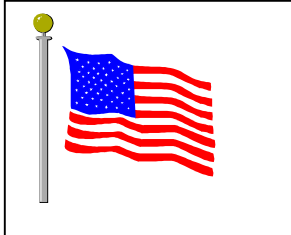




# ***Derby City Disclosures IIA Louisville Chapter***



Our thoughts and prayers go out to all the victims and those that have lost loved ones during the tragedy of September 11<sup>th</sup>. For every person that was lost, heaven gained another angel.

***"The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy."***

-- Martin Luther King Jr.

## **MONTHLY MEETING**

**Date:** February 12, 2002

**Time:** 12:00 noon  
11:30 Registration

**Location:** Kunz's  
107 S 4<sup>th</sup> Street  
Louisville, KY  
(parking validated)

**Speaker:** Kim H. Burse

**Topic:** Activity of the Bank and the auditing functions relative in the banking Industry.

**Cost:** \$20.00

**CPE:** 1 hour

**Menu:** Cobb Salad  
Grilled Chicken 4<sup>th</sup> and Market  
Parmesan Encrusted Salmon

**RSVP:** By January 8, 2002  
Carrie Ramsey  
Office: 627- 4738  
(voice mail is available 24 hrs)  
fax #: 627-2550

**email:** [carrie.ramsey@lgeenergy.com](mailto:carrie.ramsey@lgeenergy.com)

## **PRESIDENT'S MESSAGE**

Dear Members,

We had an excellent meeting last month with Brian Briedenbach from Merrill Lynch. I am looking forward to our February 12 meeting at Kunz's. Kim H. Burse, CPA, President & CEO of the Louisville Development Bancorp, Inc., will be speaking with our group about "Activity of the Bank and the auditing functions relative in the banking industry. Please mark your calendars for what I am sure will be a very exciting topic.

In addition, mark your calendars for Mark Nigrini's Data Analysis seminar on February 19-20, 2002. The cost of the seminar is \$350 for IIA members, \$400 for non-members and includes study materials, continental breakfast, lunch, and afternoon snacks. The course offers 15 hours of CPE. For more information or to register, contact Carrie Ramsey 502-627-4738 or email at [carrie.ramsey@lgeenergy.com](mailto:carrie.ramsey@lgeenergy.com).

Please RSVP by February 15, 2002 if possible. We will be accepting reservations up until the day of the seminar.

Hope everyone had a great New Year!! I look forward to seeing you at lunch on February 12!

Chris Lewis,  
President

## In the News .....

### PRACTICE ADVISORY (PA) UPDATE

#### Guidance for Implementing Mandatory External Quality Assurance Review Requirements

The new *Standards* require that internal audit shops have a quality improvement and assessment program. In the past, internal auditors had a single-sentence standard related to internal audit quality assurance. But the new *Standards for the Professional Practice of Internal Auditing* include seven distinct standards related to quality assurance and improvement programs. And while the new standards are designed to help ensure audit quality, until now internal auditors haven't had much guidance available to help them interpret or apply the new quality standards. On December 19, 2001, The Institute released four new *Practice Advisories* (1310-1, 1311-1, 1312-1, and 1330-1) to help organizations implement the new *Standards* relating to both internal and external quality assurance programs.

Practice Advisory 1310-1, Quality Program Assessments, gives suggestions and general information for internal auditors implementing and assessing quality programs within the internal audit activity. Practice Advisory 1311-1, Internal Assessments, includes suggestions for performing both periodic internal reviews and ongoing internal reviews of internal auditing performance. Practice Advisory 1312-1, External Assessments, gives suggestions for planning and contracting for an external assessment of the internal audit activity, and Practice Advisory 1330-1, Use of "Conducted in Accordance with the *Standards*," gives advice on when it is appropriate to state that an internal audit has been conducted in accordance with the *Standards for the Professional Practice of Internal Auditing*.

### UPDATING MEMBERSHIP INFORMATION

To update your member profile information (i.e. address, email address, phone, employer, etc.) log-on to [www.theiia.org](http://www.theiia.org) and go to Member Profile. Your logon password for theiia.org member page is located on your membership card.

If you cannot find your membership card, you can obtain your password by calling IIA customer service at 1-407-830-7600, Ext. 1.

### New Practice Advisory on Consulting

This new PA helps to identify responsibilities and defines due professional care for consulting engagements. It focuses on broad parameters to be considered in formal consulting engagements, addressing issues such as independence, objectivity, scope of work, due professional care, documentation requirements, and follow-up for consulting engagements. It also helps to answer several important questions that many audit executives face when they offer consulting services.

The Practice Advisory 1000.C1-2 counsels that internal auditors should include reports of the nature, extent, and overall results of formal consulting engagements, along with other routine reporting of auditing activities, to management, the audit committee, board, or other governing body of the organization. Internal auditors need to keep executive management and the audit committee informed about how audit resources are being deployed. Detailed reports or specific results and recommendations are not required, but appropriate descriptions of engagements and activities should be communicated. Such reporting is essential in satisfying our responsibility to comply with Standard 2060, Reporting to the Board and Senior Management.

The advisory is also noteworthy because it helps to establish specific actions that should be taken to demonstrate due professional care.

IIA members can view [all Practice Advisories](http://www.theiia.org) at no cost at [www.theiia.org](http://www.theiia.org) under Guidance. Printed and CD versions will be available for purchase within the next few months. Visit The IIA Bookstore on our Web site for information on availability.

The Omnibus Practice Advisories (released January 5, 2001) are now available in Spanish. To view them click on the following [Consejos para la Práctica — Libro General](#).

### QUALITY ASSURANCE REVIEWS (QAR) NOW MANDATORY

The IIA's new *Standards* (Effective January 1, 2002) place considerable emphasis on quality assurance and related processes of assessment. Standard 1312 requires every internal audit department to have an external quality assurance assessment at least once every five years by a qualified independent reviewer from outside the organization (who has knowledge of the *Standards*).

Organizations that have never had an external assessment are encouraged to do so as soon as possible.

The IIA's Quality Auditing Services Department has 15 years experience conducting QARs for organizations of all types and sizes worldwide.

A new Quality Assessment Manual written by The IIA, is based on the new *Standards*. IIA teams are already using the new manual during QARs. The manual will be published and made available for purchase by March 31.

No matter what industry, we have experts to evaluate your company's internal audit staff's compliance with The IIA's *Standards* (as well as government auditing standards and various regulations), recommend changes to policies and procedures, improve the way your staff functions, and offer comments on "best practices." The IIA's objectives while performing a QAR are to measure the internal auditing department's compliance with the *Standards*, to approve the efficiency and effectiveness of the department, and to offer advice about utilization of best practices.

Make sure your organization is in compliance with the *Standards* by [learning more](#) about QARs today.

### IIALOU.ORG

Look for us on the World Wide Web. Bruce Edwards is currently developing the chapter website. Look for information on meetings / seminars, membership information, links to other websites, and much more.

**Suggestions for information to be included in the website can be sent to the webmaster.**

[Bruce@bruceedwards.com](mailto:Bruce@bruceedwards.com)

## More News ...

### PLAN NOW FOR THE MAY 2002 CIA EXAM

Don't delay! Now is the time to register for the May 15-16, 2002 Certified Internal Auditor (CIA) Examination.

The IIA will waive the initial CIA program registration fee (a US \$60 value) for any IIA member who registers in the CIA program after attending approved headquarters-sponsored seminars or conferences, including the International Conference and regional conferences. To have their fee waived, candidates must include a copy of the continuing professional education letter from the event with their CIA Exam Application Form. The offer expires one year from the completion date of the seminar or conference and is not retroactive.

Educators are invited to take the exam free of charge. Qualified educators must submit a letter attesting to their college- or university-level teaching along with the required CIA Exam Application Form and other materials. (Application must be submitted by fax or mail rather than electronically since it must be accompanied by appropriate documentation.)

For additional details on these and other special offers, pick up a CIA Program Information for Candidate Booklet or visit The IIA Web site under Certification/CIA.

### CIA EXAM MODIFICATIONS

The Board of Regents has approved the following changes to the Certified Internal Auditor (CIA) exam topic outline to reflect current trends in the profession:

- The May 2002 exam will include revised questions pertaining to new terminology and changes to the *Standards* as reflected by the new Professional Practices Framework.
- By the May 2004 exam, topic percentages in Parts II and III will be adjusted; a new subtopic, "Evaluating Financial & Operating Information," will be inserted in Part II; and the title "Management Control" will be changed to "Risk Management" in Part III, with questions adjusted accordingly.
- A new job skills analysis will be performed in the near future, which may dictate further changes to the CIA exam topic outline. Any such changes would also be effective by the May 2004 exam.

A breakdown of the approved changes and implementation timeline is available at [www.theiia.org](http://www.theiia.org) in the Certification

### 2002 INTERNATIONAL CONFERENCE — A MONUMENTAL EXPERIENCE

You are invited to join audit professionals from throughout the world at The IIA's International Conference 2002, June 23-26, at the Marriott Wardman Park Hotel in Washington, D.C.

This three-day, multi-tracked conference provides auditing practitioners with unprecedented educational events and forums for sharing best practices. The impressive lineup of general session speakers includes:

- James D. Wolfensohn, President of the World Bank Group
- Harvey Pitt (invited), Chairman of the United States Securities and Exchange Commission
- David M. Walker, Comptroller General of the United States General Accounting Office
- Pete Burg, Chief Executive Officer, FirstEnergy Corp.

Conference concurrent sessions will be held in the following tracks:

- World-Class Audit Leadership
- Enterprise Risk Management Issues and Solutions
- Tech Tools
- Effective Corporate Governance
- Best Practices: Communicating for Success
- E-risk
- Getting Specific
- Global Audit Issues

Whether you are a seasoned professional or new to the team, this conference is a must for private- and public-sector auditors, as well as risk professionals and those involved with oversight. To ensure you get the most out of your conference experience, you can customize your schedule by choosing from concurrent sessions, workshops, and roundtables. You will also have an opportunity to converse one-on-one with exhibitors from around the world. Plan to visit Washington, D.C., in 2002, for an experience too monumental to miss!

### NEW IIA RESUME SERVICE

The IIA's new online resume service lets members store their resume online, allowing employers to search the resume database for qualified applicants. Members can also respond to jobs located in the job database by "attaching" their online resume to a job of interest. Resumes can be posted confidentially, so employers will not have open access to the job seeker's name or other contact data.

### IIA ANNOUNCES CHANGES TO CCSA AND CGAP EXAMINATION OFFERINGS

Effective immediately, The IIA Board of Regents (BOR) is temporarily converting the examinations for Certification in Control Self-Assessment® (CCSA®) and Certified Government Auditing Professional™ (CGAP™) from computer-based format to paper-and-pencil format. The examinations will be offered concurrently with Part IV of The IIA's Certified Internal Auditor® (CIA®) examination.

The decision came after problems were experienced with the current computer-based testing provider.

According to Board of Regents Chairman, A.J. Hans Spoel, CIA, CCSA, CGAP, "The move to paper-and-pencil format provides our candidates with a solid alternative for testing while the Board researches other options for computer-based testing. The switch to paper-and-pencil format will afford The IIA flexibility in offering the CCSA and CGAP exams by allowing testing in conjunction with the CIA exam as well as in conjunction with certain review courses or conferences."

Pricing for the specialty examinations will be reduced to \$225 (and \$175 for retests) since The IIA will no longer be incurring testing-provider fees.

Since the CCSA exam is already available in paper-and-pencil format at IIA sites outside North America, the move from computer-based testing will not affect the international exam format.

### NOW IS A GREAT TIME TO READ YOUR IIA BOOKSTORE

Be sure to visit The IIA Bookstore's Coming Soon section to learn more about products under development or to request e-mail notification when the product is available. The New Products section features a complete listing of all products added to The Bookstore over the past year. Among the new titles are:

- *Auditing the Casino Floor: A Handbook for Auditing the Casino Cage, Table Games, and Slot Operations*
- *Effective Compliance Systems: A Practical Guide for Educational Institutions*

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section.

## More News !!!

### NOW IS A GREAT TIME TO READ YOUR IIA BOOKSTORE ( continued)

- *Enterprise Risk Management:  
Trends and Emerging Practices*
- *Performance Auditing: A  
Measurement Approach*

The Bookstore is working on adding a "Featured Product" page which will allow customers to purchase selected products at a discount.

### THREE SEMINARS PREMIERE

Three new seminars are being introduced to the 2002 schedule:

- *Assessing Business Risk: The Gateway to Value-added Results* Scheduled for February 25-27 in Dallas, April 8-10 in Baltimore, and April 29-May 1 in Houston. This course is for experienced internal auditors who are interested in benchmarking and improving the business risk assessment segments of their audit process.
- *Enterprise-wide Risk Management: Paradigms and Partnerships* Scheduled for March 25-27 in Orlando. The focus of this course is implementing/maintaining the risk management process and is geared for the organization's management and internal auditors with risk management responsibilities or interests.
- *Financial Investigation Using Data Analysis Technology* (for Microsoft Access users) Scheduled for March 11-13 in Atlanta and July 8-10 in New Orleans.

Attendees will receive a test data set and can follow the Access queries using their own laptop computers. For the Basic and Advanced Tests, the instructor will show the Queries and Query-Queries commands needed to perform the tests in Access. Participants will learn how to do random sampling, MUS sampling, stratify, classify, data histogram, age, gaps, and identify duplicates.

All three courses are 2.5 days and offer 18 CPE hours. Check out the [Seminars section](#) of [www.theiia.org](http://www.theiia.org) or call +1-407-830-7600, Ext. 1 to learn more.

## IMPORTANT !!!

### February 19 – 20, 2002

## Louisville IIA Chapter Presents Fraud Detection Seminar

The Louisville Chapter of the IIA presents a two-day seminar "Fraud Detection Using Data Analysis" featuring Mark Nigrini, February 19-20, 2002, in Louisville, Ky.

This seminar is designed for auditors and managers who want to apply state-of-the-art data analysis techniques to their audits. The seminar begins with high-level overview tests and drills deeper to the data searching for abnormal duplications of digit combinations, numbers and relationships between numbers and observations.

Mark Nigrini is a Research Fellow at the Ernst & Young Center for Auditing Research and Advanced Technology at the University of Kansas. His current research focuses on using Digital Analysis for continuous audit.

The cost of the seminar is \$350 for IIA members, \$400 for non-members and includes study materials, continental breakfast, lunch, and afternoon snacks.

The course offers 16 hours of CPE. For more information or to register, contact Carrie Ramsey at [Carrie.Ramsey@lgeenergy.com](mailto:Carrie.Ramsey@lgeenergy.com).

**Help Your Client Succeed**  
**With Consulting – A Service for Success**  
**March 21, 2002**

Presented by John McKeever

John will demonstrate how you can succeed while helping your client succeed.

You will learn how to:

- Identify and engage the tools needed to become an effective consultant
- Effectively use of tools and techniques for greater success
- Identify and remove barriers of being a consultant
- Create and expand the demand for your services
- Be more value-added

Mr. McKeever is the President of Contemporary Business Concepts, a consulting and training firm. Previously John was employed by AT&T where he served in several capacities including: operations manager, internal auditor, instructor and consultant.

John holds degrees in Business Administration and Management from Northeastern University and a Masters of Science Degree in Management from Stevens Institute of Technology. He is a Certified Professional Consultant, a Certified Fraud Examiner, and a Certified Quality Auditor. He also holds a Certification in Control Self - Assessment. John has presented to the AUL group and comes highly recommended.

**Register Now**

Learn How To Succeed With Your Client  
And  
Become Eligible To Win A 2 ½ Day IIA Seminar

We ask that you register in advance for the Consulting Session. To register, contact Jennifer Hofstetter via email @ [jennifer\\_hofstetter@conseco.com](mailto:jennifer_hofstetter@conseco.com) or phone @ (317) 817-6714.

Price of Session:

\$200 for members of IIA registering before March 8, \$225 thereafter  
\$225 for non-members registering before March 8, 2002, \$250 thereafter  
\$50 additional discount for all attendees of second half 2001 sessions

Where:

Main Conference Room @ AUL Building in Downtown Indianapolis, IN  
The AUL building is at the Corner of Capital and Illinois Street.

CONTACTS		CLASSIFIEDS
<p style="text-align: center;"><b>OFFICERS</b></p> <p><i>President</i> Chris Lewis LG&amp;E Energy Corp. (502) 627-3363 <a href="mailto:chris.lewis@lgeenergy.com">chris.lewis@lgeenergy.com</a></p> <p><i>Vice President</i> Michele Welscher (502) 500-8357 <a href="mailto:michelewelscher@hotmail.com">michelewelscher@hotmail.com</a></p> <p><i>Treasurer</i> Carl Balderson (502) 627-2366 LG&amp;E Energy Corp. <a href="mailto:Carl.balderson@lgeenergy.com">Carl.balderson@lgeenergy.com</a></p> <p><i>Secretary</i> Bob Boyle Strothman &amp; Company (502) 581-7829 <a href="mailto:rboyle@strothman.com">rboyle@strothman.com</a></p> <p><i>Webmaster</i> Bruce Edwards <a href="mailto:Bruce@bruceedwards.com">Bruce@bruceedwards.com</a></p> <p><b>GOVERNORS</b></p> <p>Kelly Hopper (502) 874-2866 Tricon <a href="mailto:Kelly.Hopper@Tricon-yum.com">Kelly.Hopper@Tricon-yum.com</a></p> <p>Dr. Betty Brown University of Louisville <a href="mailto:Betty.Brown@louisville.edu">Betty.Brown@louisville.edu</a></p> <p>Lynn Hillebrand Stock Yards Bank <a href="mailto:Lynn.Hillebrand@syb.com">Lynn.Hillebrand@syb.com</a></p> <p>Dave Heilman LG&amp;E Energy Corp. <a href="mailto:Dave.heilman@lgeenergy.com">Dave.heilman@lgeenergy.com</a></p> <p>James Rose Humana Inc. <a href="mailto:Jrose1@Humana.com">Jrose1@Humana.com</a></p> <p>Jerald Miles (502) 574-3256 City of Louisville <a href="mailto:Jmiles@louky.org">Jmiles@louky.org</a></p> <p>Don Whitehouse (502) 588-3842 <a href="mailto:Don.whitehouse@cacky.com">Don.whitehouse@cacky.com</a></p> <p>Bruce Edwards <a href="mailto:Bruce@bruceedwards.com">Bruce@bruceedwards.com</a></p>	<p style="text-align: center;"><b>CHAIRMANSHIPS</b></p> <p><i>Academic Relations</i> Don Whitehouse Commonwealth Industries, Inc. (502) 588-3942 <a href="mailto:don.whitehouse@cacky.com">don.whitehouse@cacky.com</a></p> <p><i>Attendance/Hospitality</i> Jerald Miles City Of Louisville (502) 574-3256 <a href="mailto:jmiles@louky.org">jmiles@louky.org</a></p> <p><i>Government Relations</i> Phil Bezehertny Ky Office of the Auditor of Public Accounts (502) 573-0067 <a href="mailto:pbezehertny@kyauditor.net">pbezehertny@kyauditor.net</a></p> <p><i>CIA Program</i> Carl Balderson LG&amp;E Energy Copr (502) 627-2366 <a href="mailto:carl.balderson@lgeenergy.com">carl.balderson@lgeenergy.com</a></p> <p><i>Editorial/Newsletter</i> Michele Welscher</p> <p><i>Audit</i> Betty Brown University of Louisville (502) 852-4889</p> <p><b>Membership</b> OPEN</p> <p style="text-align: center;"><b>WE NEED YOUR HELP !</b></p> <p><b>Make our chapter better than ever by volunteering your time. Contact Chris Lewis at ( 502) 627-3363 for more information.</b></p>	<p style="text-align: center;"><b>Jefferson Wells</b></p> <p style="text-align: center;">.....</p> <p style="text-align: center;"><i>Providing a progressive blend of operating and consulting solutions to internal audit, financial, and tax departments nationwide.</i></p> <p>As a high quality and affordable alternative to Big Five firms for a range of quality services, <b>Jefferson Wells</b> is rapidly becoming the leader in providing Internal Audit solutions to our growing client base.</p> <p>Our team of seasoned professionals partner with Internal Audit departments to assist in addressing routine and complex IT Audit issues, financial and operational audit challenges, compliance projects, fraud investigations, and special projects requiring unique skill sets.</p> <p>We also provide audit personnel to assist the internal audit department with staffing challenges, and assist you in meeting your annual audit plans. Other services offered by <b>Jefferson Wells</b> include Enterprise Systems Services, Accounting, and Tax Accounting.</p> <p>For more information about <b>Jefferson Wells</b> services, please visit our <a href="http://JeffersonWells.com">JeffersonWells.com</a> web site, or call us at 513-421-2100 and ask for either Tim Kelly or Jacqueline Bauereis. You can also write us at Jefferson Wells, 312 Walnut St., Suite 1020, Cincinnati, Ohio 45202.</p>

**CALENDAR OF EVENTS**  
**IIA 2001 – 2002 Meeting Schedule**

Mark the following dates on your calendar for the monthly meeting of the Louisville Chapter of IIA. (Speaker and topic listed ):

<b>Date</b>	<b>Speaker</b>	<b>Topic</b>
February 12, 2002	Kim H. Burse, CPA President & CEO of the Louisville Development Bancorp, Inc.	Activity of the Bank and the auditing functions relative in the banking industry.
March 12, 2002	Nancy Wong Department of Commerce, Washington, D.C.	Critical Infrastructure Assurance Organization
April 9, 2002	Dave Richards, CIA Audit Manager of Internal Audit First Energy and Chairman of the Board of the IIA	The New Audit Consultant
May 14 , 2002	Star of Louisville Cruise	Networking

**IIA National Events**

**February**

- 4 – 6**      **New!** Privacy Conference, Orlando, Florida, United States
- 11-15**     Introduction to SAP Audit Seminar, Chicago, Illinois
- 18-22**     Security, Auditability, and Control of PeopleSoft Systems Seminar, Columbus, Ohio, United States

For more information, log-on to [www.theiia.org](http://www.theiia.org)

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