



Revenue Recovery and Operational Efficiency with Continuous Controls Monitoring

A Case Study of Memorial Healthcare System

January 29, 2007

Teleconference Information:

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■ ■ ■ Today's Agenda

■ Introduction

→ Jim Ferguson, Regional Executive, Controls Monitoring
ACL Services Ltd.

■ Case Study

→ Robert Gutholc, Director Financial Controls
Memorial Healthcare System

■ Q&A

■ Continuous Controls Monitoring

→ Demonstration

■ ■ ■ Background: Who is ACL?

Founded

1987

Corp Headquarters

Vancouver, BC

Clients

170,000 users in 130 countries
70% of Fortune 500
Big 4 Accounting Firms
State & Federal Governments

Products

Data Analytics:

ACL Desktop/Network Edition

ACL Server Editions – AIX, Linux, OS390/400, Windows

Direct Link for mySAP ERP

Continuous Controls Monitoring:

Purchase-to-Payment ● T&E Expenses ● Payroll

Purchasing Cards ● Order-to-Cash ● General Ledger

Services

Technical Support, Implementation Services & Training

■ ■ ■ Why Continuous Monitoring?

■ Cash Recovery / Cash Savings

- AP, AR, Payroll errors
- Fraud

■ Process Improvement

- Operational inefficiencies

■ Reduce Manual Effort

- Automate manual, time consuming tasks

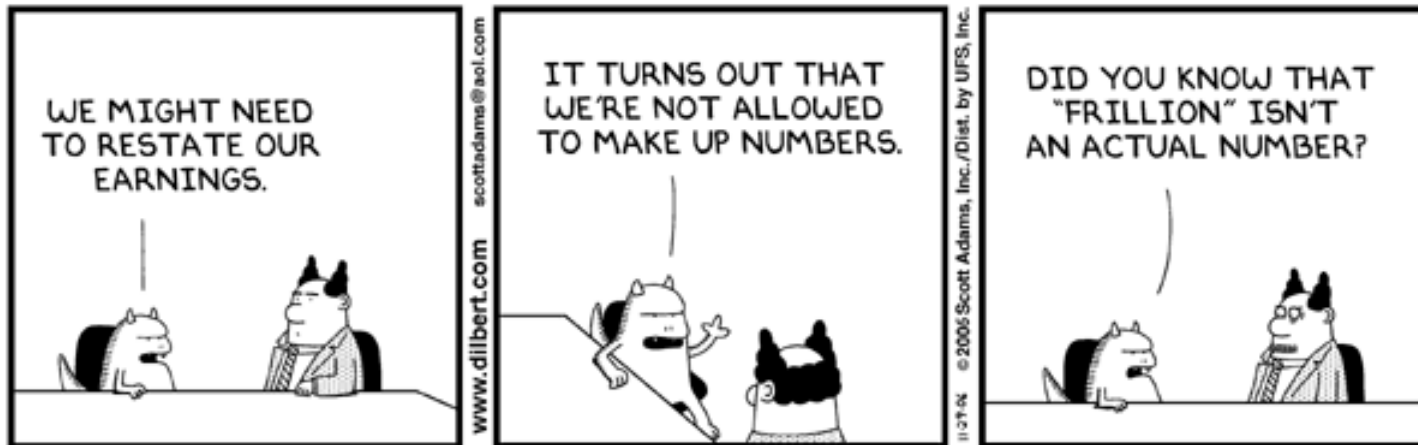
■ Compliance

- Ensure transactions are compliant with policy
- Contribute to regulatory compliance

■ Increase Value to Stakeholders

- Enable process owners to self monitor key controls

■ ■ ■ Why Continuous Monitoring?



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BUSINESS ASSURANCE ANALYTICS



21st Century Excellence in Finance

Robert Gutholc – Director Financial Controls

■ ■ ■ About Memorial Healthcare System

■ Leading Healthcare Provider in South Florida

→ Flagship is Memorial Regional Hospital located in Hollywood, Florida

■ Total of 22 Facilities

→ Six major hospitals

➤ Joe DiMaggio Children's Hospital

→ Community based Primary Care, Same Day Surgery, Outpatient Services, Home Health Services and Resource Centers

■ Awards

→ South Florida's Best Hospitals

→ Best Run Hospital, Best Nursing Staff, Best Pediatric, Best Maternity

→ Top 100 Hospitals



■ ■ ■ Why Continuous Monitoring?

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■ Near Term Goals

→ Cash Recovery, Cost Savings

■ Mid Term Goals

→ Business Process Improvement, Enhanced Control Environment

■ Long Term Goals

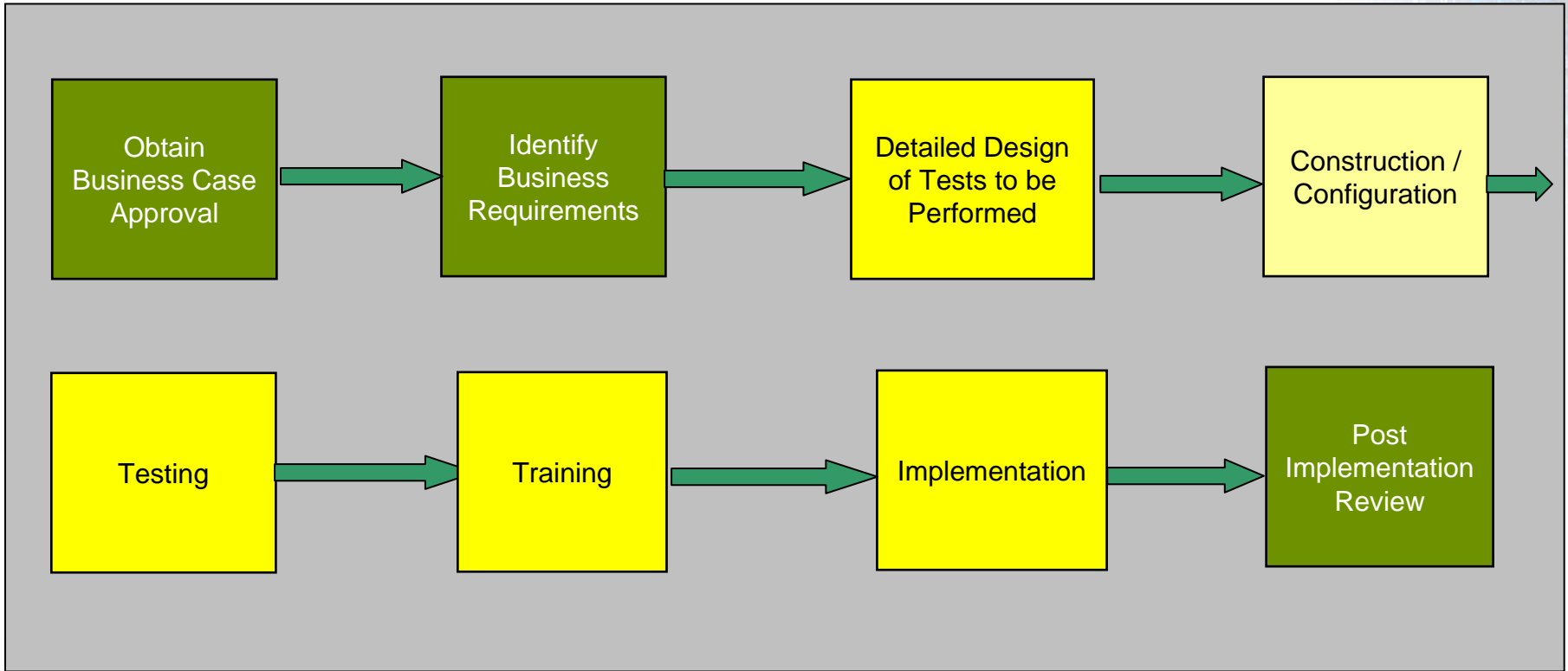
→ Increase Stakeholders Value, Investors Confidence, Donors, Bond Ratings

■ ■ ■ MHS ACL CCM Project

- In March 2006, project was approved to implement CCM Purchase-to-Payment first
 - CCM for General Ledger and CCM for Payroll are next
- Owned and operated through the CFO's office
- Business case was approved based on ROI / payback within the first year
 - by eliminating 3rd Party Audit Commissions
 - through increased cash recovery from payment errors
- CCM system was installed in 4 months



CCM Project Steps



MHS Only



MHS and ACL



ACL Only

■ ■ ■ Results to Date

■ Cash Recovery

- Based on first three months of monitoring, on track for ROI within the first year
- Historical review of last 3 years identified over \$500,000 in potential recoveries

■ Business Process Improvement

- Uncovered control flaws in AP systems
- Invoice keying errors that are accepted
- Current invoice processing procedures need to be improved

■ Value to MHS

- CFO, VP Finance have increased visibility and control
- Accomplishing increased oversight at less cost
- Expanding to other process areas

■ ■ ■ Results to Date

■ Other Benefits for Monitoring

- Increased surveillance, early warning (reducing headline risk – important to hospital administration)
- Ability to evaluate transactions real-time
- Immediate identification of anomalous activity
- Continuous AP recovery without external consulting fees



Implementing Continuous Monitoring - Recommendations

- Finance is where it belongs
 - Allows process owners to self monitor and correct errors
 - Audit has access, but CFO's office has budget
- Engage business process owners early
 - Determine true exceptions, reduce false positives
 - Get buy-in early
- Understanding your Data
 - Critical to ensuring analytics are effective



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Q&A



■ ■ ■ For More Information

To learn more, please contact ACL:

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