

The Audit Scope

Volume 25, Issue 6

February 2012

President's Message

I hope this month's newsletter finds everyone well and warm!

Earlier this month Justin Stowe presented some very interesting ideas on easy ways to save money using free technology. We had a great turnout but if you missed it, the presentation has been added to our chapter website.

You will notice something extra in the newsletter this month. Karen Begelfer with Collective Brands has generously submitted an excellent article on Internal Audit Lessons Learned. I think you will find some very good points to keep in mind as you perform and report audit findings. Thank You Karen!

I personally would love to see more articles from local members. If you have any insights you would like to share please do not hesitate, we can all learn from each other. Also, if there is something you would like to see an article on, please pass it on to me and I will do my best to find a contributor.

I look forward to seeing you in February.

Shannon Wagner
Topeka Chapter President

February Program

Topic: Professional Ethics: Right vs. Right Decision Making

Speaker: Chester Moyer, CPA, is a Manager in RubinBrown's Assurance Services Group. Chester has more than eight years of experience with RubinBrown serving clients in the Public Sector and Manufacturing and Distribution industry groups. Chester has been an Adjunct Instructor in the Rockhurst University MBA program since 2007. He and his wife are expecting their first child at the end of March.

February Meeting

Date: Tuesday, February 7, 2012

Place: Westar Energy
Multipurpose Room
818 S. Kansas Avenue

Time: 11:30 a.m. – 1:00 p.m.

Menu: Salad
Penne Pasta
Marinara with meatballs
Alfredo with chicken
Breadsticks
Dessert

RSVP: By noon, Friday, February 3, 2012

Reservations: Richard McMullen
KDOT Office of Inspector General
E-mail: mcmullen@ksdot.org
785-296-5399
Hearing impaired – 711

Please let Richard know if you have any dietary needs or restrictions.

Registration:	Member	Non-member
Lunch & meeting	\$12	\$17

IIA Chat

Name: **Judy Riniker**
Employer and Position: **Blue Cross and Blue Shield of Kansas, Sr. IT, Finance and Compliance Auditor**
Time in this position: **5 years**
Education: **Computer Science, MBA**

What was your first job? **My very first job was babysitting the neighbor's grade school kids.**

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What is your favorite food? **My favorite entrée is sushi and my favorite dessert is ice cream, especially Call Hall, KSU.**

What is your dream vacation? **My dream vacation was camping in Africa.**

What is your favorite TV show? **My favorite TV show is The Walking Dead. What would you do?**

Name one person (dead or living) you would like to meet. **I would like to meet Benjamin Franklin.**

What talent would you most like to have? **The talent I would most like to have is to play the piano 'by ear'.**

What book are you currently reading? **The book I am currently reading is "Islands in the Clickstream" by Richard Thieme. The book is about the relationships between humans and technology.**

What do you try to avoid? **I try to avoid being eaten by bears and being stuck in traffic.**

What would you like to get around to doing when you have time? **Take sailing lessons.**

How would you like to be remembered? **As someone who cared.**

Who is the person you most admire and why? **I admire my mother for her courage and determination through difficult times and constant encouragement throughout my life.**

What's a pet peeve of yours? **Lately, it has been people talking on their mobile devices in public restrooms, even worse, getting a call from someone who is in the restroom. Just don't.**

How do you achieve balance between your personal and professional life? **By choosing a profession you enjoy, personal and professional life sometimes blend. Know when you need to**

change and know when you need to just take a break to recharge.

IA Lessons Learned

There are many lessons I have learned over the course of my career in Internal Audit. I have found that lessons related to the practice of Internal Audit have been particularly valuable to me as I have executed audits myself and coached auditors as they executed their work. Below are two points that I have found quite valuable:

The Facts Speak for Themselves

Compare the following two audit observations:

1. "The payroll process controls are poorly designed and cause countless errors that are inconvenient for the employees to get resolved."
2. "The design of certain Payroll controls fail to prevent errors in benefit and tax calculations. Error detection lies with the employees being paid, and requires multiple steps for resolution that take from 1- 3 weeks to complete.

An effective audit report highlights issues and facts, not opinions and emotions. By sticking to the facts, an auditor can make a compelling case where the conversation with the business owner stays on-track and focused on resolving the issue.

Example #1 above has numerous shortcomings. Take, for example, the word "poorly." Using this word to describe the controls could very likely create an emotional response from the business owner (think, for example that it could be interpreted that you are telling the "whole company" that I do my job poorly). This then leads to a defensive position by the business owner where the auditor will spend the bulk of the conversation trying to explain why the 98% of the time the control worked wasn't good enough rather than a more meaningful conversation focusing on how the 2% of errors could be prevented going forward. In addition, a more factual report enables

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the reader to better understand the nature and extent of the issue.

Cultivating Your Network

Ask an auditor what they do for a living, and you'll get a variety of responses. Some will say data analysis, while others might cite controls testing or process improvement. I would argue that one of the most important things I do is relationship building. Building relationships is critical to the success of an internal auditor because it enables trust and the development of a deeper knowledge of the business. This relationship building includes relationships between IA team members and non-team members such as business customers at all levels, external auditors and even IA departments at other companies.

I often tell my auditors that they don't need to be considered "outgoing" or "sociable" to develop quality business relationships. Rather, I recommend three simple rules:

1. *E-mail is not a substitution for in-person discussion.* Get out of your chair and talk to people directly. There is rarely a time that an e-mail is more effective than a face-to-face conversation. Even a phone call is better than an electronic string of characters.
2. *Show a genuine interest in what people do.* Auditors are way more effective when they understand the processes and the responsibilities of the people around them. Even the most meager conversationalist can come up with something business related to ask, such as "What do you do and How do you do it?" You will be amazed at the depth and content of what people share once you open up the conversation pathway with them.
3. *Don't wait to do #1 and #2.* The most productive relationships are those that flourish before you need them. Demonstrating interest in someone only after you realize they have the data/contacts/info you need can come across as artificial and even insulting. Build your network before you need it, and you will set yourself up for success.

Karen Begelfer
Collective Brands

Goals Will Lead to Success

Melissa Leonard
Gleim Chapter Coordinator

One of the most common mistakes I find when candidates prepare for the CIA exam is not setting specific goals. Having a goal when you plan to prepare for and pass the CIA exam is a key factor to your success. I think this is summed up best by American author and motivational speaker Earl Nightingale, who said, "People with goals succeed because they know where they're going."

Ultimately, your goal should be to pass the CIA exam as quickly as possible. When you delay taking the exam, you delay taking advantage of the benefits that certification provides. To combat this problem, it is extremely important to register for and schedule exams early. Scheduling early establishes your finish line. If you are studying with the mindset that you will take the exam at some vague future time, it allows you to procrastinate. On the other hand, a firm date set in advance enables you to work each day to be ready to pass the exam on the date you previously established.

When planning for your next part, map out a calendar of what you will need to study each week leading up to the desired exam date. For example, if you wish to take Part 1 of the CIA exam in the next couple of months, create a study schedule and decide what will be a suitable date. Immediately registering for and scheduling your exam well in advance 1) allows you to have a date that is convenient for you and 2) provides you with a finish line that forces you to plan and focus even during the times of year when you can be easily distracted.

In conclusion, if you are studying for a part and have not yet scheduled an exam date or you are thinking about studying for a part, use the Gleim CIA Review System and work with your Personal Counselor to

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create a study plan together. Once the study plan is complete, you should immediately schedule your exam date. Much of the battle of getting through the CIA exam is keeping yourself focused on completing each part. By scheduling early, you set a goal to commit yourself to studying regularly and to pass the exam.

Remember, as a Topeka Chapter member, you will receive a 20% discount on the Gleim CIA Review materials. Gleim has been helping CIA candidates pass the CIA exam since 1980.

Contact Melissa at 800.874.5346, ext. 131 or melissa.leonard@gleim.com <<mailto:melissa.leonard@gleim.com>> to take advantage of your chapter discount or if you have any questions.

Are you a chapter member who just became certified? We would love to help you share the tactics you used and/or the benefits you are already experiencing with other chapter members. Email Gleim at iiachapters@gleim.com with your comments. Contact Melissa at 800.874.5346, ext. 131 or melissa.leonard@gleim.com to take advantage of your chapter discount or if you have any questions.

Melissa Leonard
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Fax 352.375.6940

Hours: Mon-Fri 8am-7pm
Please visit our home page:
<http://www.gleim.com>

Thank You:

Thanks to the IIA Topeka Chapter for the donation to Dr. Tom's memorial fund. He was proud to be a member. Novella Clevenger & family

FYI:

If you are interested in serving on a committee, please let one of the officers or board members know.

Chapter Website

Looking for a new job? Looking for current and past newsletters? Do you want to register for the monthly chapter meetings? Are you always looking for new resources for researching those best practices? If you answered "yes" to any of the above questions, then you should check out the Topeka IIA Chapter website at www.theiia.org/chapters/topeka. The website not only offers all of the features listed above, but it also allows our members to submit job postings, news, and events related to our local chapter and the internal audit profession.

Newsletter Articles:

Please contact Shannon Wagner with any articles or suggestions for the newsletter. You may also know of special events (weddings, promotions, certifications, etc.) that you would like to put in the newsletter. shannon.wagner@securitybenefit.com

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Chapter Objectives

Service To Members

- Education Objective: Offer over 20 hours per year of affordable CPE with more than 60% rated as excellent.
- Certification Objective: Two members become certified annually.
- Social Objective: Members get to know other members from different organizations.

Service To Profession

- Membership Objective: Increase active membership.
- Professional Development Objective: Hold 15 hours of seminar CPE annually.

- Academic Relations Objective: Promote the profession at Washburn University
- Government Relations Objective: Keep government membership.

Chapter Administration

- Leadership Development Objective: Have 1 or 2 officers attend the Leadership Conference.
- Chapter Finance Objective: Have our lunch meeting fees cover the meeting expense; make additional income from the seminars to fund other activities (Leadership Conference, WU scholarship, WU student night).
- Communication and Participation Objective: Send out monthly newsletter and update website.

Topeka CAP Summary

As of: 01/10/12

Category	Minimum for Bronze	Chapter Points (to Date)	% of Minimum	Balance to Minimum
I. Service to Members	325.00	543.31	167%	Achieved!
II. Service to Profession	200.00	512.97	256%	Achieved!
III. Chapter Administration	160.00	204.00	128%	Achieved!
	685.00	1,260.28		

Total from Master Template: **1,260.28**

Current CAP Status: Silver

Targets:

Bronze	685.00
Silver	1,060.00
Gold (Platinum)	1,560.00

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Upcoming Local IIA Events

<u>DATE</u>	<u>TIME</u>	<u>LOCATION*</u>	<u>Sponsoring Chapter</u>
02/02/12	11:30-1:00	U.S. AgBank (Farm Credit Bank building), 245 N. Waco, Wichita	Wichita – lunch meeting Topic: Human Resources Auditing and Controls Speaker: Rob Southern, Kennedy and Coe, LLC
02/02/12	9:00-4:00	Ritz Charles, Overland Park Member \$90 Non-member \$105 (6 CPEs)	Kansas City – seminar – Auditing Social Media Speaker: Mike Jacka, Pete Scott, Consultants
03/01/12	11:30-1:00	U.S. AgBank (Farm Credit Bank building), 245 N. Waco, Wichita	Wichita – lunch meeting Topic: Social Engineering Speaker: Loras Even, RSM McGladrey, Inc.
03/01/12	7:30-12:00	Ritz Charles, Overland Park Member \$80 Non-member \$95 (4 CPEs)	Kansas City – seminar – Internal Audit: Maximizing Our Opportunities; The Importance of Brand Speaker: Larry Harrington, VP Internal Audit, Raytheon, Chairman of the IIA North American Board
03/06/12	11:30	KDOT	Topeka – lunch meeting
04/03/12	11:30	Westar	Topeka – lunch meeting
04/10/12	8:00-5:00	Topeka	Topeka – seminar – Creating and Issuing High Impact Audit Reports & Top 5 Mistakes Audit Departments Make Speaker: Robert L. Mainardi
05/01/12	3:00	O'Dooley's	Topeka – afternoon social/meeting

* Locations are subject to change.

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2011-2012 Officers and Board of Governors

2010-2011 Officers and Board of Governors

President	Shannon Wagner	Security Benefit
1 st VP, Seminars	Tiffany Lake	Westar Energy
2 nd VP Meetings	Julie Pennington	Legislative Division of Post Audit
Secretary	Chris Johnson	SRS
Treasurer	Crystal Perez	Capitol Federal Bank

Board Member	Ray Wheeler	FHLB Topeka
Board Member	Jeanne Slusher	Security Benefit
Board Member	Kyle Brewster	Stormont-Vail HealthCare
Board Member	Kathleen Heaney	FHLB Topeka
Board Member	Jay Davis	SRS
Board Member	Robert Knott	Capitol Federal Bank
Board Member	Candace Hapgood	FHLB Topeka
Board Member	John Gibbons	Office of the State Bank Commissioner
Board Member	Dana Shipley	Westar Energy
Board Member	Ken Abitz	Kansas Insurance Department
Board Member	Richard McMullen	KDOT
Board Member	Mark Zillinger	BCBS

Membership		
Academic Relations		
Government Relations		
Newsletter	Jeannie Macfee	Westar Energy
Seminars	Shannon Wagner	Security Benefit
Programs	Tiffany Lake	Westar Energy
Librarian	Nick Kramer	KHPA
CIA Program	Kathy Spain	Capitol Federal Savings
Audit Committee	Mary Hoover	SRS
Historian		
Directory	Julie Pennington	Legislative Division of Post Audit
Nominating	Dana Shipley	Westar Energy
Hospitality	Richard McMullen	KDOT
Web Site	Julie Pennington	Legislative Division of Post Audit
Certificates	Bob Stambaugh	BCBS