# THE NORTHWEST NEWS NEWSLETTER

The Chicago NorthWest Metro IIA Chapter

#### **Upcoming Events**

- Dec. 6 Operational Auditing Best Practices in Demanding Times.
- Dec. 12-16 ISACA Training Week Chicago, IL, click here for more info...

# DECEMBER 2011 ISSUE 4, VOLUME I

#### PRESIDENT PERSPECTIVES

End the Year on a High Note!

I hope you are able to make the December 6<sup>th</sup> "Tools for Conducting Operational Audits" all day training session. The Chapter is very fortunate to have Mike Jacka present to the Chapter.

Mike is known for his work with the Internal Auditor magazine including his blog "From the Mind of Mike Jacka" and the magazine's Lighter Side pieces such as "Alice in Auditland", "Auditing Songs for the Holidays", and "Do You Take this Auditor?"

On a more serious note, Mr. Jacka will provide practical insights to address these crucial issues related to operational audits (I'm sure mixed in with a proper dose of wit and wisdom):

- understanding management's objectives,
- identifying risks,
- evaluating the 3 E's efficiency, effectiveness, and economy, and
- identifying innovative customer-focused outcomes.

On behalf of the board and officers of the chapter, best wishes and have a happy and healthy holiday season!

There is plenty planned for 2012 so stay tuned for more great programs!

Brian Babendir Chapter President





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#### LEADERS YOU SHOULD KNOW: John Turner, CPA

#### How did you choose Internal Audit as a career?

I didn't, it chose me. In the army I had worked the calibration of missile systems and race relations. After college I worked in public accounting as an auditor and tax accountant. I then worked at various times in corporate tax, systems administration, programming, database administration, reengineering, and financial analysis. Without planning to, I had prepared myself for internal audit.

I never imagined that reporting deficiencies in calibration to the general in charge of 2nd support command or the petition for a vegetarian menu would be the beginning of my career in internal auditing. While standing in the mess hall line a mouse ran across the grill. The cook was quick and flattened the mouse with his spatula and asked the next soldier in line how he wanted it.

# What motivated you to get more active in the chapter?

Fellowship, networking, continued professional growth and development are part of the motivation. The most persuasive motivation is to give back. Affirming and stewarding life itself whether our own and others, whether sentient or not is the best of motivations.

# What advice do you have for auditors considering certification?

Understand the methodology of question writing for the CIA Examination, the outline of tested topics, their weights and level of knowledge: awareness versus proficiency, look at questions in terms of what they are trying to test, manage your time on the examination, revisiting items that you were unsure of, and study supporting sources of questions as well as the commercial guides.

# What do you believe are the current challenges internal auditors are facing?

Generally addressing changes in the risk universe. Specifically an audit role related to strategy.

# What are the opportunities that Internal auditors have to make in their organizations?

The essential opportunity is as a participant in sustained collaborative optimization. Businesses are systems for creating value that can be profitably exchanged in a competitive environment across time. Whether the focus is compliance, operations, financials, or strategy, there are opportunities to contribute.

#### What are your hobbies and past times?

Ravinia, Chicago symphony, Marriott Lincolnshire, Chicago Botanic Gardens.

Traveling. In Memphis, enjoying the blues.

## What advice do you have to the people reading this newsletter?

Life isn't a game you win or a problem you solve. It is an experience. In the end you will not judge your life by worldly measures but rather by the life of your heart in the world.



**John Turner,** is a board member in charge of our chapter's Research, Publication and Certifications department.



#### **Curse of the Prior Workpapers**

JUDIANNE JONES LANGE, CIA, is a senior internal auditor at Salt River Project in Scottsdale, Ariz

Records from previous audits can be a powerful tool, but only when used judiciously.

In a world of overworked, understaffed internal audit shops, completing assignments faster and more efficiently is a top concern for many practitioners. Shortened deadlines, tighter budgets, and diminished resources are a constant reality, and finding ways to do more with less can occupy much of the audit department's time. But when audits rely too much on prior workpapers, even the best-laid plans for an efficient audit may be doomed from the start.

Frequently, audit programs include a review of the prior workpapers as one of the first steps in an engagement. And indeed, this activity is an important part of the background review process. But when workpaper reviews are conducted haphazardly, without appropriate judgment, audit efficiency may suffer. Referring to these documents at the right time, and allocating them only the appropriate weight, can help auditors avoid the curse of the prior workpapers.

#### ADDED VALUE, POTENTIAL PITFALLS

Discounting the value of prior workpapers would be a mistake. In fact, auditors should always begin a new assignment by examining workpapers from previous audits. In most instances, workpaper reviews can provide numerous benefits to the current audit, including:

 Facilitating the follow-up process. According to The IIA's Practice Advisory 2500.A1-1, follow-up is "a process by which [internal auditors] determine the adequacy, effectiveness, and timeliness of actions taken by management on reported engagement observations and

- recommendations. "Workpapers can serve as a reference point for this process, providing an outline of the prior audit findings as well as a list of management's action plans.
- Identifying repetitive deficiencies. If the auditors review more than one set of workpapers and find the same deficiencies repeated, they will know to escalate those matters in the risk assessment and subsequently in their review.
- Avoiding pitfalls. Notes from the prior auditor can help steer the current review around problems in areas such as audit procedures, environment, and scope.

These benefits, however, can easily be outweighed by the consequences of misusing prior workpapers. Several problems, in particular, can result from reviewing the workpapers too early in the audit process.

#### LACK OF BRAINSTORMING

Relying too heavily on prior workpapers for guidance in planning the current review can stifle creativity and prevent auditors from getting a fresh look at processes and controls. For example, a complacent auditor might reuse sample-based testing templates from the previous audit, deferring to the work of his or her predecessor. A fresh look, however, could lead to the development of digital analytics for total population testing, resulting in much more reliable data and a less labor-intensive procedure. To ensure optimal results, each audit should be approached with the same creativity as an original work program.

Continue reading online

## CAREER OPPORTUNITIES

If your company is looking to fill an audit related position , we can post a short announcement in this section.

- Fortune Brands Home & Security, located in Deerfield, IL, is interested in finding a Financial Internal Audit professional with public accounting experience and the ability to travel 50% of the time. Please send a resume and salary requirements to fojobs@fbhs.com
- Grant Thornton is interested in talking with Internal Audit professionals who are seeking a career in
  IT risk advisory and business consulting. Please contact Colleen Johnson, Recruiting Manager at colleen.johnson@us.gt.com







# 70th Anniversary

#### IIA TRIVIA

You might be familiar with The IIA and all the products and services we provide today. But how deep is your knowledge about our history?

Consider these fun facts, and check back monthly as we post more...

#### TRIVIA FOR DECEMBER

- 1. New Zealand almost didn't get its national institute status because it didn't have 400 members. The International board of directors granted their status with them having how many members?
- 2. What year did the Chapter Achievement Program (CAP) begin?
- 3. The Thurston Award honors an author whose article is voted most outstanding in what IIA publication?
- 4. What year was the Society Emeritus established?
- 5. What year was the Common Body of Knowledge established?

Answers below

# The Institute of Internal Auditors invites you to join us for our monthly

#### Members-Only Webinar on Dec. 13, 2011

Writing well is a challenge for every auditor, as it requires transforming complex information into clear, concise findings. By participating in this webinar, you will learn the techniques effective writers use to capture and hold a reader's attention. During this session, we will examine many examples of audit findings and see how they can be strengthened with a framework of effective writing skills.

- \* Title: The Seven Deadly Sins of Report Writing
- \* Facilitator: Joanne Feierman, Principal, Seminars in Communication
- \* **Date**: Dec. 13, 2011, 1 2 p.m. EST
- Cost: Free for IIA Members
- \* CPE: One (1) continuing professional education (CPE) credit\* (NASBA Eligible Live Event Only)

**REGISTER HERE** 





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