

DERBY CITY DISCLOSURES



LOUISVILLE IIA CHAPTER

November, 2004

PRESIDENT'S MESSAGE

Dear Members,

I would like to thank everyone for coming out to last month's meeting. We had a great turnout for Dave Calzi's update on Sarbanes-Oxley. Don't miss this month's meeting where Teresa Snedigar, our chapter's district representative, will discuss "Systems Development Life Cycle Auditing." Many of you may remember that Teresa presented a ½ day seminar to us last January on CSA. We are excited to have her back again. This meeting will be a joint meeting with the ISACA chapter.

I am pleased to announce that we now have a Vice President. **Dwayne Dowell** has accepted this position. Dwayne already has a lot of great ideas for our chapter and is anxious to get started in his role!

I want to remind everyone of the upcoming **CIA exam** to be held at LG&E on November 17 and 18. A special thank you to those who have volunteered to proctor the exam and GOOD LUCK to those taking it!

As you know, the end of the year is fast approaching...along with **CPE reporting requirements**. Join us for an end of the year seminar to make sure you meet all those requirements. Jennifer Burke, who gave a great presentation at our September meeting, will be presenting "COSO Frameworks for Internal Control and Risk Management" and will also be discussing fraud. We are able to offer this seminar to you at a great rate...only \$40 for 4 CPE hours (cost includes continental breakfast)! Please see additional details within this newsletter.

I look forward to seeing you all at the next meeting!

Heather DiEnno
President

NEXT MEETING:

Tuesday, November 9, 2004

at the **Bristol Downtown**

Systems Development – Life Cycle Auditing

See page 2 for details

NOVEMBER MONTHLY MEETING

Systems Development – Life Cycle Auditing

Teresa Snedigar
IIA District Representative

Tuesday, November 9, 2004
12:00 noon, 11:30 registration

1 CPE hour
(certificates available upon request)

Bristol Bar & Grille Downtown

614 West Main Street
(parking will NOT be validated)

Menu selections:

California Club
Blackened Chicken
Linguine Pietro

Cost: \$20.00
Use PayPal at www.iialou.org or remit at meeting

RSVP by THURSDAY, November 4, 2004

Carrie Ramsey
Office: 627-4738
Fax: 217-2447
Carrie.ramsey@lgeenergy.com

About Teresa . . .

Teresa has 10 years of financial, operational, and IT audit experience working in various industries including insurance, manufacturing, financial services, consulting, and retail for Fortune 1000 companies. In addition, she has implemented Control Self Assessment methodologies and tools at 3 different organizations. She is currently the Director of Internal Audit for the Finish Line, Inc.

Teresa is the current District Representative for the Institute of Internal Auditors and lectures frequently at chapters and national seminars. Topics that she has facilitated include: Control Self Assessment, Risk Assessment, Information Technology, Sarbanes-Oxley, Quality Assurance Reviews, and Consulting in Auditing.

Teresa has a BS in Accounting from Indiana University and is a Certified Public Account, Certified Internal Auditor, Certified Information System Auditor, and Certified in Control Self Assessment. She is also an active member in the Information Systems Audit Control Association (ISACA).

PayPal is a quick and simple way to pay for monthly IIA meetings. From the chapter web site (www.iialou.org), go to the meeting and seminar schedule page. Click the "pay now" button for the meeting you wish to pay for. If you already have a "PayPal" account, simply verify the amount, enter your log-in and password. *If you don't already have a "PayPal" account*, you will need to fill in the information for new members (similar to other e-commerce web sites such as Amazon). Once you have completed the transaction, you will be sent an e-mail receipt by PayPal and be returned to the Louisville IIA web site. The local chapter also receives an e-mail that tells us you have paid. You will **still need to contact Carrie Ramsey** with your menu choice. All information is exchanged via HTTPS protocol (secure and encrypted) and remains with PayPal.

ADVERTISEMENT POLICY

FREE recruiting advertisements are available on the local IIA Chapter website and in the monthly newsletter! Any employer is eligible for free advertising IF at least one employee is a member of the Institute of Internal Auditors, Louisville Chapter. Executive Search Firms will be charged a nominal fee of \$50 for ½ page advertisement and one month of posting open positions on our webpage. Payment must be received prior to advertising / posting. For more information, contact the IIA Louisville Chapter President at president@iialou.org or Secretary at secretary@iialou.org.

CHAPTER NEWS

Visit www.ialou.org for more details!!

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WELCOME NEW MEMBERS

The MEMBERSHIP MADNESS campaign has worked! Please welcome our newest members: Todd Werner of Brown-Forman; Kevin Hisel of Carpenter, Mountjoy & Bressler, PSC; Brian Johnson of Churchill Downs; Emily Sibley of Fifth Third Bank; Kevin Ludwig of Kindred Healthcare; and William Woodard of LG&E.

NEW VICE PRESIDENT

Our chapter has a new officer. Dwayne Dowell has accepted the position of Chapter Vice President. Dwayne is excited about the position and already has a lot of great ideas for our chapter. Please take a moment to introduce yourself to Dwayne at our chapter meetings.

LAST MINUTE CPE's NEEDED? ATTEND THE DECEMBER SEMINAR

If you need some CPE's before the end of the year, join us for a ½ day seminar on "COSO Frameworks for Internal Controls and Risk Management." Presented by Jennifer Burke of Crowe Chizek, this seminar will provide attendees with an overview of both frameworks, how they fit together and how these frameworks can be utilized by your organization to help strengthen your control environment and risk management. The seminar will be held from 8 am to noon on Thursday, December 2, 2004 at the Jefferson Club, 500 West Jefferson Street in downtown Louisville. The great rate of \$40 includes a continental breakfast at 7:30 am, and 4 CPE hours! More information on page 6. Please contact Carrie Ramsey 627-4738 or Carrie.ramsey@lgeenergy.com to register by Wednesday, November 24.

CIA EXAM COMING UP

If you want to add the CIA designation to your list of accomplishments, your opportunity is fast approaching. The CIA exam is coming up! Mark your calendars - the exam will be administered Wednesday and Thursday, November 17 & 18. Proctors are also needed for these dates. For more information, contact our CIA chairperson Bob Aemmer at 502-627-4033 or bob.aemmer@lgeenergy.com.

MONTHLY MEETING REMINDER

Please remember to RSVP to Carrie Ramsey for any monthly meetings you will be attending. **BUT**, if you register to attend the monthly chapter meeting and later decide you need to cancel your reservation please contact Carrie Ramsey by noon on the THURSDAY prior to the meeting. The chapter is charged for the number of lunches submitted to the Bristol regardless of the number of individuals that actually attend.

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Government Relations
OPEN

Seminars
OPEN

NATIONAL NEWS

Visit www.theiia.org for more details!

CALL FOR VOLUNTEERS

The IIA needs your help in identifying qualified members to serve in leadership roles for 2005-2006. The call for volunteers seeks eligible and willing candidates for members of The IIA's Board of Directors, trustees of The IIA Research Foundation, members to serve on International Committees, regional representatives, district representatives (North America only), members for BEAC committees, and subject experts for surveys, focus groups, or special projects. Our chapter will earn points for submitting nominations. All nominations must be submitted by November 20. Please contact our President Heather Dienno if you would like to be nominated, or if you would like to nominate someone else.

ACCESS THE LATEST IIA MEMBER NEWSLETTERS

Read the November edition of *Members Link* in English, Spanish, or French for information about IIA products, programs, and services. Also download the latest *Tone at the Top* for questions audit committee members should ask about internal auditing as well as answers to which they should have access.

DATA-RECOVERY PLANS CAN AVERT DISASTER

Effective data recovery and backup plans are crucial to reducing the impact of disasters, according to the Nov. 1 issue of *IT Audit*. The new issue also discusses the importance of keeping IT certifications current through continuing professional education.

COSO releases new ERM framework

COSO's new *Enterprise Risk Management — Integrated Framework* is now available. [Download](#) the free executive summary at www.theiia.org. The framework and application techniques can be downloaded; tune in to read the news release, view FAQs, and access other related resources and articles as well.

63 YEARS. NEARLY 100,000 MEMBERS STRONG

24. That's how many members The IIA boasted when it was founded in 1941. Today, it's not unusual for 24 people to join The Institute's ranks in a single day. Membership has increased exponentially since The IIA's early days, with 46,000 new members added to the roster in just the past decade. With a little more than 97,000 members today, The Institute is approaching the 100,000 mark. [Check out](#) a timeline of significant IIA events and membership statistics.

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IT Audit Consultant

Brown Forman is currently seeking to fill the position of IT Audit Consultant. The IT Audit Consultant assists in managing projects from beginning to end. These projects are typically related to Information Technology (IT) and focus on improving business systems and processes to enable management to achieve their business objectives. The IT Audit Consultant requires frequent communication with IT management to develop and execute a comprehensive program of IT audit coverage for BFC. The scope of this coverage includes assessment of risks and evaluation of processes for the IT organization. In the performance of responsibilities, the IT Audit Consultant will effectively partner with IT Directors, System Engineers, and IT Staff to assess and report on the IT control environment. The Company has significant world-wide operations that will necessitate travel (approximately 20%) both domestic and international.

Must Requirements: Bachelor's degree in Accounting, Finance, IT, or related field and 3+ years progressive IT Auditing experience.

Preferred Requirements: Certified Public Accountant (CPA); Certified Internal Auditor (CIA); Certified Information Systems Auditor (CISA); MBA; M.S in Computer Science or related discipline.

Please apply on-line at Brown-Forman.com – Req # 320BR

NATIONAL CALENDAR

NOVEMBER, 2004

1 – 5
Seminars,
Glen Mills, PA

8 – 9
Conference
Lake Buena Vista,
FL

8 – 12
Seminars,
Long Beach, CA

15 – 19
Seminars,
Dallas, TX

29 – 12/3
Seminars,
Dallas, TX

DECEMBER, 2004

6 – 10
Seminars,
Orlando, FL

13 – 17
Seminars.
New York, NY

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Internal Auditor Job Posting

As one of the largest diversified healthcare providers in the United States, Kindred Healthcare, Inc. continues to set the standard for high-quality long-term care by expanding our Internal Audit Department to meet the current and future demands of the financial markets and our changing industry. Due to this expansion, we have Internal Auditor positions available at our corporate office in Louisville, Kentucky. The **Internal Auditor** position is responsible for performing financial and internal control audits of the company's nursing centers, pharmacies, hospitals, hospital cost reports, and/or corporate office operations. One of the open positions requires up to 20% travel to our facilities that are located nationwide, and one position will be primarily responsible for Sarbanes-Oxley compliance (requires up to 10% travel). A minimum of two years of internal auditing, public accounting, or Medicare/Medicaid cost reporting experience is necessary. A Bachelor's Degree in Accounting or Finance is required. A CPA and/or CIA certification is a plus.

These positions are excellent opportunities to gain valuable operational experience and to develop expertise in a department filled with career enhancement opportunities. Successful candidates for these positions will be dynamic, self-motivated individuals who think creatively and are able to thrive in a challenging work environment that rewards performance.

If you or someone you know would be interested in these opportunities with Kindred, please contact us at the following address:

KINDRED HEALTHCARE, INC. –
ATTN: MS. TERRI MONTGOMERY
680 SOUTH FOURTH AVENUE
LOUISVILLE, KY 40202

Fax: (502) 596-4722

or Email to

Terri.Montgomery@KindredHealthcare.com

2004 – 2005

MEETING SCHEDULE

Louisville Chapter

- | | |
|----------------|---|
| 11/9/04 | Joint Meeting w/ ISACA - Systems Development Life Cycle Auditing Teresa Snedigar IIA District Representative |
| 12/2/04 | Seminar – COSO Frameworks for Internal Control and Risk Management Jennifer Burke Crowe Chizek |
| 12/4/04 | Fraud Hotline and Compliance Program Jodi Renn KY Housing Corp. |
| 1/11/05 | TBA Norm Williams Williams Financial Investigations |
| 1/13-14 | Seminar – Data Analysis Mark Negrini |
| 2/8/05 | Privacy Act Mike Cook The Cook Group |
| 3/7/05 | Seminar w/ Central KY Chapter - Interview & Interrogation Techniques Walter Palmer |
| 3/8/05 | Forensic Accounting Tim Snoddy Snoddy Consulting |
| 4/12/05 | Economics of Baseball Anthony Ward – Comptroller, Cincinnati Reds |
| 5/10/05 | TBA |

COSO Frameworks for Internal Control and Enterprise Risk Management

Presentation Summary/Outline

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a voluntary private sector organization formed in 1985 dedicated to improving the quality of financial reporting through business ethics, effective internal control, and corporate governance. In 1992, COSO issued a report, "Internal Control – Integrated Framework." This report discusses control system structures and components.

Although the Committee of Sponsoring Organizations (COSO) Framework for Internal Control has been around for a number of years, it is even more relevant today. The Sarbanes Oxley Act puts much more emphasis around the importance of understanding the control environment in organizations and the link between a strong control environment and sound financial performance and reporting.

In addition to the Internal Control Framework, COSO issued a report on Enterprise Risk Management in 2003. The COSO Chairman wrote, "Although a lot of people are talking about risk, there is no commonly accepted definition of risk management and no comprehensive framework outlining how the process should work... our goal is that the ERM Framework will offer boards and management a commonly accepted model for discussing and evaluating an organization's risk management efforts."

This presentation will provide you with an overview of both frameworks, how they fit together and how these frameworks can be utilized by your organization to help strengthen your control environment and risk management. Specifically, the presentation will cover the following:

- Overview of the COSO Internal Control and Enterprise Risk Management Frameworks
- Definition of Internal Control
- Internal Control Roles and Responsibilities
- COSO Internal Control Components
- Benefits of Enterprise Risk Management
- Enterprise Risk Management Components
- How COSO IC and Enterprise Risk Management Frameworks Fit Together
- How COSO IC and Enterprise Risk Management Frameworks Apply to Internal Audit and Your Organization

Fraud Discussion

- Current Conditions
- Fraud Definitions
- Frequency and Cost of Internal Fraud
- Characteristics of Fraud Culprits
- Elements of Fraud
- Examples of Fraud
- Fraud Red Flags
- Conditions Conducive to Fraud
- New Fraud Guidance
- Fraud Detection Best Practices