

The Role of Internal Audit in Advancing Systems Thinking in Healthcare

Healthcare is a highly interconnected and complex industry, where small failures in one area can have far-reaching consequences for patient safety, quality of care, financial performance, and regulatory compliance. While many healthcare organizations already use aspects of systems thinking within clinical or operational teams, internal audit departments are often underutilized as strategic partners in this effort. By adopting a stronger systems thinking mindset, internal audit functions can play a pivotal role in uncovering root causes, identifying hidden risks, and recommending changes that lead to more resilient, effective healthcare systems. Moreover, healthcare organizations as a whole stand to benefit by embedding systems thinking across departments to improve care delivery, processes, and long-term success.

Internal Audit and Systems Thinking: A Natural Fit

Internal auditors are uniquely positioned to look across departmental lines, evaluate how processes interact, and assess risks in a broader organizational context. However, traditional auditing methods often focus on individual transactions, policy compliance, or department-specific performance, without fully considering how these elements interrelate. This is where systems thinking can enhance internal audit's value.

Systems thinking encourages auditors to consider how parts of a process interact over time, identify feedback loops, and detect unintended consequences. Instead of viewing an issue as a standalone failure, systems thinking helps auditors ask: Why did this occur? What systemic factors contributed? How might this affect other areas of the organization?

For example, rather than simply flagging a breakdown in patient discharge procedures, a systems-focused audit might reveal how EHR workflows, staffing models, communication gaps, and external care coordination collectively contribute to delays and readmissions.

Strategies for Internal Audit to Adopt Systems Thinking

To better support healthcare improvement efforts, internal audit departments can take several steps:

- **Adopt Process-Based Auditing Frameworks:** Shift from auditing isolated departments to evaluating end-to-end processes such as patient admissions, medication administration, or revenue

cycle management. This broadens the scope and identifies interdependencies.

- **Use Root Cause and Systems Analysis Tools:** Techniques like Failure Mode and Effects Analysis (FMEA), cause-and-effect diagrams, and system mapping can uncover not only what went wrong but why it happened and where similar risks exist.
- **Collaborate Across Functions:** Internal audit can foster alignment between clinical, operational, IT, and financial departments by facilitating cross-functional audits and joint risk assessments that address system-level challenges.
- **Highlight Systemic Opportunities in Audit Reports:** Rather than narrowly focusing on individual findings, audit reports should include recommendations that encourage leaders to consider system-wide process redesign, not just local fixes.
- **Build Internal Audit Competency in Systems Thinking:** Auditors should be trained in systems thinking concepts and tools so they can better evaluate complex processes and generate more impactful insights.

The Case for Healthcare Organizations to Embrace Systems Thinking

Beyond internal audit, systems thinking is a powerful tool for healthcare organizations seeking to improve performance and outcomes. Many healthcare entities already apply aspects of it through Lean initiatives, integrated care teams, or analytics programs – but its application is often fragmented or reactive. A more intentional, enterprise-wide adoption of systems thinking can deliver broad and lasting improvements.

Benefits include:

- **Better Patient Care:** Coordinated, systems-based processes reduce medical errors, delays, and care fragmentation, leading to safer and more effective care.
- **Improved Efficiency:** Systems thinking helps identify and eliminate waste, optimize resource use, and streamline workflows—essential in resource-constrained environments.
- **Greater Resilience:** By understanding and preparing for cascading effects of change, organizations can respond more effectively to disruptions and adapt quickly.

- **Stronger Alignment with Strategic Goals:**
Systems-based improvements ensure that efforts across departments contribute to shared objectives such as quality outcomes, cost control, and patient satisfaction.

Conclusion

Internal audit departments can significantly enhance their value by embracing systems thinking as part of their audit methodology. This shift enables them to assess risks and controls in the broader context of how systems function and interact, uncovering deeper insights and supporting long-term improvement. More broadly, healthcare organizations that embed systems thinking into their culture and operations are better equipped to improve patient care, optimize performance, and sustain success in an increasingly complex environment. The time is right for internal audit to lead by example – championing systems thinking not just as a mindset, but as a strategic advantage.