



Development

By Mark Eddy, CPA

This column should be published at approximately the time of the AHIA National Conference. As such, I'd like to discuss—development. I hope you have or will be attending our San Diego, CA conference. The Conference Committee worked diligently to create a solid multi-track education opportunity for you and all our teammates.

Self-development has never been more important or challenging than now. We've looked previously at the value AHIA provides; this continues to be a challenge during these interesting economic times. What is the biggest impact the economic crisis has had on internal auditing? Our ongoing self-development keeps us focused on adding value to our organizations and, thus, maximizing our importance as assets to our stakeholders.

The Obama administration and Congress have expressed a willingness to overhaul our healthcare system. My opinion of whether any potential change is good or bad is irrelevant. What is important is our professional preparedness to assist our organizations through whatever changes may be enacted. I am reminded of the saying that "progress requires change, but not all change is progress." In my column last quarter, I addressed the need for internal auditors to be conversant regarding several topics such as revenue streams, payment models, cash flow and capital generation. Additionally,

we must read, listen, discuss, and consider potential change implications to healthcare delivery methods, quality requirements, reimbursement structures, and other areas. How will we help our organizations survive and thrive in a change environment? Invest time in your self-development in conjunction with your teammates at the office, in government, and in AHIA and other professional associations.

I hope your self-development reading is varied. Don't get bored reading the same thing; keep it fresh and gain others' perspectives of how they look at life. Many of us report to the audit committee and/or perform audit procedures related to governance. I recently read *The Snowball Warren Buffett and the Business of Life* by Alice Schroeder and found one paragraph from the book to be quite insightful.

"He said he had a short set of questions for the audit committee at Berkshire Hathaway:

- If the auditor had prepared the financial statements herself (as opposed to their being prepared by the company's management), would they have been prepared the same way?
- If the auditor were an investor, could he understand how the company had performed financially from the way the

financial statements were presented and described?

- If the auditor were in charge, would the company follow the same internal audit procedures?
- Did the auditor know about anything the company had done to change the timing of when sales or costs were reported to investors?

If auditors are put on the spot, Buffett said, they will do their duty. If they are not put on the spot... well, we have seen the results of that."

These questions drive to the core of auditor independence and objectivity, knowledge of the business and industry, internal controls, regulatory compliance, and transparent reporting. These questions are as relevant to the internal auditor as to the external auditor. Ask yourself these questions about your own organization. Are you comfortable with your answers? Would your audit committee be comfortable with your answers? If not or you don't know the answers, perhaps you have identified some areas on which to focus your self-development. Look for classes, or network and discuss with your fellow AHIA teammates—the Listserv might be a useful tool.

Sincerely,
Mark Eddy
Chair, AHIA