

Managing Success — AUDITING as a Management Tool

BY LIZ SCOTT

Performance measurement has become an important part of doing business. Auditing is becoming an essential tool to demonstrate the success of disability management and other occupational health programs.

Occupational health nurses can utilize audits as a means to demonstrate their contribution to the company and reinforce the value of their position. Additionally, auditing is very consistent with current continuous improvement initiatives that have gained popularity over the past decade.

There are many forms of auditing from internal to external. Audit tools range from internal organizational reviews that are performed on a regular basis to sophisticated external evaluation systems that are purchased when the need arises. Regardless of how often or which method is used, audits are valuable to ensure quality, results, achievement of goals and progress toward best practices.

AUDITS DEFINED

As defined in World Book online, an audit is a systematic examination of business activities. The word *audit* comes from the Latin word *auditus*, meaning a *hearing*. Auditing began in ancient times. However, modern auditing techniques originated in Britain during the mid-1800's. At that time, the main purpose of an audit was to detect fraud. This concept has evolved and there is now three basic types of audits—*financial*, *compliance*, and *operational*. These audits are used to measure programs against established acceptable standards and evidence based best practices. A person who conducts an audit is called an *auditor*.

Financial audits are used to check the reliability of a

company's financial information. It inspects the accounting records to decide whether the financial reports reflect generally accepted accounting principles. Strict standards exist for corporations in the area of financial accounting expectations.

Compliance audits determine if an organization has followed internal policies, laws, regulations, and contracts. It is not unusual to have government bodies perform these compliance audits.

An operational audit / assessment provide an evaluation of management practices compared to preset goals and recognized best practices. These audits are concerned with the efficient use of resources and the achievement of stated goals. It can be said that best practice must be achieved before innovation can occur and this type of audit helps ensure meeting of best practices.

As employers strive to improve Organizational Health and improve employee retention, the method by which disability claims are handled becomes very important to the employee and the corporate wellness equation. The commitment to assist employees when they are disabled is essential to a healthy organization.

THE IMPORTANCE OF AUDITING

Evaluating program performance is an important component of the program cycle. It can be used to improve the understanding of the program and its impacts, verify the deliverables, and achieve continuous improvement planning.

THE PURPOSE OF AUDITING?

- Determine if the program is consistent with evidence-based best practices.

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- Understand, verify, adjust services to improve the impact on Employee / Workplace.
- Review delivery mechanisms to ensure they are efficient and cost effective.
- Ensure program goals, processes and outcomes are sufficient for program planning.
- Assist in establishing goals for continuous improvement.

WHO WILL USE THE AUDIT RESULTS?

- Senior company officials
- Board members
- Management team
- Disability Management Professional / Return to Work Co-ordinator
- Staff / Employees
- Researchers
- Other interested parties

WHAT KIND OF INFORMATION IS REQUIRED TO CONDUCT THE AUDIT?

- Workplace Safety and Insurance Board / Workers' Compensation data;
- Feedback from "clients" that use the service;
- The quantitative data (Internal tracking information, third party administrator data, insurer data);
- Current policies, procedures and processes;
- Benchmark data and access to evidence-based best practice data.

If the program has specific measurable objectives and criteria for success, the program can also be measured against these elements.

The information can be collected from: management, staff / employees, program documentation, DMP / RTWC files, Human Resources, payroll, external agencies, i.e. Insurer, Third Party Administrator, WSIB / WCB.

AUDIT OUTCOMES

Audits are a good tool for monitoring performance internally or monitoring the external provider and setting standards acceptable to all parties. Depending on the findings of the audit performance, standards may be established with the insurer or third party provider.

Evaluations should produce timely, relevant, credible, and objective findings and conclusions on program performance based on valid and reliable data collection and analysis. The results should be presented in a concise, clear and straightforward manner.

An important element of auditing is the formulation of action plans to improve any deficit areas or fine tune any weak areas. Some of the elements that should be included when developing specific performance standards include:

- Can performance be measured and is it reported?
- What are the metrics and the goals and how will they

be achieved?

- Is there an ultimate goal to deliver customer service to the disabled employee and the employer?
- Are resources used wisely to provide value for the employee and employer?
- Is there an attempt to find solutions in order to achieve the best disability outcomes?
- Is there a goal directed rehabilitation program that provides return to work planning in place?
- Do employees continue to feel engaged when off on disability?
- Are areas of opportunity and growth for employees still identified and do plans exist to use these skills upon their return?

Overall goals should have four key characteristics: **Measurable** — There must be a way to reflect progress. "What gets measured gets done." Ensure that targets have a quantitative nature.

Meaningful — The target must represent something significant. The objective has to be essential to the success of resolving the disability and the health of the employee. The worthiness of the goal must be apparent. It should be obvious that attainment of your objective will improve your employee's potential of return to function and increase the chances that the employer will have a valuable human resource back at work.

Achievable — Creation of an unreasonably aggressive goal serves no purpose. Actively or passively, participants will become discouraged and drop out. The goal must be attainable in a realistic amount of time given the current condition and resources.

Challenging — The establishment of a goal that stretches the capabilities of the insurance company and the engagement of the absent employee. The objective must be realistic for those who will end up being participants. The ability to accomplish goals presents a positive impression on the program.

Remember to be careful with the use of absolute goals like "no lost time" workdays or "no LTD claims." While these are great ambitions and few would dispute the desire to have a world free of illness and injury, they represent an unrealistic future state. Establish significant but achievable goals.

Keep the employee in mind. Make sure you have a firm understanding of "value" from his / her perspective. This may not be as obvious as you think. Ensure the attainment of goals will result in better service for the employee.

Establishing performance measurements and goals demands serious thought. It requires an understanding of the business operating vision and how the corporation views its employees. It also requires co-operation from the provider to want to understand the needs of the stakeholders.

Audits provide a good means to measure execution

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against expectations. While auditing cannot ensure best practices are implemented it will identify the improvement required in claim handling practices. It provides an avenue to support the existence of a program and a basis for the development of performance standards to reassure employers that the practices in place for managing their claims and cost are in a manner consistent with their corporate goals. **OHNJ**

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