

# DERBY CITY DISCLOSURES



**LOUISVILLE IIA CHAPTER**

*December, 2004*

## PRESIDENT'S MESSAGE

Dear Members,

November was another successful month for our chapter! Teresa Snedigar, our district representative, did a great job presenting Systems Development Life Cycle Management. We had 42 members and guests attend!

Join us for our next monthly meeting to be held December 14. Our very own Jodi Renn and Kevin Field will discuss the topic of Fraud Compliance Hotlines. This will be a joint meeting with the ISACA chapter.

If you haven't already signed up for the December 2 seminar on ERM, COSO, and Fraud, Monday, November 26 is your last day to do so! Jennifer Burke from Crowe Chizek will be presenting this seminar at the Jefferson Club. The low cost of \$40 provides 4 CPE hours and a continental breakfast. You must register by noon on November 26 if you are interested in attending. See below for registration details and an outline of the seminar.

Mark your calendars for January 13-14, 2005. Mark Nigrini will be presenting a seminar on using Microsoft Access in Auditing. More details coming soon!

So far, we have had a very successful chapter year, but we can do even better! Did you know that you can personally contribute to the success of our chapter? There are many opportunities for our members to help the chapter earn points toward achieving gold status. Here are a few ways:

- Speaking at an event that provides CPE credit. This can be an IIA event OR non-IIA event.
- Submitting an article to the IIA's *Internal Auditor*
- Having an article published in the IIA's *Internal Auditor*
- Having an article published in any other journal.
- Participating in an IIA conducted quality assurance assessment

If you have done any of the above since June 1, 2004 or if you plan on doing any of the above by May 31, 2005, please let me know so that our chapter can get credit for your contribution. If you are interested in participating in some of these activities, please contact me for more information. I am looking for a volunteer to submit an article for The Roundtable or Fraud Findings section in *Internal Auditor*. If you have an interesting audit experience to share, please get in touch with me. I have heard some of you talking at the meetings, and I know there are some good stories out there! I will be happy to help you prepare the article and facilitate submission to the IIA.

Have a very happy and safe holiday!

Heather DiEnno

## NEXT MEETING:

Tuesday, December 14, 2004

at the **Bristol Downtown**

**Fraud Hotline and Compliance Program**

*See page 2 for details*

# DECEMBER MONTHLY MEETING

## Fraud Hotline and Compliance

Jodi Renn – Kindred Healthcare  
Kevin Fields – KY Housing Corporation

**Tuesday, December 14, 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)

Cost: \$20.00  
Use PayPal at [www.iialou.org](http://www.iialou.org) or remit at meeting

## **RSVP by THURSDAY, December 2, 2004**

Carrie Ramsey  
Office: 627-4738 Fax: 217-2447  
[Carrie.ramsey@lgeenergy.com](mailto:Carrie.ramsey@lgeenergy.com)

## **Menu selections:**

**Turkey Rubeen Sandwich**  
*Sliced Turkey, 1000 Island Dressing, Sauerkraut*

**Steeplechase Salad**  
*Warmed Blackened Chicken a top Mixed Greens, Cucumbers, Tomatoes, DiJon Dressing*

**Farfalle Panna Rosa**  
*Pasta with Mushrooms & Sun-Dried Tomatoes in a Cream Sauce, topped w/ Parmesan Cheese*

## *About Jodi . . .*

Jodi Renn, CPA is a 1989 graduate of Bellarmine University. She is currently a Corporate Manager of Internal Audit with Kindred Healthcare. Prior to joining Kindred she held the position of Director of Internal Audit with Kentucky Housing Corporation for eight years. Jodi has three years of corporate accounting experience as well as four years working in public accounting.

## *About Kevin . . .*

Kevin Field has worked in the Internal Auditing Profession since 1985. Currently, he is the director of Internal Audit for Kentucky Housing Corporation. In his duties at KHC, Kevin is responsible for monitoring KHC's compliance with applicable state and federal regulations, as well as with corporate policies and procedures. Prior to joining KHC in 1995 Kevin was a staff auditor with Financial Standards Group. His experience includes financial and compliance auditing in state and federally chartered credit unions.

Kevin received his Bachelor's degree from Bellarmine University. He is a Certified Internal Auditor, a Certified Information Systems Auditor and a Certified Business Manager. He is a member of the Institute of Internal Auditors; the Information Systems Audit and Control Association and The Association of Professionals in Business Management.

**PayPal** is a quick and simple way to pay for monthly IIA meetings. From the chapter web site ([www.iialou.org](http://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.

# CHAPTER NEWS

Visit [www.ialou.org](http://www.ialou.org) for more details!!

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## WELCOME NEW MEMBERS

What a month!! Please welcome our 17 new members: Shannon Jenkins of Carpenter, Mountjoy & Bressler, PSC; Molly Greer, Joyce Meyer, Joan Nelson, Jeff Skelton and Marcie Smitha of Crowe Chizek and Company, LLC; Malcolm Heskins of Humana, Inc; Jennifer Clover, Ed Cook, Randy Downs, Lori Gondry, Tara Hines, Jeff Lockett, Tonya May and Becky Young of Kindred Healthcare; Patty Durbin and Barry Scott of the University of Louisville.

## 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](mailto:Carrie.ramsey@lgeenergy.com) to register noon on Monday, November 26.

## 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.

## SUGGESTIONS?

We are constantly working on ways to improve your chapter of the IIA. If you have ideas of how your chapter can enhance your career or experience with the IIA, please contact any of the officers listed on the side of this page. We welcome any comments or suggestions to better serve you and your needs.

## CHAIRPERSONS

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### Government Relations

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**Seminars**  
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# NATIONAL NEWS

Visit [www.theiia.org](http://www.theiia.org) for more details!

## Headlines from [www.theiia.com](http://www.theiia.com) . . .

### **Operation Iraqi Freedom includes internal auditing**

Vance Jochim is not a U.S. soldier, a political leader, or a relief worker. But he considers his role as an internal audit consultant in Iraq as critical as any other in the troubled nation.

### **Internal and external auditors working together**

Distinguished accounting and auditing professionals addressed more than 250 peers at the recent IIA and AICPA conference, "Converging Roles: The New Relationship Between Internal and External Auditors," in Lake Buena Vista, Fla.

### **IIA and IFAC join forces**

The Institute has signed an agreement with the International Federation of Accountants (IFAC). The agreement is designed to facilitate the sharing of knowledge and research on issues of common concern that affect both professions. It focuses on four key areas: governance, IT auditing, public sector auditing, and mutual awareness and recognition of professional standards.

### **Survey emphasizes importance of corporate**

The latest issue of *Tone at the Top*, "An Ounce of Prevention," reports on the impact that being a good corporate steward has on reputation and the bottom line.

### **Seeking seminar course developers**

The IIA's Seminar Department is looking for audit and/or course development professionals interested in the course subjects "Developing or Auditing an Antifraud Program for Your Organization" and "Internal Audit's Role in Corporate Governance." Contact Cyndi Summers at [csummers@theiia.org](mailto:csummers@theiia.org) for more information.

## NATIONAL CALENDAR

### DECEMBER, 2004

6 – 10  
Seminars,  
Orlando, FL

13 – 17  
Seminars.  
New York, NY

### JANUARY, 2005

17 – 21  
Seminars,  
Miami, FL

24 – 28  
Seminars.  
Phoenix, AZ

## **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](mailto:president@iialou.org) or Secretary at [secretary@iialou.org](mailto:secretary@iialou.org).

**ADVERTISEMENT**

**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**

- |                                    |  |
|------------------------------------|--|
| <b>12/2/04</b>                     | <b>Seminar – COSO Frameworks for Internal Control and Risk Management</b><br>Jennifer Burke<br>Crowe Chizek        |
| <b>12/14/04</b>                    | <b>Fraud Hotline and Compliance Program</b><br>Jodi Renn - Kindred Healthcare<br>Kevin Fields - KY Housing Corp    |
| <b>1/11/05</b>                     | <b>Detecting Fraud</b><br>Norm Williams<br>Williams Financial Investigations                                       |
| <b>1/13-14</b>                     | <b>Seminar – Data Analysis</b><br>Mark Negrini   |
| <b>2/8/05</b>                      | <b>Privacy Act</b><br>Mike Cook<br>The Cook Group  |
| <b>3/7/05</b>                      | <b>Seminar w/ Central KY Chapter - Interview &amp; Interrogation Techniques</b><br>Walter Palmer                   |
| <b>3/8/05</b>                      | <b>Forensic Accounting</b><br>Tim Snoddy<br>Snoddy Consulting  |
| <b>4/12/05</b>                     | <b>Economics of Baseball</b><br>Anthony Ward – Comptroller,<br>Cincinnati Reds                                     |
| <b>5/13/05<br/>friday<br/>noon</b> | <b>Auditing the Gaming Industry</b><br>Brian Johnson – Churchill Downs<br><i>at The Turf Club, Churchill Downs</i> |

# **COSO Frameworks for Internal Control and Enterprise Risk Management**

## **Presentation Summary/Outline**

Thursday, December 2, 2004 8 am to noon  
Jefferson Club, Louisville

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