



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

## **MONTHLY MEETING**

**Date:** May 14, 2002

**Time:** Boarding -11 AM to Noon  
Cruise from Noon to 2 PM  
***Boarding passes are available one hour prior to cruise departure time. The boat leaves promptly at noon.***  
**If you're late, you'll have to swim to catch the boat!**

**Location:** Star of Louisville  
River Wharf  
Louisville, KY

**Speaker:** Jennifer O. Mackin  
The Oliver Group  
(See pg. 5)

**Topic:** Team Dynamics using  
Predictive Index

**Cost:** \$20.00

**CPE:** 1 hour

**Menu:** Buffet

**RSVP:** **By May 3, 2002**  
  
Carrie Ramsey  
Office: 627- 4738  
(voice mail is available 24 hrs)  
fax #: 627-2550

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

## **PRESIDENT'S MESSAGE**

Dear Members,

We had an excellent meeting at Kunz's Restaurant last month. Brian Kruk, Field Services Manager for the IIA gave a speech on "The New Audit Consultant". I am looking forward to our last meeting of the 2001-2002 chapter year which will be held on May 14. We will be cruising down the wide wide Ohio River on the Star of Louisville on what I am hoping will be a beautiful sunny day. We are getting someone from The Oliver Group that works with Company's to development leadership, team dynamics.... using a tool called Predictive Index - somewhat similar to Myers Briggs. Please mark your calendars for what I am sure will be a fun and informative meeting.

Please join me in welcoming the new executive slate for the the 2002-2003 Chapter year:

The new elected officers are:  
Michele Welscher--President  
Jerald Miles--Vice-President  
Carl Balderson--Treasurer  
Michelle Martin--Secretary

Please give the new officers your full support as they, along with our Board of Governors, will be seeking new ways to improve the chapter. Don't hesitate to contact the new executive slate if you have suggestions or ideas for the upcoming Chapter year.

Contgratulations, Michelle Martin was chosen to write the newsletter for next Chapter year starting this September and Jorene Logan will be the new hospitality chair. There will be other chair positions opening soon as well. Contact Michele Welscher @ 502-329-7188 for more information.

I was happy to serve as your President for the 2001-2002 Chapter year. I will miss the networking opportunities and leadership skills that this position provided me. I will not miss completing CAP reports every month for IIA National Headquarters. Just Kidding!! I will be joining the ex-presidents on the Board of Governors. Feel free to contact me if you have any questions or concerns about any IIA related matter. I will try to assist in any way I can.

Hope everyone had a great Thunder Over Louisville!! Jeffersonville, Indiana was definitely the best place to view the fireworks and airshow!!! I look forward to seeing you at lunch on May 14!

Chris Lewis  
President, Louisville IIA

## In the News .....

### IIA/IIA Research Foundation Annual Reports

Watch the home page of [www.theiia.org](http://www.theiia.org) in April for online posting of The IIA and The IIA Research Foundation's 2001 Annual Reports. The reports include year-end highlights and financial statements.

### Implementing the Professional Practices Framework

The IIA has introduced a number of tools to assist auditors in implementing the *Professional Practices Framework*:

- A CD containing the *Professional Practices Framework* was distributed with the April 2002 issue of the *Internal Auditor* magazine.
- A new handbook, Implementing the Professional Practices Framework, is available through The IIA Bookstore.
- The Video Learning Series - Professional Practices Framework is available through The IIA Bookstore.

### 2002 GAIN Reporting Period

The IIA is currently gathering data for the 2002 GAIN reporting period. GAIN customers can now utilize The IIA's new GAIN 2002 Online Questionnaire to assist in gathering their department's data. This questionnaire lets you instantly submit your 2001 data via e-mail.

After your data has been validated by the GAIN staff with your assistance, our software will generate for you a customized and highly graphic GAIN benchmarking report and deliver it to you as an e-mail report, CD report, or paper report.

To learn more about GAIN, and how to become a subscriber, [click here](#).

### Regional Conferences Offer Training and Networking Opportunities

A number of IIA affiliates are offering regional conferences in upcoming months. IIA members are encouraged to take advantage of these opportunities for continued professional training and networking at a regional level:

- The 2002 Asian Conference on Internal Auditing is scheduled for April 18-19 at the Taipei International Convention Center in Taipei, Taiwan. The conference hosted by IIA Chinese Taiwan will be held April 18-19 at the Taipei International Convention Center.
- The IIA Pakistan Chapter - Lahore will host a National One-day Conference on "Challenges for Internal Auditors in the Changing Environment" on June 8 in Lahore.
- UFAI (l'Union francophone de l'audit interne) and the Quebec-Canada chapter (IVIQ) will host the 2002 Francophone International Conference October 6-8 in Quebec City, Canada.
- The IIA Orange County (CA) Chapter is hosting the 2002 Western Regional Conference October 13-16 at the Disneyland Hotel Resort in Anaheim, California, U.S.A.
- The European Confederation of Institutes of Internal Auditing (ECIIA) and IIA Czech Republic will host the 2002 ECIIA Conference October 17-18 in Prague, Czech Republic.
- FLAI (Federación Latinoamericana de Auditores Internos) and IIA Nicaragua are hosting the VII CLAI Conference on October 23-25 in Managua, Nicaragua.

### Special CCSA and CGAP Exam Offerings (U.S.)

May 16 is the testing date for the Certification in Control Self-Assessment (CCSA) and Certified Government Auditing Professional (CGAP) examinations. There are also several special U.S. offerings of the exams approaching:

- CGAP exams will be offered May 12 in conjunction with The National Association for Local Government Auditors 14th Annual Conference in Lake Tahoe, Nevada; June 26 in conjunction with the 2002 IIA International Conference in Washington, D.C.; August 21 in conjunction with the Army Internal Review Training Symposium in Scottsdale, Arizona; and in September in conjunction with The IIA's State & Local Government Conference in Springfield, Illinois.
- CCSA exams will be offered June 26 in conjunction with the 2002 IIA International Conference in Washington, D.C.; and in September in conjunction with The IIA's Enterprise Risk Management and Control Self-Assessment Conference in Chicago, Illinois.

For more information, visit our Web site under CCSA or CGAP.

### Quality Assurance Review Seeks Team Members

The IIA is seeking team members to participate in Quality Assurance Reviews (QARs) for organizations large and small in all parts of the world. QARs evaluate internal audit organizations' efficiency and effectiveness, identify "best practices," and measure compliance with The IIA's *Standards* and other relevant organizational and departmental policies and procedures.

Team members must be Certified Internal Auditors who are familiar with The IIA's *Standards*. In exchange for their time and expertise, team members receive registration to an IIA conference, CPE credit, and a copy of The IIA's *Quality Assessment Manual*.

For details, visit the Services section of [www.theiia.org](http://www.theiia.org), e-mail [QAR@theiia.org](mailto:QAR@theiia.org), or call Helena Arias at +1-407-830-7600, Ext. 313.

## More News ...

### News from The IIA Learning Center

**Seminars** — The *Quality of Earnings: Issues, Actions* seminar has been renamed *Assuring Financial Statement Integrity: The Auditor's Role*. It will be held August 5–7 in Denver, Colorado, U.S.A.; September 9–11 in Toronto, Canada; and October 21–23 in Washington D.C.. This course is designed for people who want to ensure financial statement reporting accuracy. Visit the Training section of [www.theiia.org](http://www.theiia.org) for [course details](#).

**Online CPE** — The annual subscription rate for IIA's web-based training [IIAOnlineCPE.org](http://IIAOnlineCPE.org) has been increased to US \$199 for members or US \$245 for nonmembers. With nearly 120 multimedia courses available, it is a great value at approximately \$1.65 per CPE hour! Group rates are available for organizations. Please contact Ray Brindley at [rbrindley@theiia.org](mailto:rbrindley@theiia.org) or telephone +1-407-830-7600, Ext. 295.

**CIA Exam Study Materials** — The CIA exam is fast approaching. If you are still in need of study materials, take a look at the 2002 Model Exam, available in [print](#) or on [CD-ROM](#). For a complete list of study materials, visit the [Certification section of The Bookstore](#) at [www.theiia.org](http://www.theiia.org).

**New Products** — The [Internal Auditing Manual Shell on CD-ROM](#) has been updated and is available for purchase. Visit [The Bookstore](#) for a complete list of [New Products](#) as well as those that are [Coming Soon](#)

### REQUESTS AND COMMENTS

Ideas or requests for information to be added to the Newsletter should be sent to Michele Welscher at [mwelscher@kheaa.com](mailto:mwelscher@kheaa.com)

### IIA Urges NYSE to Strengthen Corporate Governance

On April 4, IIA President William G. Bishop III, CIA, and Senior Vice Chairman of the Board LeRoy Bookal, CIA, appeared by special invitation before a special committee of the board of the New York Stock Exchange to present The IIA's suggestions for improving investor confidence in corporate America.

Bishop and Bookal emphasized the important governance roles played by the board of directors, executive management, internal auditors, and external auditors, and recommended three essential actions to strengthen corporate governance and thereby restore public confidence in capital markets.

#### Specific recommendations:

- The stock exchanges jointly should issue a uniform set of corporate governance principles for publicly held companies. Moreover, the board of directors of public companies should be required to disclose in their annual reports the extent to which they are in compliance with those principles.
- The boards of directors of all publicly held companies should be required to publicly disclose an assessment of the effectiveness of the broad system of internal control within their organizations.
- All publicly held companies should establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the audit committee with ongoing assessments of the organization's risk management processes and the accompanying system of internal control. If an internal audit function is not present,

the board of directors should be required to disclose in the company's annual report why the function is not in place.

The IIA's position aligns with and is supportive of governance principles recently published by the [Corporate Governance Center and Kennesaw State University](#). Since then, The IIA has distributed its position paper to all members of the Congress and their key staff; the U.S. Securities and Exchange Commission; the other U.S. stock exchanges; and other decision makers.

The position paper, a related press release, and several other documents The IIA has prepared since the Enron bankruptcy are accessible from The IIA's [home page](#).

### SEE POSITION PAPER AT END OF NEWSLETTER !

### CIA's WE NEED YOUR E-MAIL ADDRESS

In mid-February, The IIA began sending CPE reporting reminders by e-mail. If you are a CIA and prefer to receive your notification via e-mail, you can note your e-mail address on the reporting card, or check your Member Profile in the Membership section of [www.theiia.org](http://www.theiia.org) to confirm that we have your e-mail address on file.

Use of the online form saves you time and postage costs, and there is no need to send credit card information since members do not pay to report. (Nonmembers pay a US \$20 reporting fee.) Please note: if you have selected the "no e-mail" preference option in your IIA record, The IIA cannot send you this e-mail reminder.

### 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)**

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 KHEAA / KHESLC (502) 696-7467 <a href="mailto:mwelscher@kheaa.com">mwelscher@kheaa.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>Webmaster 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:Jose1@Humana.com">Jose1@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@kvauditor.net">pbezehertny@kvauditor.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> <b>OPEN</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">Jefferson Wells.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>

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

MAY 2002	
1 - 3	Industry Audit Series Conference: Financial Services, Utilities, and Telecommunications, Chicago, Illinois, United States
6-8	Government Public Offering Seminars, Sacramento, California, United States
6-10	Introduction to SAP Audit Seminar, San Francisco, California, United States
13-17	Security, Auditability, and Control of PeopleSoft Systems Seminar, Columbus, Ohio, United States
15-16	Certified Internal Auditor (CIA) examination
16	Certification in Control Self-Assessment (CCSA) examination
16	Certified Government Auditing Professional (CGAP) examination

### **IIA Needed You...And You Responded New Newsletter Editor**

A plea was sent out via e-mail for a replacement newsletter editor for the 2002-2003 year. I received an unexpected and wonderful turnout from the membership and I would like to thank those that responded for their desire to help our local chapter. Instead of drafting someone to relieve me of the newsletter responsibility while I am President, I had to choose among several individuals that volunteered for the opportunity to help our local IIA chapter.

I would like to announce at this time that Michelle Martin will be assuming the position of Newsletter Editor/Secretary for the next year. I am sure Michelle will do a wonderful job with our newsletter and help to keep our members informed. After four years of preparing the newsletter, I am looking forward to serving the Chapter as President with the assurance that the newsletter is in capable hands to keep the membership abreast of the latest information.

Remember the newsletter is for the member's benefit and suggestions and comments are always welcomed.

Michele Welscher  
Vice President/Newsletter Editor

### **APRIL SPEAKER INFORMATION**

#### **The Oliver Group**

The Oliver Group was created for a specific purpose: to help companies grow by defining their vision, their culture, their strategy, and putting the right team in place to reach their goals. Fundamental issues are addressed: Is the leader the problem or the solution? How does a leader know if he has the management team to take the company to the next level of growth? Is the management team motivated? And, is the leader communicating the vision clearly? The Oliver Group can help solve these critical people issues, and many more. Our approach involves a process of analysis of the current situation, followed by the development and implementation of a strategy appropriate to them.

#### **Jennifer O. Mackin – Vice President Business Development & Client Service**

Jennifer joined the Oliver Group in 1994 bringing experience in marketing and human resources. She graduated from Indiana University School of Business with a Marketing degree and earned her MBA from the Owen Graduate School of Business from Vanderbilt with a concentration in General Management and Human Resources.

Prior to joining the Oliver Group, Jennifer served in various roles for a charter and scheduled service airline and a top five pharmaceutical company. Her current role at the Oliver Group is to grow the consulting business within their target markets of Illinois, Kentucky and Ohio and to create an exemplary level of service for all clients. Throughout her eight years of service, she has consulted with over 100 clients and helped start and expand the Oliver Group's executive search division.

**A position paper presented by  
The Institute of Internal Auditors  
to the U.S. Congress  
April 8, 2002**

## Recommendations for Improving Corporate Governance

The recent highly publicized corporate governance failures in the United States and other countries underscore the need for fast, decisive action to require more accountability at publicly held companies. Internal auditors, the board of directors, senior management, and external auditors are the cornerstones of the foundation on which effective corporate governance must be built. As the principal voice of the internal auditing profession, The Institute of Internal Auditors (IIA), with more than 75,000 members worldwide, strongly believes it can offer unique insights into issues related to improving the corporate governance, risk management, and control processes. And it is from the internal auditor's unique position as a participant in corporate governance, yet a critical, independent observer of that process, that The IIA offers the following recommendations for governance improvement:

1. The New York Stock Exchange, the American Stock Exchange, and Nasdaq should jointly issue a uniform set of corporate governance principles for publicly held companies. Moreover, the boards of directors of public companies should be required to disclose in their annual reports the extent to which they are in compliance with those principles.
2. The boards of directors of all publicly held companies should be required to publicly disclose an assessment of the effectiveness of internal controls within their organizations. Such disclosures should address internal controls broadly, rather than being limited to accounting controls over the recording and reporting of financial information.
3. All publicly held companies should establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the audit committee with ongoing assessments of the organization's risk management processes and the accompanying system of internal control. If an internal audit function is not present, the board of directors should be required to disclose in the company's annual report why the function is not in place.

Following are expanded comments in support of each of The Institute's recommendations.

### **CORPORATE GOVERNANCE PRINCIPLES**

The New York Stock Exchange, the American Stock Exchange, and the National Association of Securities Dealers (NASD) should jointly issue a uniform set of corporate governance principles for publicly held companies. Moreover, public companies should be required to disclose in their annual reports the extent to which they are in compliance with those principles.

The Institute believes that promulgating a strong, uniform code for corporate governance and requiring board reporting on the extent of compliance with this code are vital steps toward strengthening corporate governance, improving transparency, and restoring investor confidence. Generally accepted governance principles would be of significant value as benchmarks against which to measure and report on the fulfillment of fiduciary duties by all parties in the governance process. A uniform code of corporate governance would also help foster the high levels of integrity expected of officials of all public companies.

The National Association of Corporate Directors has recommended that the Securities and Exchange Commission require public companies to disclose the extent to which they meet endorsed standards developed by the listing exchanges.<sup>[1]</sup> Codes of governance in the United Kingdom<sup>[2]</sup>, Canada<sup>[3]</sup>, South Africa<sup>[4]</sup>, and other countries already require disclosure of conformity to certain recommended governance practices.

The overall effectiveness of reporting against a set of principles is still being assessed and will be for several years. In the United Kingdom, however, an analysis was performed on a sampling of corporate governance statements, and while most organizations were not in full compliance with all aspects of the Combined Code, those organizations not in compliance were at least explaining to the public why they fell short of full compliance. Where explanations were questionable, the companies were confronted with adverse publicity, institutional pressure, and further inquiries from investors and other stakeholders.<sup>[5]</sup>

In the United States, governance policies and practices vary considerably from state to state and from company to company. In 1999, COSO performed an analysis of 200 SEC enforcement actions over the preceding 10-year period. While most of the organizations cited were relatively small, the findings relating to board and audit committee composition and activities, internal control systems, and pressures on management were instructive. We believe adherence to good governance principles could have highlighted some of the situations for the board and investors before they escalated.<sup>[6]</sup>

We further believe that investors, analysts, and other stakeholders would be better served if uniform corporate governance guidelines were put in place nationwide. Requiring disclosure of compliance with such guidelines would significantly enhance governance processes without imposing inflexible board-practices requirements. While many models could serve as the starting point for the development of sound corporate governance principles, the 21st Century Governance Principles for U.S. Public Companies<sup>[7]</sup>, recently issued by the Corporate Governance Center at Kennesaw State University in Kennesaw, Georgia, appear to the Institute to be particularly appropriate. These principles are:

1. **Interaction** – Sound governance requires effective interaction among the board, management, the external auditor, and the internal auditor.
2. **Board Purpose** – The board of directors should understand that its purpose is to protect the interests of the corporation’s stockholders while considering the interests of other stakeholders (e.g., creditors, employees, etc.).
3. **Board Responsibilities** – The board’s major areas of responsibility should be monitoring the CEO, overseeing the corporation’s strategy, and monitoring risks and the corporation’s control system. Directors should employ healthy skepticism in meeting these responsibilities.
4. **Independence** – The major stock exchanges should define an “independent” director as one who has no professional or personal ties (either current or former) to the corporation or its management other than service as a director. The vast majority of the directors should be independent in both fact and appearance so as to promote arms-length oversight.
5. **Expertise** – The directors should possess relevant industry, company, functional area, and governance expertise. The directors should reflect a mix of backgrounds and perspectives. All directors should receive detailed orientation and continuing education to assure they achieve and maintain the necessary level of expertise.
6. **Meetings and Information** – The board should meet frequently for extended periods of time and should have access to the information and personnel it needs to perform its duties.
7. **Leadership** – The roles of board chair and CEO should be separate.
8. **Disclosure** – Proxy statements and other board communications should reflect board activities and transactions (e.g., insider trades) in a transparent and timely manner.
9. **Committees** – The nominating, compensation, and audit committees of the board should be composed only of independent directors.
10. **Internal Audit** – All public companies should maintain an effective, full-time internal audit function that reports directly to the audit committee.

The Institute believes these 10 principles provide a sound model for effective governance because, like the Corporate Governance Center, the IIA believes that sound governance is dependent on the synergy generated among the four components of the governance system: the board, management, internal auditors, and external auditors. In order to achieve consistent and effective governance processes, all four groups must be in place and working cohesively. These four groups provide an effective system of checks and balances that melds internal understanding of the business with independent external assessments.

Within the broad Corporate Governance Center framework, The Institute believes that the disclosures described in Principles 8 and 10 have particular relevance to internal auditing. Following are recommendations that expand upon these principles and associated disclosures.

### INTERNAL CONTROLS REPORTING

The boards of directors of all publicly held companies should be required to publicly disclose an assessment of the effectiveness of internal controls within their organizations. Such disclosures should address internal controls broadly, rather than being limited to accounting controls over the recording and reporting of financial information.

The Institute believes that mandatory reporting on the system of internal control would be a potent weapon in the ongoing fight to protect shareholders and the investing public. To ensure effective reporting, internal auditing should report to the audit committee on the adequacy and effectiveness of internal controls. The report should be coordinated and draw on representations from management about the sufficiency of internal controls, the result of control system tests performed by internal auditors and others on the management team, and the work of the external auditor. The audit committee should then evaluate the adequacy of the report and make appropriate recommendations to the board for public reporting.

Although some make the case that current management reporting in annual reports is adequate, a recent IIA survey of U.S. corporate reporting practices found that only about half of annual reports include reporting on internal controls by

management, the audit committee, or the board of directors. The study also found that among those companies that do such reporting, it generally lacks consistency and usually fails to provide an assessment of the control system's effectiveness. Further, public reporting on controls generally is limited to accounting controls concerning financial reporting and does not address the issue of organizational risks.[8]

The IIA believes that the most effective internal control framework available today is *Internal Control — Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).[9] The COSO report defines internal control broadly and does not limit internal controls to accounting controls concerning financial reporting. While financial reporting is an important responsibility of the audit committee, other aspects of the business relating to resource protection, operational efficiency and economy, and compliance with rules, regulations, and policies also are exceedingly important. Further, COSO drives home the point that effective internal controls are management's responsibility and require the participation of all persons within an organization to be effective.

The organization's report on internal controls should be sufficiently comprehensive to provide the audit committee with a reasonable basis for drawing conclusions about the adequacy and effectiveness of internal controls. In order to provide this comprehensive information and to ensure that multiple viewpoints are considered, the report on controls should be based on information from a variety of sources including:

- Independent evaluations of risk and control systems performed by internal auditors.
- Reviews of internal controls performed during the external audit.
- Management opinions on significant risks and the sufficiency of controls and associated reports provided to the board of directors.
- The results of special investigations or other activities that could have a material impact on the board's consideration of risk management and the sufficiency of internal controls.

The Federal Deposit Insurance Corporation Improvement Act of 1991 requires large banks to maintain an adequate system of internal control and to issue a management report on the effectiveness of this system over financial reporting. Berlin-based Transparency International and Financial Executives International[10], in Morristown, N.J., also called for public reporting on internal controls in the annual report, as did the Combined Code[11], the Treadway Commission[12], and the King Report on Corporate Governance[13]. Despite these initiatives, disclosures on internal controls have not yet become a standard part of annual financial reporting. The Institute believes that a written disclosure on internal control sufficiency must be an essential component of any initiative to improve the quality of the financial reporting and governance processes.

The evaluation of the system of internal control should be based on the identification of significant financial and non-financial risk. The Combined Code specifically calls for a public report covering all controls, including financial, operational, and compliance controls as well as risk management.

In a recent survey of 178 corporate directors, 45 percent of respondents indicated that their organization did not have in place a formal enterprise risk management process — or any other formal method of identifying risk. An additional 19 percent of directors indicated that they were not sure whether their organization had a formal method of identifying risks.[14] The Institute believes that disclosures related to risks and controls would serve the public interest not only by providing transparency for investors and other stakeholders but also by helping ensure that corporate directors are aware of the risk and control issues for which they have oversight responsibility.

## INTERNAL AUDITING

All publicly held companies should establish and maintain an independent, adequately resourced, and competently staffed internal audit function to provide management and the audit committee with ongoing assessments of the organization's risk management processes and the accompanying system of internal control. If an internal audit function is not present, the board of directors should be required to disclose in the company's annual report why the function is not in place.

Internal auditors and audit committees are mutually supportive. Consideration of the work of internal auditors is essential for the audit committee to gain a complete understanding of an organization's operations. Contemporary internal auditing is based on the identification of strategic, operational, and financial risks facing the enterprise and the assessment of controls put in place by management to mitigate those risk within dynamically changing contexts. Included in the identification of these risks are issues such as:

- Related-party transactions, joint ventures, and partnerships.
- Restructurings, including mergers and acquisitions.
- New businesses, products, and systems.

- Vulnerability to interest rate changes or changes in cash flows.
- Information systems risks.
- Reputation risks.

A process that includes the identification, understanding, and control of such risks and an assessment of the effectiveness of controls should help ensure consideration of the very items underlying recent governance and quality of earnings problems.

As noted in the *Competency Framework for Internal Auditing*[15], internal auditors monitor and report on the processes that are established within organizations to ensure that significant risk exposures are understood and managed appropriately within a context of continuous change. In many organizations, internal auditors uniquely perform ongoing, systematic evaluations and assessments of risk management and internal controls. Therefore, The Institute supports the existence of an effective, comprehensive auditing approach that includes both internal and external auditing at all publicly held corporations.

#### **a. Internal Audit Independence**

In establishing and providing oversight for an internal audit function, audit committees should ensure that the function is structured in a manner that achieves organizational independence and permits full and unrestricted access to top management, the audit committee, and the board.

The IIA's *Standards for the Professional Practice of Internal Auditing (Standards)* require that the chief audit executive (CAE) report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The Institute believes that to achieve necessary independence, the CAE should report functionally to the audit committee. For administrative purposes, in most circumstances, the CAE should report directly to the chief executive officer of the company. The final point of the *21<sup>st</sup> Century Governance Principles for U.S. Public Companies*[16] is that public companies should maintain an effective, full-time internal audit function that reports directly to the audit committee.

To enhance independence, The Institute recommends that the following provisions be included in the audit committee charter:

- The audit committee should ensure that the internal audit function is structured in a manner that achieves organizational independence and permits full and unrestricted access to top management, the audit committee, and the board.
- The audit committee should review the internal audit function's charter and ensure unrestricted access by internal auditors to records, personnel, and physical properties relevant to the performance of engagements.
- The audit committee should review and approve the annual internal auditing budget and assess the appropriateness of the resources allocated to internal auditing.
- Decisions regarding hiring or termination of the CAE should require endorsement by the chairman of the audit committee.
- The chairman of the audit committee should also be appropriately involved in performance evaluation and compensation decisions related to the CAE.
- The audit committee should regularly provide the CAE and the external auditor with the opportunity to confer privately with the committee, without the presence of management.

#### **b. Internal Audit Professionalism**

In establishing and providing oversight for the internal audit function, audit committees should charge CAEs with the responsibility of ensuring that internal auditing work is performed in accordance with The IIA's *Standards*. Internal auditors — and especially CAEs — should demonstrate their professional competency by attaining appropriate professional certifications.

The professional practice of internal auditing is governed through a system of self-regulation based on widely accepted standards, ethical principles, and other guidance indicative of best practices. The IIA believes internal auditing best addresses management's strategic objectives when internal audits are performed by competent professionals in accordance with professional standards and rules of conduct requiring independence, due professional care, and effective quality assurance mechanisms.

The most widely recognized standards for this purpose are The IIA's globally recognized *Standards*, which provide the basis for the guidance and measurement of internal auditing performance. Adherence with the *Standards* and The Institute's Code of Ethics is mandatory for members of The Institute and for all Certified Internal Auditors. By requiring

that internal audit work be performed in accordance with the *Standards*, audit committees and boards gain additional assurance that their organization's internal controls are adequate to protect the public trust in the financial reporting system.

The Institute recommends that internal auditors should demonstrate professional competency. The IIA believes that the preferred internal auditing credential to meet this requirement is The Institute's Certified Internal Auditor (CIA) designation. The CIA designation is the only globally recognized professional credential for internal auditing. CIAs have been required to meet rigorous education and experience requirements and to pass a comprehensive certification examination. They are bound by a professional code of ethics and by The IIA's *Standards* — and they are subject to due process and disciplinary actions for violations of the *Standards* and the Code of Ethics. Once certified, CIAs are required to obtain continuing education to maintain professional certification.

### CONCLUSION

In conclusion, The Institute of Internal Auditors believes that internal auditors, the board, senior management, and external auditors are the cornerstones of the foundation on which effective corporate governance must be built. All publicly traded companies should have a fully resourced, independent internal audit function that is professionally staffed and chartered to evaluate the risk management, control, and governance processes. The Institute strongly endorses adoption of a uniform set of corporate governance principles for publicly held companies. The IIA further supports initiatives requiring public disclosures related to compliance with endorsed principles, the effectiveness of internal controls, and internal auditing.

April 8, 2002

[1] National Association of Corporate Directors, *Recommendations from the National Association of Corporate Directors to the House Committee on Energy and Commerce*, 2002

[2] The Institute of Chartered Accountants in England & Wales, *Internal Control – Guidance for Directors on the Combined Code*, 1999

[3] Joint Committee on Corporate Governance, *Beyond Compliance: Building a Governance Culture*, 2001

[4] The Institute of Directors in Southern Africa, *The King Report on Corporate Governance*, 1994

[5] The Institute of Internal Auditors – UK & Ireland, *Internal Auditing & Business Risk*, “Information Overload”, 2002

[6] Committee of Sponsoring Organizations of the Treadway Commission (COSO), *Fraudulent financial Reporting: 1987-1997 – An Analysis of U.S. Public Companies*, 1999

[7] Corporate Governance Center, Kennesaw State University, *21<sup>st</sup> Century Governance and Financial Reporting Principles for U.S. Public Companies*, 2002

[8] The Institute of Internal Auditors, *Public Reporting on Internal Controls*, 2002

[9] Committee of Sponsoring Organizations of the Treadway Commission (COSO), *Internal Control – Integrated Framework*, 1992

[10] Financial Executives International, *Proposed Action Steps for Enhancing the Effectiveness of the Implementing of the Accounting, Auditing and Internal Control Provisions of the Convention and the 1997 Revised Recommendations – United States*, OECD Convention on Combating Bribery – Accounting, Auditing and Internal Control Provisions, Washington, D.C., 2002

[11] The Institute of Chartered Accountants in England & Wales, *Internal Control – Guidance for Directors on the Combined Code*, (Turnbull Report), 1999

[12] National Commission on Fraudulent Financial Reporting, *Report of the National Commission on Fraudulent Financial Reporting*, 1987

[13] The Institute of Directors in Southern Africa, *The King Report on Corporate Governance*, 1994

[14] The Institute of Internal Auditors and The National Association of Corporate Directors, *After Enron: A Survey for Corporate Directors*, 2002

[15] The Institute of Internal Auditors Research Foundation, *Competency Framework for Internal Auditing*, 1999

[16] Corporate Governance Center, *21<sup>st</sup> Century Governance and Financial Reporting Principles for U.S. Public Companies*, 2002

## **CANAUDIT PERSPECTIVE** **NEWSLETTER**

**Volume 3**

**Number 4**

**April 2002**

## ***GORDIE SPEAKS OUT!***

**By Gordon Smith, President, Canaudit Inc.**

The reaction to my Enron article in the February issue of the Canaudit Perspective was overwhelming ([www.canaudit.com/Articles\\_Pubs/past\\_articles/Feb02\\_perspective.htm](http://www.canaudit.com/Articles_Pubs/past_articles/Feb02_perspective.htm)). I received over 800 emails, many of which had common themes. Many of the respondents wanted to know the best reporting structure for an internal audit department. Others wanted to know the best way to configure the audit department. Still others were concerned because they had outsourced the IT audit function and wanted to know the best way to bring it back in house. A few (very few) said that words were cheap, and what was I, Gordon Smith, going to do to start rejuvenating internal audit. I started by responding to each and every one of them, usually within 24 hours. Then I started to summarize their comments so that I could identify the items that concerned them most. At the end of this article, you will see that I am willing to put some of my money on the line to kick off the **Century of the Internal Auditor**.

Many of those responding wanted me to write more articles on similar topics. Since we try to listen to our customers, several issues of the Canaudit Perspective each year will be dedicated to this or a similar topic. In addition, we will do one or two special editions a year on "hot topics" that require immediate dissemination to the audit community. So much for the preamble, now onto the issues!

### **Reporting Structure**

#### IT Audit Boot Camp

The majority of the respondents indicated that the audit department reported to the Chief Financial Officer (CFO), and they were concerned about independence. In general, reporting to the CFO results in a lack of independence, particularly if the internal audit department focuses on auditing financial systems. That said; let us look at the major areas in the audit universe so that we can determine if reporting to the CFO causes a conflict of interest. Please stick with me while I go through the audit universe. Once we examine it, then the suggested reporting structure will become clear.

At least **20 percent** of an internal audit department's audit efforts should be directed towards **information technology**. These audits include, but are not limited to, system development, operations, operating systems, networks, databases, help desk and call centers, telephone systems (PABX's etc.), business continuance and disaster preparedness. The audit reports are normally addressed to the CIO or one of the CIO's key managers.

Another **20 percent** of audit time should be spent on **operational audits**, which we call auditing for profit. These audits include procurement, distribution, inbound and outbound logistics, manufacturing, customer service and support, product research and development, operations, facilities and executive security, travel and entertainment, and item (or transaction) processing, just to name a few. The audit reports will normally be directed to operations management, the Chief Technology Officer (CTO), manufacturing VP or the Chief Operating Officer (COO).

Another **20 percent** of the internal audit budget should focus on business operations. These audits include **financial applications**, such as disbursements, sales and receivables, payroll, asset protection, cash management, treasury, and other financial activities. These audit reports will be directed to the CFO and as such, could result in a loss of independence.

Another **10 percent** of the audits should be **corporate services**. This includes legal, human resources, mergers and acquisitions (including due diligence), investments, shareholder affairs, public relations, advertising, and regulatory issues. The audit reports are normally directed to the head of each business unit; however, it could also go to the CEO.

**Special projects** should account for about **20 percent** of the audit workload. These are usually projects that are conducted at the direct request of the CEO, the COO, the CFO or the Board of Directors. This is an area where auditors can really shine, particularly since Enron. Senior executives now realize that the advice they paid so dearly for was shallow, as consultants skimmed the surface to identify issues that everyone already knew. They may have incorporated the work of the internal auditors, often without giving the internal auditors credit for their work. In some cases, these consultants use staff only a few months out of university with very little experience, yet billed out at over \$200 per hour. I'm sure you have seen some of these consultant reports. I have too, and let me tell you, a few good internal auditors, who understand the business and who are independent and empowered, could **outrun these consultants any day of the week!**

Special projects are where we put the best and most experienced internal auditors. We can team them with less experienced auditors who can extract data, build spreadsheets and format presentations. The audit reports that result from special projects normally go to the CEO or the Board of Directors and can have an immediate impact on the business. No one understands your business like your internal auditors. They span the company, visiting far-flung

locations, following business data as it is transformed into management information. The auditors on these projects must be the most independent of all.

Well, now I'm at 90 percent, and you are probably wondering where doing **work for the external auditor** comes in. I say, give them **5 percent or less**. Yes, I said 5 percent or less. And it had better result in a significant fee reduction! After all, if the General Auditor or Chief Audit Officer (CAO) is to divert valuable resources to the external audit, then we have to see a substantial return on investment. Also, the external auditors normally bid a fixed fee for the audit, so why should internal audit do the labor-intensive tasks when they can be auditing for profit and finding new sources of cash flow for the corporation.

The last **5 percent** of audit resources should be spent on **fraud prevention and investigation**. Fraud drains capital resources and, if uncontrolled, can lead to a general erosion of control. Also, finding and investigating fraud gives the audit department a high profile with executives. After all, everyone suffers if dishonest employees or, even worse, senior executives drain cash intended for the shareholders from the company.

So, now that we have gone through this long list, where should internal audit report? **The answer is – where it fits best and is properly empowered to perform the required duties.** My first choice will always be **directly to the audit committee of the Board of Directors**. This provides visibility and ensures that serious issues will be properly presented. I understand that sometimes there needs to be a dotted line to a senior executive for administrative purposes. The COO would be a good person for the General Auditor to report administratively because, as we can see from my breakdown of the audit universe, the COO is best placed to handle any issues arising from the audits.

The Chief Legal Counsel (CLC) is also another good place for the administrative reporting. There normally are very few conflicts between the General Auditor or Chief Audit Officer (CAO) and the CLC. In some cases, this may also permit audit reports to be restricted due to client attorney privilege. In some cases, the CFO is the best place for the CAO to report. This depends on the attitudes of the CAO and the CFO. As long as the CAO is independent, then the auditors will likely also be independent. Just remember that independence is a frame of mind: **A good CAO will be independent regardless of the reporting structure.**

### ***Restoring the IT Audit Function***

While I would like to cover the structure of the internal audit department at this point, this topic deserves a full newsletter. Therefore, I will cover it in my next issue of the Canaudit Perspective. In this issue, I would like to cover restoring IT audit, as it was the greatest victim in the outsourcing battles. While many companies outsourced internal audit over the last decade, even more decimated the IT audit function as they outsourced or cosourced the function. To me, it makes sense to have a strong and viable internal IT audit group. Companies succeed or fail on their ability to provide timely information to management. Just about every function in an organization uses information technology. Therefore, to me, it makes more sense to insource this function as soon as you can.

If your IT audit function has been decimated, now is a good time to hire. There are many good IT auditors walking the streets right now because of the tech meltdown, mergers and corporate layoffs. This is the time to hire the cream of the crop and get them working for you. You should start with a good IT audit manager. A good IT manager is current on technology, has good people skills, yet is comfortable making presentations to the Board of Directors. I know several people who fulfill this description and are currently between positions. I'm sure you know a few of these people as well.

Once you have located the IT audit manager, it is time to hire staff. My advice here depends on the size of your organization and the audit department itself. In the average company, 20 to 30 percent of the internal auditors should be IT auditors. In a large bank or financial services institution, the ratio should be even higher. Personally, I prefer what I call a salt and pepper IT audit group. What I mean by this is that there should be several highly seasoned IT auditors, who know the company and have good IT audit skills. These are the salt. The pepper (or the fire, depending on the analogy) comes from IT professionals, IT auditors with less than three years experience, and financial auditors who are cycling through IT audit as part of their career development.

In larger audit departments, I would like to see several staff devoted to data extracts or "programming." These should be interns or recent college or university grads with a major in information systems or IT auditing. The idea here is to lower the overall cost of audit software while ensuring that the skilled IT auditors are not saddled with this responsibility. This follows Gordie's first law. "Work flows to the lowest level willing to accept it." It also ensures that your high cost IT auditors are deployed where their specific skills provide the highest return. If you would like to experiment with this, call your local college or university to establish an intern program. Start with one person and if you are satisfied with the results, expand the program.

Now I would like to address the issue of under-skilled IT auditors. This is particularly troubling for me, as I have known some of these people for a very long time. These are the IT auditors who survived the purges, outsourcings and cosourcings in recent years. Not only are they battle weary, but they are often under-trained. For years, they have watched as budgets were cut, staff positions eliminated and training reduced. Somehow they coped with this, getting their training by reading books and articles, going to low cost chapter events or by investing their own money in college courses.

You truly have to give these dedicated individuals credit! Despite their efforts, their skills are old. Worse yet, management may not realize just how much these people contribute and more importantly, how much more they could contribute if they were given a chance. Now is the time to review their existing skill sets and design training programs for them. Every cent you invest in these IT auditors will provide an excellent return on investment. They will be able to do more audits, bring cosourced audits back in-house and save money in the long run.

This does not mean that they will be able to do all IT audits. Some audits are just so specialized that it is not realistic to retain the resources on staff to perform them. There still will be a need to use consultants to perform certain IT audits. I do not consider this cosourcing, rather, it is skills management. If you cannot perform the audit at reasonable cost with your staff, then use consultants when they are cost effective. Then make sure that the consultants transfer their skills to your internal IT audit staff as part of the project. This ensures that the IT auditors will get to work alongside the consultants, learning new skills as they manage the consultants. Yes, I said manage the consultants. They are internal audit consultants, not outsourcers or cosourcers.

#### Let it Start with Canaudit!

Several of the emails I received after the Enron article was published stated that it was easier for me to make my comments than it is for staff internal auditors to present the issues to management. Also, it is easy for "Gordie" to talk about training, but in real life, there just are not any training dollars available. Just last week, I received an email from an auditor asking if they could get a discount on training because her company no longer provides training or travel. We found the lowest cost location for her to take the course so that she could attend. But even that is not enough. If we are to change the IT audit profession, everyone has to work together.

With that in mind, Canaudit is taking the first step in providing training to those with little or no budget. We have reserved two places at the Chicago offering of the Ultimate Network Penetration class. Some of our clients cannot afford the \$2,495 fee for this class. Since someone has to get the ball rolling, let it be Canaudit! If you would like a free registration for this class, visit the Canaudit website [www.canaudit.com/Ultimate-drawing-Chicago.htm](http://www.canaudit.com/Ultimate-drawing-Chicago.htm) and enter your name, title, company, address, zip, phone and email. On April 30<sup>th</sup>, 2002, at 11 a.m. PDT, a participant in the Control and Security of Oracle class will select at random two people who registered on or before 8 a.m. PDT April 30<sup>th</sup>, 2002. Both of the lucky people whose names are drawn will receive a free registration to the Chicago class. There are some rules. First, only one entry per person. Second, the offer is not transferable. It applies only to the Chicago offering starting on May 13, 2002 and ending on May 17, 2002. The winner or their company must pay all travel and out-of-pocket expenses related to attending this session.

Several clients suggested that we create a one-week IT Audit Boot Camp. We listened to them. The first offering of the IT Audit Boot Camp will be held in Washington DC, July 22 to 26, 2002. If you want to upgrade your skills or train a new IT auditor, this seminar is for you. To view the outline, go to [www.canaudit.com/Seminars/BootCamp.htm](http://www.canaudit.com/Seminars/BootCamp.htm). To register, go to [www.canaudit.com/Ultimate/Boot-Camp-register-July22-26.htm](http://www.canaudit.com/Ultimate/Boot-Camp-register-July22-26.htm).

As always, the ideas express above are mine and mine only. If you wish to comment, please email me ([Gordon@canaudit.com](mailto:Gordon@canaudit.com)).

To subscribe to the Canaudit's newsletter, please send your requests to [canauditmarketing@earthlink.net](mailto:canauditmarketing@earthlink.net).

**Canaudit Inc • PO Box 2110, Simi Valley, CA 93062-2110 • Phone:805-583-3723 • Fax:805-582-2676 • [www.canaudit.com](http://www.canaudit.com)**

**Greater Cincinnati ISACA Chapter  
Data Driven Auditing: A Business Approach  
May 21-22, 2002  
CPE - 16 HRS  
Cost - \$400 Members \$450 Non- Members**

(Early bird pricing listed below)

### **Seminar Focus and Features**

In this two-day seminar you will discover how you can use computer-generated data to drive the audit process, boost your effectiveness and efficiency, and establish a communications link with senior management. You will identify the key data elements to look for when performing a risk analysis and learn how to interpret that data to better understand all its audit implications. You will determine how to get the most out of financial and operational data and focus on using data to target critical areas for review. What you learn in this immediately usable session will provide you with strategies to effectively address the business concerns of the audit committee, senior management, and the organization.

**Learning Level:** Intermediate

### **Speaker: Bryan L. Wood, CPA**

Bryan Wood is the owner of a consulting firm specializing in business acquisitions and start-ups. He received Big 6 audit training from Deloitte & Touche (Haskin & Sells), and has more than 14 years of national and international experience as a Director of Internal Audit. Mr. Wood established the internal audit department for Bentley Nevada Corporation, and has worked in the retail, banking, healthcare, and gaming industries. His areas of expertise include application, due diligence, acquisition/merger, process flow, and operational efficiency audits. Mr. Wood is a distinguished faculty member of the IIA.

### **Date & Time:**

#### **May 21, 2002 \***

Registration & continental breakfast 8:00 - 8:30 a.m.

Seminar 8:30 a.m. - 4:30 p.m.

#### **May 22, 2002 \***

Continental breakfast 8:00 - 8:30 a.m.

Seminar 8:30 a.m. - 4:30 p.m.

\* *breakfast & lunch provided*

### **Location:**

#### **Kings Island Resort & Conference Center**

5691 Kings Island Drive, Kings Island, OH 45034

Phone: (513) 398-0115

***Please make room reservations directly with Kings Island Resort.***

### **Cost:**

#### **Early Bird Registration: on or before April 30, 2002**

Members: \$350

Non-Members: \$400

#### **If Registering after April 30, 2002:**

Members: \$400

Non-Members: \$450

NOTE: Member price is available to ISACA, IIA and ISSA members.

### **To Register:**

Visit our website at [www.isaca-cincinnati.org](http://www.isaca-cincinnati.org)

### **More Information:**

**Contact the following chapter volunteer for additional information:**

Beth Weidner – (937) 833-6378

[bethweidner@yahoo.com](mailto:bethweidner@yahoo.com)

**GREATER CINCINNATI CHAPTER**  
**INFORMATION SYSTEMS AUDIT & CONTROL ASSOCIATION**  
P.O. Box 1744  
Cincinnati, OH 45201

**Spring Seminar Registration Form**

Seminar: Data Driven Auditing: A Business Approach

Date: May 21 &amp; 22, 2002

Location: Kings Island Resort, Mason, OH

Fee:	<b>Register by April 30:</b>	\$350-Members;	\$400-Non-Members
	After April 30:	\$400-Members;	\$450-Non-Members
	Member price is available to ISACA, IIA and ISSA members.		

Presented by: MIS Training Institute

Your Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Your Phone # \_\_\_\_\_ Fax \_\_\_\_\_

E-mail \_\_\_\_\_

ISACA MEMBER: \_\_\_\_\_ IIA MEMBER: \_\_\_\_\_ ISSA MEMBER: \_\_\_\_\_

NON-MEMBER: \_\_\_\_\_ (Join ISACA now and receive all the benefits of membership)

To Register:

*This is a pre-pay event.* Mail this completed form, along with a check payable to Greater Cincinnati Chapter ISACA by **April 13, 2002**. Sorry, we do not accept credit cards.

Mail To: ISACA Spring Seminar  
 Greater Cincinnati Chapter ISACA  
 P.O. Box 1744  
 Cincinnati, OH 45201

**Louisville ISACA Chapter Presents**

**Data Driven Auditing Seminar**

**July 29 – 31**

**CPE - 22 HRS**

**Cost - \$495**

The Louisville Chapter of the ISACA in cooperation with Humana, Inc. presents a three-day seminar "Data Driven Auditing: A Business Approach" featuring Greg Duckert, July 29,30 & 31, 2002, in Louisville, Ky.

In this three-day seminar delivered by MIS Training Institute you will discover how you can use computer generated data to drive the audit process, boost your effectiveness and efficiency, and establish a communications link with senior management. You will identify the key data elements to look for when performing risk analysis and learn how to interpret that data to better understand all of its audit implications. You will determine how to get the most out of financial and operational data and focus on using data to target critical areas for review. You will learn strategies for effectively addressing the business concerns of the audit committee, senior management, and the organization.

The cost of the seminar is \$495. The course offers 22 hours of CPE. For more information or to register, contact Jeannie Riggs at [jriggs@humana.com](mailto:jriggs@humana.com).

***IIA NEEDS YOU !!!***  
***Committee Chairmanships Needed***

**Help us make our chapter great! It's time to start planning for next year and we are looking for volunteers for Chairman (may be one man show) for the following Committees:**

- **Membership**
- **Hospitality**
- **Seminar**
- **CIA Program**

**If you are interested in volunteering, please email Michele Welscher at [mwelscher@kheaa.com](mailto:mwelscher@kheaa.com).**