisory)



Looking Forward to FY 2021

OHIA undergoes an annual planning process to develop the annual internal audit plan. During that process we meet with over 50 leaders across the institution.



FY 2021 Audit Plan and Goals

We strive to support the mission of our organization by working collaboratively with management to provide advice on managing risk and by performing routine internal audits designed to measure the effectiveness of risk mitigation-related efforts. Each year in developing our audit plan, OHIA performs a detailed risk assessment and meets with leadership across the organization to obtain their input. The COVID-19 pandemic presented significant challenges in planning for FY2021.

HIGHLIGHTS FROM THE FY2021 INTERNAL AUDIT PLAN

COVID-19

OHIA has worked to position itself in order to best support organizational mitigation efforts. As processes have changed or new processes have been implemented in response to the pandemic, OHIA has worked collaboratively with management to evaluate internal control considerations and to ensure risks are sufficiently mitigated. These include federal relief funding considerations, tax compliance, telemedicine, and various human resources areas, including retirement plan contribution suspensions and employee relief funds.

Patient Safety

In previous years, OHIA has incorporated data validation testing around quality metrics used to measure patient safety that also have an impact on clinical reimbursement. In light of patient safety issues uncovered at Johns Hopkins All Children's Hospital, in FY2021 OHIA is planning to partner with the Armstrong Institute to evaluate JHM institution-wide processes supporting the monitoring of patient safety at both the central and affiliate levels.

Johns Hopkins HealthCare

Audit plan areas over this \$2b managed care company includes (1) Claims Processing and Benefit Determination, (2) Provider Contracting, (3) Member Premium Billing, (4) Member Complaints and Grievances, and (5) IT Systems and Operations

Johns Hopkins Medicine International (JHI)

In FY2020, an accounting error was discovered in the valuation of JHI's purchased accounts receivable. The root cause of the error was related to inaccurate documentation from the International Billing System used to support the cash posting in SAP, combined with a failure to reconcile. Given the significance of this error, starting in FY2021, OHIA will test JHI's billing and collection processes on an annual basis for the foreseeable future.

Research

Departmental research audits and international field office audits will continue in FY2021 in addition to a focus on high profile areas including research misconduct, Section 117 reporting on international gifts, and foreign influence in federally-funded research.

Information Technology (IT) Security

Our focus on IT security also continues in FY2021, as we work collaboratively with the Chief Information Security Officer to support IT security related initiatives. Key areas of cybersecurity focus include a general controls review of the Mt. Washington Data Center, evaluation of various servers managed outside of central IT, web server security and accessibility, and Student Information Systems security.

Other Activities

OHIA has also incorporated the following activities into the FY2021 audit plan:

- Construction Management, audit activity around the expansion of construction activity throughout JHU and JHHS
- Payroll and Benefits:
 - Termination Processing
 - Timekeeping and payroll processing
 - Health Plan Oversight
- Undergraduate Admissions
- External Rankings (e.g., US News & World Report)
- JHM Entity Audit
- Other: JHHS Treasury Operations (Cash and Investments) and specific activities of JHU, including (1) Undergraduate Admissions, (2) External Rankings (e.g., US News & World Report), (3) New Endowment Operations, and (4) Intermediate Sanctions

Risk Advisory Work

Planned risk advisory activities for FY2021 include our continued participation and support related to the Johns Hopkins Medicine Enterprise Risk Management Program, the School of Medicine's Operations Process Transformation Project, and the University's Policy Project. In addition, we will be performing risk advisory activities related to the JHU Student Services Excellence Initiative, pre-implementation reviews for the Epic Beaker application across JHHS and the Electronic Health Record and Billing application at Johns Hopkins All Children's Hospital.