

# Healthcare Firm Aligns Compliance Efforts, Cuts Costs With Oracle Internal Controls Manager

Allied Healthcare International may have 45,000 workers at its disposal, but the U.S. healthcare staffing company's core operations were too small to merit an integrated system to handle its Sarbanes-Oxley Section 404 compliance regime—or so said outside IT consultants.

But Stephen Bateman, Allied's group internal audit manager, saw opportunity in Sarbanes. The NASDAQ-listed Allied could leverage the effort needed to comply with Section 404, Bateman believed, to streamline and automate a variety of pre-existing compliance functions at corporate headquarters in New York and 110 operational offices throughout the United Kingdom.

Given the rigorous vetting necessary in placing tens of thousands of temporary care workers at hospitals, nursing homes, private homes and elsewhere, Allied understands compliance. But two years ago its Section 404 efforts were being handled via a combination of desktop software documents. What's more, Allied wanted to integrate several other compliance frameworks, including internal audit and risk management functions; Bateman knew that an ad hoc approach could not be sustained year in and year out. "The manual process using Excel, Word and Visio was not an option for the future," he says.

## Why Oracle?

Allied began implementing Oracle 11i in early 2004. Leveraging that software investment is vital, so the process continues today: by the

end of this year, the company will use Oracle Human Resources, Oracle Learning Management, Payroll, Financials, Project and Internal

### Company

Allied Healthcare International

### Location

New York; operational head office in London

### Industry

Healthcare staffing

### Employees

960 full-time; 45,000 contract healthcare workers

Controls Manager. Implementing a cost-effective solution was also important, Bateman says; the ability to use standard Oracle data, control procedures and user setups helped on that front.

Kevin Taylor, Allied's managing director for business support services (and IT director at the time Allied chose Oracle), says the company did evaluate other automated Section 404 tools before settling upon Oracle Internal Controls Manager. But, he says, "it was very clear from my perspective that Oracle would keep everything on the single chassis and have accessibility from the network."

The system's versatility also played a role in the decision. Oracle Internal Controls Manager is a proven tool for HIPAA healthcare compliance in the United States. "Because we've done it this way, not just Sarbanes-Oxley compliance, but also worker

compliance has been accelerated," Taylor says.

## Creating A High-Compliance Environment

Allied began its Section 404 compliance efforts in 2004. One of the major steps was to convert desktop-software documentation into Oracle Tutor format, which enables the quick creation, customization and maintenance of documentation. That process took a three-person team roughly three months and was a "huge exercise," as Bateman describes it.

A key concern for Taylor had been ensuring that a company the size of Allied had the resources and skill to shepherd the Section 404 project to success. Fulcrum Information Technology, a certified Oracle partner, assisted Allied in implementation. "We would have struggled without Fulcrum and their experience," Taylor admits.

The documentation effort will pay off in productivity. Previously, managing Section 404 controls meant changing three different documents countless times; now a user can change the control narrative and the workflow changes as well. "It saves time in terms of documentation," Bateman says. "Oracle Tutor is so much more efficient."

That efficiency is particularly important to Bateman's small audit team. Such automation also helps engage the business-process owners of various controls, Bateman says, because "they want to see one thing rather than to take the time and ener-

gy to spend on all these documents.”

Oracle Tutor also identifies business-process owners automatically. If a certain Allied manager needs to execute a compliance action, the request is sent directly to that person and flagged in Outlook. The message tells the owner to log into Internal Controls Manager, because some issue needs the person's attention. Bateman can monitor all that activity, as can the auditor responsible for that specific business function.

Allied is also using Internal Controls Manager to implement a control regime for segregation of duties. For example, the system will automate the checks and balances required to verify that the same person isn't writing, paying and approving the same invoice. “They'll prevent anything in the system from being done without the approval of one or more people,” Bateman says.

Bateman says Oracle's risk management overview tool will, when implemented in the coming months, be critical in outlining Allied's risks, providing the ability to “cut and slice” custom reports related to Section 404, audit or financial risk, and other areas.

The company already uses Oracle's iSurvey within Integrated Controls Manager, supplanting an email and Excel-based process of surveying 60 managers across the company and reporting results to the board of directors. Bateman intends to leverage Oracle system into a single repository for all business process certification, financial statement certification and management control over company policy and procedures.

Finally, Internal Controls Manager will give external auditors a

single source for review. Bateman estimates that move will contribute to a significant reduction in external-audit costs in 2006. “Auditors spent a lot of time last year going through

#### High-Level Project Goals

- Streamline cumbersome, ad-hoc Section 404 compliance processes
- Integrate Section 404, audit and risk-management control functions
- Leverage an automated platform for existing health-care-related compliance processes
- Engage business-process owners in Allied's control environment and culture
- Build in compatibility with Oracle Applications used in front and back office

Excel, Word and Visio files,” he says. “Now they'll have an automated tool that will contribute towards a more efficient and integrated audit approach.”

#### Payoff: Sarbanes-Oxley As Stepping Stone

Achieving business efficiencies and aligning them with the required compliance processes has been central to the success of Allied's Section 404 project, Taylor says. Now Allied is benefiting from the Section 404 compliance effort in unexpected ways.

“Sarbanes-Oxley has effectively captured the attention of senior

members of the board and the senior management team, and helped push the effort,” Taylor says. “I think it would have been a far more diluted exercise without the gravity of Sarbanes-Oxley and the 404 activity.”

Bateman agrees. “My experience is it's hard to get a lot of software investment into internal audit,” he says. “Sarbanes-Oxley gave us that drive and the company's commitment from a resource and systems point of view.”

Bateman stated that Allied's business-process owners had competing priorities to the Section 404 process, with the implementation of Oracle financials and a Group restructure to implement in 2005. Getting them engaged in software and showing them how the new system was an improvement over older, manual approaches was vital in fostering a broad understanding of Allied's key controls, he says.

Taylor's trick: demonstrating the value of a few quick improvements to win the backing of line managers; those managers are now more likely to back more complicated measures in the future. “We have won the support of 110 sites by giving a glimpse of what can be achieved on a simple basis,” he says. “That will help when we go on to more technical or business-critical issues that may cause some hard decisions to be made.”

In a company whose very business depends on regulatory compliance, Oracle and its Internal Controls Manager is having an impact for the better, Bateman says: “I'm happy with the solution it's provided us at the moment, and looking forward to what it's going to deliver for Allied in the future.”