

DERBY CITY DISCLOSURES



LOUISVILLE IIA CHAPTER

May 2007

PRESIDENT'S MESSAGE

Dear Louisville IIA Members and Non-Members,

Hello! I hope everyone has a winner on Derby Day and gets a chance to get out and enjoy the festivities.

Brian Kruk from the Titus Group did an excellent job presenting Quality Assessment. I want to thank him and the Titus Group for bringing him to Louisville to present at our meeting. We had a nice attendance with 34 present! In addition, Gordon Smith from CanAudit did a great job presenting Corporate Insecurity. He was very informative on how easy others can break into our computer/technology systems. We had 15 in attendance. Hopefully, in the future we can have him back and more members will be able to attend and learn from his experiences.

Our last monthly meeting of the chapter year is on May 8, 2007 at the **Ali Center**, registration is at 11:30 a.m., with the meeting starting at noon. Anita Fields from Caesar's Indiana will be presenting on Diversity on the Audit Team. Following the meeting, members can elect to take a tour of the Center. I hope all of you can take this opportunity to tour the Center and network with other members. I look forward to an awesome presentation and to seeing everyone there!

There will be an election for Treasurer at the May 8 meeting. The candidates are Jim Andriot with E. ON U. S. and Kevin Hitchcock with AI J. Schneider Company. Ballots will be handed out at the meeting. Please vote for one. If you are unable to attend the meeting, you may proxy vote by e-mailing me at davisc@msdlouky.org by May 4, 2007.

We have one last seminar in the chapter year. On May 14-15 we are planning a two day seminar on Continuous Auditing. Stuart Holoman will be presenting this seminar. See page 6 for more details.

Well, I can't believe the chapter year is almost over. This is my last message to you as President. It has been a pleasure serving the members of the Louisville Chapter of the IIA. I have enjoyed my experience this year working for the chapter, meeting new people, making new connections, and stepping out of my comfort zone. I have had a fantastic group of officers to work with this year. I deeply want to thank Roger LeMaster, Bob Aemmer, and Michelle Beumel for all their hard work behind the scenes. They helped make the chapter year a success! I look forward to next year. I know the in-coming officers will do an awesome job!

Please do not hesitate to contact me or any of the chapter's officers if you have any questions or suggestions. I look forward to seeing everyone at this month's meeting.

Connie A. Davis

NEXT MEETING:

Tuesday, May 8, 2007

at the Ali Center

Diversity on the Audit Team

See page 2 for details

MAY MONTHLY MEETING

Diversity on the Audit Team
Anita Fields, Diversity Coordinator
Caesar's Indiana

Tuesday, May 8, 2007
12:00 noon, 11:30 registration

1 CPE hour
(certificates available at the meeting or contact Michelle Beumel)

Ali Center
144 North 6th Street
(parking will NOT be validated)

Cost: \$35.00/members or \$45/nonmembers
Use PayPal at www.ialou.org or remit at meeting

RSVP your menu selection by
THURSDAY, May 3, 2007 to

Michelle Beumel
Office: 627-2098 Fax: 217-2738
michelle.beumel@eon-us.com

Menu Selections (Catered by the Bristol):

Chicken

Grilled chicken breast with a diced tomato and lime salsa

Pork Loin

Pork Dijonaise - roasted pork tenderloin with a dijon, honey mustard sauce

Vegetarian

Tomatoes stuffed with spinach and roasted in the oven

About Anita . . .

Anita is responsible for finding and informing new and existing minority/women-owned enterprises for procurement opportunities as they present themselves. She provides outreach to minority/women-owned firms, engaged in numerous community projects, events, workshops, panels / presentations, trade shows, business opportunity fairs, locally regionally and nationally.

Antia chairs the company's internal M/WBE Committee that meets every other month. The purpose of the internal meeting is to keep Senior Management abreast and informed of the company's on-going Diversity Program and Initiatives.

For 2005 and 2006, the company extended procurement opportunities to minority/women-owned firms totaling over \$12,000,000.

She is a company representative on corporate boards, a former board chair and presently serves as a board Vice Chair of a national organization.

Antia and her husband reside in Southern Indiana.

PayPal is a quick and simple way to pay for monthly IIA meetings. From the chapter web site (www.ialou.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 Michelle Beumel** with your menu choice. All information is exchanged via HTTPS protocol (secure and encrypted) and remains with PayPal.

CHAPTER NEWS

Visit www.iialou.org for more details!!

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WELCOME NEW MEMBERS

Eight new members! Please welcome: Thomas D'Spain of Humana, Michael Heineman, Scott Olinger of Harding Shymanski & Co, Maeghan Breuning of Churchill Downs Incorporated, Amanda Bader of Insight Communications, Janet Redmon of Brown Forman Distillers Corporation, Jeff Lathrop of Airtomic, and Robert Miller of Louisville Water Company.

CIA EXAM REMINDER

Parts 1 & 2 of the CIA exam will be given on Wednesday, May 16; parts 3 & 4 will be given on Thursday, May 17. We are also looking for Certified Internal Auditors interested in proctoring a part of the exam. For more information regarding the exam or proctoring a part, contact Bob Aemmer at bob.aemmer@eon-us.com or visit www.theiia.org.

ACL TRAINING OPPORTUNITY

Moore Stephens Potter, LLP and PIA Consulting will be sponsoring a week-long ACL training in Lexington May 7-11. There are discounts for IIA/ISACA membership, early registration and for attending both courses. Please see the last page of the newsletter for additional information.

AUDIT REPORT WRITING SEMINAR

The Indianapolis Chapter will be offering The IIA's two-day Audit Report Writing Seminar on June 19-20 in Indianapolis. Details can be accessed through: http://www.theiia.org/chapters/index.cfm/view.event_detail/cid/31/event_id/10115.

CONTINUOUS AUDITING SEMINAR

On May 14-15 Stuart Holoman will be presenting a two day seminar on Continuous Auditing: Making the Change at the Jefferson Club. Please see page 6 for additional information.

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NATIONAL NEWS

Visit www.theiia.org for more details!

Headlines from www.theiia.org . . .

A Question of Trust

The latest issue of Tone at the Top, "Stakeholder Trust Remains a Hot Topic," looks at seven things directors should consider in regard to rebuilding the trust of stakeholders. If your executive management and audit committee members are not already receiving Tone at the Top, please provide their mailing and e-mail information to pr@theiia.org.

The IIA Announces William S. Smith Award Winners

The Institute of Internal Auditors is pleased to announce the William S. Smith Award winners for the November 2006 Certified Internal Auditor® (CIA®) exam. Consideration for the Smith awards is based on a candidate's exemplary performance on the core parts of the CIA exam (Parts I, II, and III). The Smith awards are named in honor of the first Chairman of the Board of Regents, who was a driving force behind the development of the CIA program....

IIA Responds to IFAC-IAASB Exposure Drafts

The Institute of Internal Auditors (IIA) has submitted a response to the The International Auditing and Assurance Standards Board (IAASB), an independent standard setting body within the International Federation of Accountants (IFAC). The response relates to the International Standard on Auditing (ISA) 610, The Auditor's Consideration of the Internal Audit Function exposure draft. The proposal is a result of the IAASB's clarity project and this proposal falls in the category subject to limited redrafting to reflect only the conventions and matters of clarity generally. As such, The IIA's comments here relate only to the clarity project. The IIA has also recommend that later redrafting reflect a complete review, update and rewrite of ISA 610 as noted in previous comments to IFAC's IAASB Strategic Review, where The IIA recommended that the entire standard be revised to reflect the current auditing environment and reference to The IIA's International Standards for the Professional Practice of Internal Auditing. Further commentary is included in The IIA's responses.

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.

Did You Know . . .

The CIA exam is offered in 17 languages in 82 countries?

For more information, refer to the IIA's website, www.theiia.org

NATIONAL TRAINING CALENDAR

MAY, 2007

7 – 11
Seminar
Seattle, WA

21 – 25
Seminar
Las Vegas, NV

21 – 25
Seminar
Las Vegas, NV

JUNE, 2007

11 – 15
Ottawa, Canada

18 – 22
Minneapolis, MN

2006-07 Calendar of Events
Louisville Chapter of the IIA

5/8/07

Diversity on the Audit Team
at the Ali Center

5/14 & 5/15/07

Continuous Auditing Seminar
Stuart Holoman

Continuous Auditing: Making the Change - ITG221

A New Perspective on Control Evaluation and Monitoring

Learning Level: Intermediate

CPEs:

15

Fee:

\$1,395.00

[Focus and Features](#)

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Focus and Features

Continuous auditing has been viewed as the “future of audit” for decades. Finally coming to fruition, it is considered by many today as a way to address compliance with the U.S. Sarbanes Oxley Act of 2002, particularly Section 409’s real-time disclosure requirements of complete and accurate current information. However, actually changing the audit process from a historic review activity to a continuous, current basis requires a fundamental shift in the audit department’s approach to its audits.

In this two-day seminar you will cover continuous auditing, its conceptual framework, and the areas you must consider when implementing this approach. You will learn the differences between continuous monitoring and continuous auditing and review the viability of these techniques. You will gain an understanding of the increasing need for available, reliable, timely data; investigate internal control assessment and audit’s role; and benefit from examples of areas that might be the best places to start. You will discover how continuous auditing can help achieve compliance with internal control reporting and other aspects of Sarbanes-Oxley. You will explore how improving definition and retrieval of data will enhance the way you conduct your audits, and examine automated audit procedures, information system requirements, key controls, reporting, and tools and techniques that will help take your audits to the next level. (**Note:** *This seminar covers topics found in Chapter 1 of the CISA Review Manual.*)

Who Should Attend

Information Technology, Financial, and Operational Auditors; business executives with technical experience who want to understand continuous auditing

Agenda

What You Will Learn

1. Defining Continuous Auditing (CA)

- the differences between continuous and traditional auditing
- continuous auditing vs. assurance vs. ongoing monitoring
- CA interaction with system controls
- CA vs. IT system monitoring

2. Understanding CA Benefits and Use

- addressing changing audit expectations
- effectiveness of management monitoring efforts
- leveraging audit and management resources
- regulatory compliance monitoring needs
- managing residual risks
- addressing SAS 99 fraud and SAS 94 IT audit issues
- cost-recovery opportunities

3. Using CA to Meet Sarbanes-Oxley Requirements

- responding to the need for faster, better information
- quarterly assessments (Section 302)
- annual report of controls (Section 404)
- timely reporting of fraud indicators
- real-time reporting of significant changes (Section 409)
- timely reporting of fraud indicators
- relationship to the COSO Report
- using ISACA's COBIT as a resource

4. Integrating CA into Other Models

- enterprise risk management models: COSO ERM
- internal control structure: COSO
- IT control structure: COBIT

5. Overcoming CA Challenges

- management support
- false positives
- implementation and maintenance costs and ROI
- security of confidential information and records
- overcoming management concerns
- addressing independence and objectivity concerns
- record retention issues: S-OX Section 103
- audit evidence issues
- ensuring data integrity
- regulatory and legal implications
- developing a monitoring program for management: is it a good idea?

6. IT Enablers to Facilitate Continuous Auditing: What's Available

- embedded audit modules (EAM)
- business intelligence (BI)
- artificial intelligence
- neural networks
- regression analysis
- data analysis
- query tools
- database management systems (DBMS)
- data warehouses
- data marts
- data mining
- predictive modeling
- middleware
- transaction logging
- audit 'bots

7. CA Types

- embedded audit modules vs. interactive analysis
- business/artificial intelligence
- statistical modeling
- trend analysis
- ratio analysis
- analytics
- primary key indicators

- monitoring “high-risk” transactions

8. CA Tools: Pros and Cons

- ERP query tools: Crystal, Focus, BRIO
- general audit software: ACL, IDEA
- fraud detection software
- network security assessment tools: ISSS, Tripwire

9. Developing CA Models

- creating a “risk” inventory
- understanding key indicators
- identifying data resources
- assigning roles and responsibilities
- determining which CA tool to use
- developing and testing applications
- integrating CA into the audit/ERM model

10. Selling the CA Process

- establishing a business case
- identifying champions
- ensuring timing is right
- determining return on investment

11. Making the Transition to Continuous Auditing

- defining the steps: overcoming the difficulties
- creating a win-win situation
- strategic planning
- methodology required
- turning objectives into actions
- making a business case for continuous auditing
- why this is a business issue
- a phased approach
- example areas
- success factors
- timing issues

12. Specific Testing Techniques for Continuous Auditing

- financial
- operational
- computer security
- fraud
- procurement card

Opportunity for ACL Training in Lexington

Please note: Participants are welcome to bring their own laptops, but ACL software access and PCs, if required, will be provided to all participants.

Moore Stephens Potter, LLP, is holding two ACL training sessions in their Lexington offices the week of May 7, 2007. Both courses will be taught by Marc Garcia of Pro-Info Associates. The first course, Introduction to ACL for Windows, will be held May 7 and 8 from 8 AM to 5 PM, and from May 9 from 8 AM to 12 noon. The objective of this interactive “hands-on” course is to acquaint the participant with the primary features of the ACL for Windows software system in order to enable him/her to successfully perform data analysis on various types of data files. The ACL for Windows environment will be discussed including navigation techniques, creating and working with ACL projects (documents) and views, and the function of the overview window. Data access methods will be presented and explained. Real-world exercises will include the use of the primary ACL data analysis commands. Graphing, reporting, record filtering, and expression building will also be presented. Cost for this course is \$675, and a \$50 discount is being offered to IIA members.

The second course, Intermediate ACL for Windows, will be held May 9 from 1 to 5 PM and May 10 and 11 from 8 AM to 5 PM. This course builds upon the material and subject matter presented in the Introduction class. Advanced ACL commands and data techniques will be introduced and explained. The advantages of “linking” files through establishing ACL data relations will be addressed through the use of real-world data and group exercises. Participants will learn efficient ways to filter or remove unwanted data from their ACL data files. ACL Group and Script commands will be presented as a means to enhance data analysis efficiency and effectiveness. This course will also cover the use of advanced ACL functions to simplify and automate various data analysis tasks. This custom edition of the class will also cover various advanced ACL functions, data normalization techniques, and building standard applications topics normally presented in the Advanced ACL and/or Using ACL for Fraud Detection training classes. Due to time limitations, no review of basic ACL concepts will be performed. As such, all participants should have successfully completed the Introduction to ACL training class and/or have at least 6 months of ACL experience. Cost for this course is \$675, and a \$50 discount is being offered to IIA members. Registration for both courses is \$1,200, and a \$100 discount is being offered to IIA members.

For more information, visit the Moore Stephens Potter website at www.mspotter.com/msp_acltrain.html.