

DERBY CITY DISCLOSURES



LOUISVILLE IIA CHAPTER

March 2009

Dear Louisville IIA Members and Non-Members,

Thanks to everyone who responded to our call to serve the local chapter as an officer or chairperson for the 2009 – 2010 chapter year. As of the date I pen this message, we have candidates to fill all officer positions and most of our chairperson positions. Take a moment to review the candidate listing contained within the newsletter so we can vote (or more accurately, confirm) at our next meeting.

Don't forget the IIA / ISACA Student Reception will be held February 26, 2009 at the University Club on UofL's campus from 4 – 6 pm. My younger brother is a student at UofL and still seems to be deciding if he wants to fully commit to accounting or perhaps go another direction. I hope many of you will be able to attend the reception so you can help address questions the students may have on a career in Internal Audit.

I look forward to seeing everyone on March 10th as Bob Miller presents on Governance. Now here is a little humor to fill the extra space so Ken doesn't give me a hard time:

Why did the auditor get run over crossing the road?

Auditors never actually do the risk assessment until after the accident happens.

An auditor is hard at work auditing a manufacturing plant. He spots one worker at the end of the shift, that worker is always carrying a wheelbarrow covered with an opaque cloth. The auditor is certain something is fishy. He asks the security to check the wheelbarrow. Many surprise checks, security finds nothing. On the last day of the audit the auditor goes to the worker and asks, "Alright, I give up. I know you are taking something. I cannot prove it. I do not want to pursue it. I just want to know. What are you stealing?" The worker replies, "Wheelbarrows."

All the best,

Corey Koellner
Chapter President

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 per month of \$50 for a ½ page or \$100 for a full 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.

MARCH MONTHLY MEETING

Governance

Bob Miller
Municipal & Financial Services Group

Tuesday, March 10, 2009
12:00 noon, 11:30 registration

1 CPE hour
(Certificates available at meeting or contact
[Tim Brown](#))

Bristol Bar & Grille Downtown
614 West Main Street
(Parking will NOT be validated)

Cost: \$20.00 member / \$25 non-member
Use PayPal at www.ialou.org or remit at meeting

RSVP with your menu selection by
Thursday, March 5, 2009 to

Tim Brown
Office: 627-4580 Fax: 217-4003
membership@ialou.org

Menu selection:

GRILLED CHICKEN & SPINACH SALAD
*roasted garlic, red onion, sun-dried tomatoes, bacon,
& goat cheese. Served with a side of Balsamic
Vinaigrette.*

MUFFALETTA
*turkey, ham, Swiss, & Havarti cheese served warm on
Focaccia bread with olive relish & marinated onions &
tomatoes. Served with chips.*

PASTA PRIMAVERA
*zucchini, yellow squash, onions, garlic, tomato sauce,
diced tomatoes, & fresh herbs tossed with Penne
pasta, topped with Parmesan cheese & baked.*

About Bob. . .

Bob is Senior Manager and Director of Strategic Services at the Municipal and Financial Services Group out of Annapolis Maryland. He has more than seventeen year's executive leadership experience in the public sector in the areas of:

- Financial accounting and reporting;
- Organization performance measurement and reporting systems;
- Governance, enterprise risk management, regulatory compliance, and internal control practices;
- Board of Directors and stockholder relations;
- Policy development and standards compliance.

He has spoken to the Louisville IIA Chapter on two previous occasions. In November 2006, he presented *Voluntary Compliance with Best Governance Practices* and in February 2008, he presented *Pandemic Planning – Preparing to Maintain Internal Control During Widespread Employee Unavailability*.

He has a Bachelor of Commerce degree from the University of Louisville and a Master of Business Administration degree from Indiana University.

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 Tim Brown** with your menu choice. All information is exchanged via HTTPS protocol (secure and encrypted) and remains with PayPal.

LOUISVILLE CHAPTER NEWS

Visit www.ialou.org for more details!!

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Welcome New Members

One new member! Please welcome: Ed Maloney of Ernst & Young LLP.

Survey Winners!

The winner of February's survey drawing is Mike Norman. Congratulations Mike! Mike selected \$20 off a chapter seminar as his prize. To be eligible for the drawing, you must complete the meeting survey, include your name and select to participate in the drawing, you then choose from either a \$20 Thornton's Gift Card or \$20 off a Chapter Seminar. Thank you to everyone who took time to complete the survey.

In addition, congratulations to Anne Woods who was the winner of a \$20 Thornton's Gift Card for completing the interest survey recently sent to members who have not attended meetings or seminars this year to solicit their feedback as we begin planning for the upcoming year.

Save the Date – District Conference

Indianapolis Chapter is sponsoring a conference on April 20 and 21. Please see the attached flyer at the end of this newsletter for more information. There are economical sponsorship opportunities for any organization interested, please contact Jodi Renn and she will forward you the sponsorship packet.

Leadership Opportunity Available

The Louisville Chapter is looking for a Newsletter Editor. The Newsletter Editor is responsible for preparing the monthly newsletter for distribution to the general membership. For additional information or to express interest, please contact Corey Koellner or Ken Bryan.

CHAIRPERSONS

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Kevin Field
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2008-09 Calendar of Events

Louisville Chapter of the IIA

*additional seminars to be added as confirmed

February 26, 2009	IIA / ISACA Student Reception @ U of L University Club - U of L campus; 4 to 6 pm
March 10, 2009	Bob Miller, Municipal & Financial Services Group - Governance (1 CPE)
March 20, 2009	Dennis F. Dycus, CPA, CFE, CGFM - Audit for Fraud Seminar (7 CPEs; see below for details)
April 14, 2009	Paul Tirey, Lisa Buckner and Tim Brown - E-On US - Continuous Auditing (2 CPEs)
April 17, 2009	Louisville Chapter Social Gathering @ Howl at the Moon - Specific details will be in the April newsletter
May 15, 2009	Brandy Baltz, Harrah's Entertainment - Horseshoe - Social Meeting (1 CPE)

OTHER NEWS...

The CAP Chat:

We continue to exceed our goals year-to-date and anticipate reaching the gold level. Thanks to all of our members for their attendance and participation in the local chapter.

As a reminder, the three key areas evaluated by the IIA are service to members, service to profession, and chapter administration. The Chapter Achievement Program is made up of three performance levels; BRONZE 685, SILVER 1,060, and GOLD 1,560. The total goal for the Louisville Chapter is 1,655 credits this year. For the complete YTD goal versus actual results, please see below.

IIA Louisville Chapter - CAP Goal Summary YTD												
	Budget										YTD ACTUAL TOTAL	YTD Var
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	Total		
SERVICE TO MEMBERS	-	5	-	32	32	32	123	42	123	389.00	396.08	7
SERVICE TO PROFESSION	27	27	84	38	38	38	38	38	38	366.41	374.34	8
CHAPTER ADMINISTRATION	42	20	60	44	22	12	12	12	14	238.00	265.00	27
CAP TOTALS	69	52	144	114	92	82				993	1,035.42	42.01

2009 – 2010 Louisville Chapter Officer Nominations

The Chapter will be conducting Officer elections during the March meeting. The current candidate situation is listed in the below chart. Please note the term “OPEN” was used to describe situations where a definite answer was not obtained and / or an individual has not been nominated.

2009 - 2010 Louisville Chapter Officer Nominations			
Title	Name	Employer	Nomination Accepted
President	Jodi Renn	Ky Higher Education Loan Corp	YES
Vice President	Derrick Singletary	Stockyards Bank	YES
Treasurer	Jim Andriot	Eon US	YES
Secretary	Jenni Schelling	Louisville & Jefferson County Metro	YES
Co-Webmaster	Bruce Edwards	University of Louisville	YES
Co-Webmaster	Tim Brown	Eon US	YES
Academic Relations	Dave Barker	University of Louisville	YES
Audit	Will Metcalf	University of Louisville	YES
Membership/Attendance	Tim Brown	Eon US	YES
CIA Program	Bob Aemmer	Eon US	YES
Newsletter Editor	OPEN	OPEN	OPEN
Government Relations	Scott Shelton	Louisville-Jefferson County Metro Government	YES
Seminars	Kevin Field	Kentucky Housing Corporation	OPEN

Call for Exam Question Writers

Chapter members can contribute to our profession by writing exam questions for The IIA’s Certified Internal Auditor (CIA), Certification in Control Self-Assessment (CCSA), Certified Financial Services Auditor (CFSA), and Certified Government Audit Professional (CGAP) examinations. For each accepted question, chapter members will receive:

- US \$50 or three hours of Continuing Professional Education (CPE) credits*
- 10 Chapter Achievement Program (CAP) credits awarded to your local chapter.

To complete an application or obtain additional information, visit The IIA’s [Web site](#) or e-mail examwriter@theiia.org.

*Applicable to The IIA’s certifications. (Item writing is included under the publications category for CPE, which allows a maximum of 50 hours to be earned in that category for each two-year period.)

National IIA News and training opportunities links:

News

[Knowledge Alert! GAIN Releases New Reports](#)

[New IFRS Report from The IIA Research Foundation](#)

[COSO Releases Guidance on Monitoring Control](#)

Training

[The IIA’s CIA Learning System](#)

[Executive Development](#)

[E-Learning](#)

Louisville Chapter of The Institute of Internal Auditors and Association of Certified Fraud Examiners Present: Auditing for Fraud Seminar

When: March 20, 2009 Registration 8:00 a.m., Seminar runs from 8:30 to 4:30. (7 CPE)
Cost: \$225 members - \$250 nonmembers
Where: Masterson's Conference Center 1830 S 3rd St Louisville, KY 40208
Instructor: Dennis F. Dycus, CPA, CFE, CGFM
RSVP: By March 13, 2009 to Tim Brown membership@iialou.org to confirm your seat.

About the Seminar:

In today's society it appears that everyone except the auditor believes it is the auditor's job to audit for fraud. The professional literature clearly states the auditor's responsibility to audit for errors and irregularities, illegal acts and compliance, in three Statements on Auditing Standards:

- SAS 54 - Illegal Acts By Clients
- SAS 68 - Compliance Auditing Applicable to Governmental Entities and Other Recipients of Governmental Financial Assistance
- SAS 99 - Consideration Of Fraud In A Financial Statement Audit

Some auditors continue to take the "That's Not My Job" position. These auditors limit their responsibility to auditing the client's books and records in order to be able to express an opinion on the "fair presentation of the financial statements." These auditors have only been concerned with fraud if it was discovered in the "normal" course of their examination. However, annual losses of billions of dollars from fraud should convince us it's not that way anymore.

Regardless of whether an auditor's client is in the private, not-for-profit or public sector, the auditor must audit for fraud. The courts, the Securities and Exchange Commission, federal agencies, and the investor, as well as the average taxpayer, are adding fraud detection to the auditor's job. Therefore, as a profession, the sooner we accept our responsibility to design an audit specifically to look for fraud, the sooner we can begin developing a unified plan to search for it.

About the Instructor:

Mr. Dennis F. Dycus, CFE, CPA, CGFM, presently serves as the Director of the Division of Municipal Audit for the Office of the Comptroller of the Treasury, State of Tennessee. The Division is responsible for the annual audit of all municipalities, utility districts, school activity and cafeteria funds, housing authorities, certain not-for-profit organizations and other quasi-governmental entities in the State of Tennessee. In addition, the Division's staff conducts numerous audits for fraud, waste and abuse each year. From the beginning of his career with a national accounting firm, through the last 35 years of involvement with the audits of all forms of governmental entities, he brings a wealth of practical experience to his presentations. A graduate of Western Kentucky University, Mr. Dycus is a frequent guest speaker/lecturer for various college business/accounting classes, professional associations, local, state and national conferences and not-for-profit organizations.



The Kentuckiana Chapter of ISACA is proud to provide this unique four day (June 8 – 11) seminar with two corporate governance relevant topics taught by Gordon Smith, President and CEO of Canaudit, Inc. In today's environment of change and soon-to-be corporate regulatory requirements, it is essential to become savvy in application of technical and enterprise governance. The two courses below can be taken individually, or together. Space is extremely limited and given the relevance of the topic, we expect an extremely high volume of interest. Please take advantage of our early bird prices (Through March 31st).

These courses will be provided at the Hyatt Hotel in Downtown Louisville, Kentucky. This exciting venue is located just a few hundred feet from one of Louisville's most exciting spots, [4th Street Live](#).

Please check out the Kentuckiana ISACA website [HERE](#) for pricing and sign-up information.

For more information, please send email to mvincent@humana.com (Michael Vincent, KY ISACA President)

#1 – Understanding & Preventing Electronic Fraud

When: Monday, June 8 and Tuesday, June 9, 2009
Time: 8:00 am sign-in, 8:30 am to 5:00 pm

Instructor: Gordon Smith, President and CEO of Canaudit, Inc.

Summary:

Electronic fraud is one of the best-kept secrets of modern business. While it is constantly occurring, most organizations cover up electronic fraud, absorb the loss as a cost of doing business and move on. This not only increases the cost of doing business, but it ensures that the perpetrators can continue their activities, moving from one target to the next without fear of being apprehended, let alone a conviction. If they are caught, the faulty security and shoddy controls enable the defense lawyers to create reasonable doubt. If E-business is to survive, E-fraud and theft must be stopped. It is time to draw the line in the sand and this course will help you do just that.

#2 - Corporate Insecurity: Pillaging Information Assets, Destroying Established Reputations

When: Wednesday, June 10 and Thursday, June 11, 2009
Time: 8:00 am sign-in, 8:30 am to 5:00 pm

Instructor: Gordon Smith, President and CEO of Canaudit, Inc.

Summary:

Corporations, governments, and universities have one thing in common. They have all been targets of hackers and dishonest employees. Bank of America and Wachovia had client data sold by staff. Citi Group, City National and Time Warner lost electronic media; Card System Solutions, USC, California State University Chico and ChoicePoint had customer data taken. All of these institutions not only had to perform costly remediation, but their issues were widely reported in newspapers across the land and around the world. Clearly, traditional control structures have failed! Servers, databases and even outsourced operations are exposed to pillagers!

Executive management is not only embarrassed, but they feel that they have been deceived by incorrect assurances from middle managers, security staff and even auditors that their systems and data were safe. They provided management with a false sense of security based on testing and verifying antiquated controls that are not effective against the skilled cyber-thief. In this highly charged and controversial presentation, Gordon Smith, President and CEO of Canaudit Inc., will demonstrate how old-style controls can be easily defeated. Section by section, control by control, he will demonstrate how easy it is to defeat control structures. This is a session that must not be missed!



Gordon E. Smith

Home Base: Hamburg, Pennsylvania

Gordon Smith, President and CEO of Canaudit, Inc., has over a quarter century of progressive audit experience. He continues to explore new audit and security technology as he develops new auditing procedures and techniques. Specializing in high-tech auditing, Gordon is a recognized expert on auditing complex networks, operating systems, databases, and forensic auditing. He is the original developer of the Canaudit Penetration Testing methodology and continues to be a leading member of the penetration audit team.

As a practicing auditor with a strong business sense, Gordon is adept at tying critical audit findings to the key objectives of the organization. He has been the keynote speaker at many national and international conferences. His highly energetic and enthusiastic presentations make audit topics interesting, exciting, and informative. His motivating style and dynamic delivery techniques capture the interest of the audience, open their minds, and inspire them to accept new methodologies and techniques. His innovative audit techniques and ability to translate complicated technology into simple English make Gordon one of the most popular speakers on the audit and computer security lecture circuit.

Gordon is a distinguished career auditor with both internal and external audit experience. He founded Canaudit in 1985 to provide professional development and consulting services to the international audit community. Through Canaudit, Gordon has provided training and audit consulting services to many of the larger organizations such as banks, utilities, insurance companies, retail, government, and manufacturing concerns and has provided extensive services in the medical services industry.

Gordon pioneered the integrated audit concept and assisted many of the above organizations in making the transition to the integrated audit concept. His unique ability to explain complex information technology concepts has enabled many internal auditors to succeed in becoming "true" integrated auditors. His structured COSO-compliant approach enables integrated auditors to provide increased audit coverage while dramatically reducing the time required to perform integrated application audits.

Gordon was the recipient of the 2002 Wasserman Award for Outstanding Achievement in the field of Information Systems Auditing and Control. He is a Certified Management Accountant (Canada) who graduated in 1981. He is also a Certified Government Financial Manager and a member of The Institute of Internal Auditors and The Association of Government Accountants. Gordon is listed in the *Who's Who of Leading American Executives* and has published two books titled *Network Auditing: A Control Assessment Approach* and *Control and Security of ECommerce*, both published by John Wiley and Sons.