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President's Message



Hello everyone,

I hope you and yours have been healthy and happy the beginning months of this year. I look forward to increasing the training and opportunities we provide to our membership. During the last eight months, we have increased our membership by 15 and have awarded several certifications. Congratulations to our new members and recently credentialed members.

Our general membership meeting on February 17th will be facilitated by Dr. Peter Hughes. Dr. Hughes will discuss how "Ethic Pays"; by keeping things simple and promoting ethical conduct organizations can increase their bottom lines. The spring seminar on March 17th will consist of two topics: "Demystifying the IT Audit" presented by Kenneth Mory and "Fraud Awareness" presented by Larry Rosipajla. This seminar should be full of very useful information since the new Redbook standards increase the fraud and IT responsibilities of auditors.

I have been fortunate enough to have personally heard these speakers present. They all have a wealth of knowledge to share and I am thankful they have agreed to present to our chapter. It is through the support of individuals like them that we are able to continue to strengthen our programs and to achieve our local and global IIA mission of "Progress through Sharing".

In closing, I would like to thank you for your continued support of our chapter and wish you a prosperous new year. I hope to see you at one of our training events. I'd also like to ask you

(Continued on page 10)

2009-2010 Chapter Board and Committee Chairpersons

President — Melissa Bender

1st Vice Pres — Carmen McGowin-Paul

Programs/Seminars — Vacant

Hospitality — Sapna Nangia

2nd Vice Pres — Niloufar Alian

Newsletter — Karen Johnson

Publicity/Public Relations — Michael Mena

Corporate Relations — Devoral Safford

Web Master — Angela Villanueva

3rd Vice Pres — Mylene Williams

Academic — Megan Gomez

Certification Program — Vacant

Secretary — Jennifer Arunritthirot

CAP Admin. — Glenda Stewart

Membership — Claire Melhorn

Treasurer — Ronald Cosey

Audit — Hosny Shouman

Historian — Jim Gillam

Chapter Governors

Vinod Desai - PFF Bank and Trust

Arls Erickson - Air Force Audit Agency

Michael Miller - Wilmon Corporation

Dr. Richard Savich - Cal State San Bernardino

Mike Valinotti - Southern California Edison

Rethinking Strategy

By Ryan Scholz - From the Free Library
December 6, 2009

A few weeks ago, I was at a conference of colleagues from around the country. As we discussed what was going on in our businesses and with our clients, one common thread surfaced. Just about every business, no matter size or industry, was rethinking their business strategy. Many companies have found that the strategies they developed even as near as two years ago were no longer valid and going to ensure the long-term success that they desired.

Many companies, by necessity, have gone into survival mode. They have had to abandon many of the strategic initiatives that they saw as essential to long term success when their strategies were developed. They have had to reduce the size of their work forces, losing valuable talent that they may need in the future. Most are operating in a reactive mode, rather than proactively.

There are probably as many opinions as there are economists right now as to where we stand in the economic recovery. The real doomsday analysts are saying that the recession is not over and we are in for times that are even

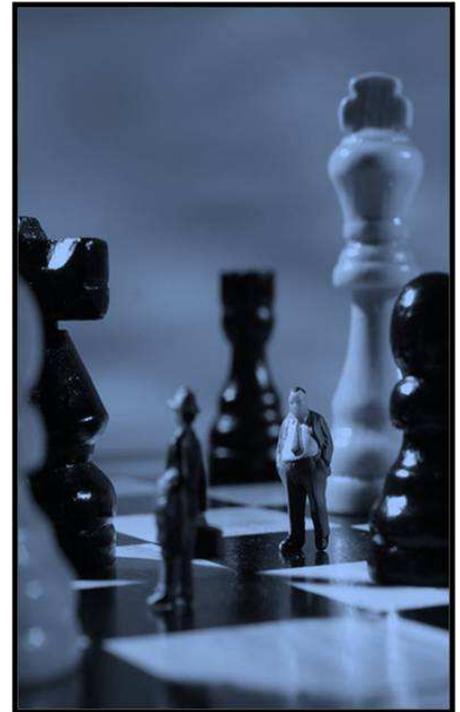
more difficult. Others point to GDP data that suggest that the recovery has already begun. There has always been and will continue to be uncertainty in economic forecasts and business projections, so this is not a reason to ignore or delay strategic thinking in any business.

I believe with total certainty that the economy will recover. However, I think recovery will mean different things to different businesses and industries. There are going to be some long-term implications and outcomes of the economic difficulties that we have experienced. Current low interest rates will not last forever. Some industries have seen consolidation or exit of players from the industry. For example, the auto industry is going to look significantly different after the recovery than it did before the recession.

In light of this, every business entity should be rethinking its business strategy going forward. Some of the key strategic questions that a business should be asking itself include:

1. By what signs will we know that our

(Continued on page 3)



“...recovery will mean different things to different businesses and industries. There are going to be some long-term implications and outcomes...”

In The News

Internal Auditors to Ensure Credit Card Information Security

From IIA website, January 2010

ALTAMONTE SPRINGS, Fla. – In late 2008, the Payment Card Industry Security Standards Council (PCI SSC) — American Express, Discover Card, JCB International, MasterCard Worldwide, and Visa — updated Data Security Standards (DSS) which guide merchants in securing credit card information. And now, a recent move by MasterCard demonstrates that credit card companies believe internal auditors can play a valuable role in protecting cardholder data by assessing compliance with the standards.

“Having standards in place is the first step toward ensuring operational effectiveness and information security,” says Richard Chambers, CIA, CGAP, CCSA, president and CEO

of The Institute of Internal Auditors. “And internal auditors can play an important role in assessing whether their organizations are keeping customers’ information secure.”

In June 2009, MasterCard Worldwide issued a notification to its merchants saying that beginning in January 2011, the required annual “Level 1” (more than 6 million annual transactions) and “Level 2” (1 to 6 million annual transactions) merchant validations of PCI DDS compliance must be completed by certified Qualified Security Assessors – which are trained and credentialed by the PCI SSC. Based on these new requirements, internal auditors would not have been able to participate in PSC DSS compliance validation as the certification program has not been available to internal auditors.

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WESTERN REGIONAL CONFERENCE

SEPTEMBER 19-22, 2010 / ANAHEIM, CA, USA

VISIT www.2010WRC.COM FOR MORE INFORMATION

Rethinking Strategy (Continued from Page 2)

business is recovering? What are the leading indicators of a turnaround? Many businesses wait for historical or lagging information to signal action. The problem with this is that those competitors who have leading indicators get a jump on the competition, gain market share that is tough to recover, and begin reaping the profits from the turnaround quicker.

2. How have customer expectations changed in the market place and how does it affect our competitive position? During tough economic times, people focus more on value and utility, and less on brand and reputation. While neither are businesses I frequent, McDonald's and WalMart have done fine through the economic down turn. Consumer buying patterns have changed. Some may be temporary, while others may be permanent. No matter what the business there is going to be a greater focus on value. Products and services with the highest perceived value will enjoy a competitive advantage...
3. What will be the implications of key macro economic or political factors on our business? Many economists are predicting a period of high inflation and high interest rates once the economy recovers. Businesses that will need capital to expand to meet increased demand, or who want to purchase other assets will need to factor this into the strategy. While the political debate over health care reform continues to rage in Washington, there will be some impact on every size business.
4. Will we have the human talent we need to meet increased demand as our business recovers? Many companies have slashed jobs and with it have lost some valuable talent in the process. With 10% unemployment, it is hard to come to grips with a potential talent shortage. The current high unemployment rate is a short-term aberration in the long-term trend that says the U.S. will be facing shortages of skilled workers in the future.
5. Do we have leaders that are capable of succeeding in an era of rapidly changing market conditions, wider spans of control, and responsibilities that are more diverse?

Leaders at all levels in today's organizations are expected to do more with less. Most organizations have eliminated levels of management and increased the depth and breadth of managerial responsibilities. Companies are going to be reluctant to add back layers of management even as they add lower level workers. A new style of management, based on high levels of employee engagement, skills in performance management, and strong relationship building capability will be required.

6. How will we repair any damage done with key stakeholders, customers, employees, suppliers, or investors because of decisions we made? As customers, we all probably have experienced something dumb that a service or product provider has done to us in reaction to the down turn. I will not mention the bank by name, but I have banked with the same institution for almost 20 years and now they have added fees and changed terms on my accounts. They have managed turn a loyal customer into one that will be changing to a different provider.

We cannot ignore the impact that the recession has had on employees who are still with the company. Many have no choice but to stick it out and suffer through the current situation. However, many will be looking to jump ship as soon as the opportunity presents itself. Having a strategy for retention of key talent will be essential.

*Ryan Scholz works with leaders whose success is dependent on getting commitment and high performance from others. He is author of *Turning Potential into Action: Eight Principles for Creating a Highly Engaged Work Place*. For more information, visit his web site at www.lead-strat-assoc.com.*

[http://www.thefreelibrary.com/Making Tough Decisions-a01074017985](http://www.thefreelibrary.com/Making+Tough+Decisions-a01074017985)

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Members' Corner

January and February Anniversaries

| <u>Name</u> | <u>Years</u> | <u>Name</u> | <u>Years</u> | <u>Name</u> | <u>Years</u> |
|----------------|--------------|-------------------------|--------------|-----------------|--------------|
| Judy Lloyd | 27 | Curtis Von-Schimmelmann | 7 | Jennifer Fuller | 2 |
| George Haeker | 16 | Deborah Wogan | 6 | Adriana Mejia | 2 |
| Norm LaVigne | 13 | Karin Hutchison | 5 | Brooke Barbee | 1 |
| John Howard | 12 | Vincent Price | 4 | Charles Tucker | 1 |
| John Machado | 10 | Thomas Halsell | 3 | Lori Frey | 1 |
| Jim Homan | 10 | Emad Gewaily | 3 | Kim Bankston | 1 |
| Esther Rickman | 10 | Dorothy Dombrowski | 3 | Debbie Valdez | 1 |
| Susan Blum | 8 | Szu Lei Yang | 3 | Wil Yambot | 1 |

New Members During December/January

Mingqian Sun
Arun Mangalam



Congratulations to Member with Newest Certifications!

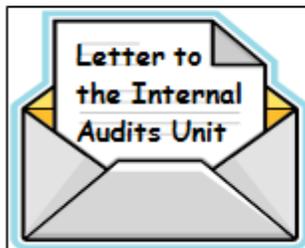
Edmon Hamilton, II

A Little Audit Humor

The managing partner in an accounting firm is very annoyed with one of his junior partners and has called him in to chastise him. "How could you possibly advise the client in the way you did? That was completely unethical. We are always conscious of Ethics in this firm. You do know what Ethics is don't you?" The young partner is offended. "Of course I know what Ethics is. It's a county in southern England."

The Internal Auditor

By Karen Johnson



"I have been unable to sleep, knowing that I have not shared information about a fraud committed against the company."

"I need to tell you my co-worker has embezzled thousands of dollars from the company."

"If I still can't sleep, I will tell you about my role in the fraud."

INSTITUTE OF INTERNAL AUDITORS-
INLAND EMPIRE CHAPTER

**SPRING
SEMINAR
MARCH 17, 2010**



Morning Session (8:00-11:30a.m.):
“Demystifying the IT Audit” Presented by
Kenneth Mory.

Afternoon Session (12:30-4:30): “Fraud
Awareness” Presented by Larry Rosipajla.
Key topics include: fraud definitions, myths/
facts, and why auditors struggle to detect
fraud.

Ayres Hotel & Suites Ontario Convention
Center
1945 East Holt Blvd
Ontario, CA 91761

CPE: 7.5

Member cost - \$85
Non-member Cost- \$100
Please make check payable to IIA Chapter
257
Breakfast, lunch and break refreshments
will be provided

RSVP Information:
Sapna Nangia
IIA Inland Empire Chapter
P.O. Box 4914
Riverside, CA 92514
iia_inlandempirechapter@yahoo.com



Progress Through Sharing

Invest In Your Future

March Seminar/Membership Meeting



Date: Wednesday, March 17, 2010
Time: 8:00 a.m. - 4:30 p.m.
CPE: 7.5 hours
Topic: IT Auditing and Fraud
Place: Ayres Hotel & Suites, Ontario Convention Center
Fee*: \$85 for members
 \$100 for non-members
Speakers: Ken Mory, CIA, CPA, CISA and Larry Rosipajla CPA, CFE



***** Please RSVP with Sapna Nagia at (951) 955-3496. Please Note There Is No Lunch Only Option *****

Join us for a day of idea-sharing that will begin with a "Demystifying the IT Audit" by Kenneth Mory, and ending with "Fraud Awareness" by Larry A. Rosipajla, CPA, CFE .

About Kenneth Mory

Ken Mory is the City Auditor for the City of Austin Texas. Previously he was Chief of Audits with the Office of Audits & Advisory Services for the County of San Diego. He has over 30 years experience in Audits, Accounting, IT, Finance and Operations. Prior to coming to the County of San Diego Ken was the CFO for several companies, including BellSouth Wireless Data, TelCel Cellular, and Link Telecommunications. He also worked for BellSouth Corporations' General Internal Audits and began his career with Ernst & Young (Arthur Young & Company, CPAs).

Ken has worked in both government and private sector, internationally and domestically. His experience includes internal audits, IT audits, attestation audits and due diligence reviews. He also has substantial experience in developing processes and internal controls in startup and in mature organizations. He has project-managed IT initiatives to design (Greenfield) as well as re-engineer accounting / billing, customer service, and other operations processes. He has published auditing and accounting articles in professional journals, including The Journal of Accountancy, Management Accounting and others. Further he has instructed on Accounting/Auditing and Taxes at the University of Texas Austin and at National University.

About Larry A. Rosipajla

Mr. Rosipajla has 20 years of diverse professional experience in accounting, tax management and consulting and is a CPA and CFE. He has previously held management positions with Clifton Gunderson, Grant Thornton, Jefferson Wells, KeyPoint Consulting and with PricewaterhouseCoopers' forensic accounting investigations practice. He has extensive experience providing consulting in civil matters with a particular emphasis and specialized expertise in forensic accounting, fraud investigations, and internal control evaluations. Mr. Rosipajla has directed many financial investigations, which have included FCPA violations, alter-ego analysis, lease/loan fraud, embezzlements, and financial reporting frauds, and has represented clients in financial reporting matters under investigation by the SEC and the Department of Justice.

Your Help is Needed for Our Chapter's Survival!

The chapter is an important organization which allows us to improve our audit knowledge and provide opportunities to its members in the local area. The IIA-Inland Empire Chapter is seeking volunteers to carry on the functions of the chapter for next year. Some of the benefits of volunteering include building relationships with other professionals from the Inland Empire and its surrounding areas, building leadership skills, gaining inside knowledge of IIA functions, and establishing important connections with companies through-out Southern California. Whether you have one hour you can spare each week or you have many hours you can devote to building career connections, we have a volunteer position for you! If interested, send an email to iia_inlandempirechapter@yahoo.com or visit our website.



Editor's Corner



Ask Arthur...

Q: One of my New Year's resolutions was to earn my CIA certification this year. What is the best approach to studying for the exam?

A: As Candidates should study some every day. Do not skip a day, as the "start up costs" are too great. It is better to be steady with short blocks of study time every day than to try to allocate one or two large blocks of time a week. It is easier to study harder if you know that a break lies just around the corner. Frequent short breaks reduce interference between different aspects of new information, thus allowing your brain to better store and consolidate the data. For these reasons, you should enact an intense 20-25 minute study session, followed by a 5-minute break. Use the five minutes to reward yourself by having a snack, taking a walk, calling a friend, or enjoying other positive activities. After every 3 such cycles, take a 15-minute break. Repeat this procedure until your study session comes to a close. Of course, actual study and break times may vary depending on your preferences. For example, if you believe you can retain more information by studying for 40-45 minutes with 10-minute breaks, then by all means do so. Just make sure you adjust your daily routine in a way that allows you to maintain these study cycles on a consistent basis. Take at least one break in the middle of your session to keep your mind fresh and open.

Every candidate for the CIA exam understands how dreary hours of studying can be, especially when you have to study for months at a time. In order to make your studies more pleasant, find ways to reward yourself and stay motivated. Enjoy your favorite snack after two hours of study, or the treat of a night out after a full day of review. Creating incentives to focus on your material will help you study effectively and complete your exam faster. Candidates who follow this method will retain more information than those who spend multiple hours cramming just a few weeks before the exam.

If you are already certified consider this approach when preparing for an additional certification or when mentoring colleagues who decide to pursue their CIA designation. This can always be used in other aspects of your lives as well, such as exercise, household chores, etc.

Answer provided by Gleim. If you are interested in purchasing study materials from Gleim, contact Melissa Leonard at melissa.leonard@gleim.com or 800.874.5346, ext. 131. Keep in mind that as an Inland Empire Chapter member, you will receive a 20% discount on the Gleim CIA Review materials



Interesting Observations

The following is an excerpt from Los Angeles Times titled, "Audit slams LAPD for lax practices on spending, hiring of vendors" authored by Joel Rubin ...

"...The Los Angeles Police Department failed to adequately track the spending of millions of dollars in taxpayer money used to purchase supplies and frequently neglected to adhere to city policies on hiring vendors, an internal department audit found.

The audit examined 102 transactions made in the 2007-2008 fiscal year – a slice of the more than \$60 million in purchases of goods and services made in that period – and found a multitude of problems...

Calling the existing policies "fragmented," auditors concluded the troubles were the result, in part, of the department not having a comprehensive manual that spells out city policies. "Policies were inconsistently followed, loosely enforced, and, in one instance, bypassed altogether," the report said..."*Very interesting indeed...*

To view the original article in its entirety visit: <http://latimesblogs.latimes.com/lanow/2009/12/audit-slams-lapd-for-lax-practices-on-spending-hiring-of-vendors.html>

**Do you have a question, newsletter idea, or interesting observation?
Please contact me at iia_inlandempirechapter@yahoo.com**



RECRUIT YOUR COLLEAGUES REWARD YOURSELF!

INTRODUCING THE IIA'S RECRUIT-A-COLLEAGUE MEMBERSHIP PROGRAM

As a member of The IIA, you already know the value you receive, and now we're giving you an incentive to tell your friends and colleagues about it!

With the new, year-round Recruit-a-Colleague membership program from The IIA, the more friends and colleagues you recruit to become members, the more chances you have to win free training and professional development! Recruit 10 people and your IIA Membership will be free upon renewal!

For complete program details visit www.theiia.org/recruit.

In The News (Continued from Page 2)

In a September 2009 letter to MasterCard, The IIA emphasized the independence, objectivity, competency and accountability of internal auditors that well positions them to conduct PCI DDS annual compliance assessments. MasterCard Worldwide responded by saying that to enable organizations to leverage internal auditors to the fullest extent possible, they requested the PCI SSC to consider implementing a means by which internal auditors could become certified to conduct the annual assessments required by PCI DSS. And subsequently, MasterCard Worldwide notified its merchants in December 2009 that effective June 30, 2011, Level 1 merchants conducting an annual onsite assessment of DSS compliance may utilize internal auditors who have obtained PCI SSC-offered training and certification. The PCI SSC has introduced its intention to offer the training and accreditation to internal auditors in 2010 and is expected to share additional information as the program develops.

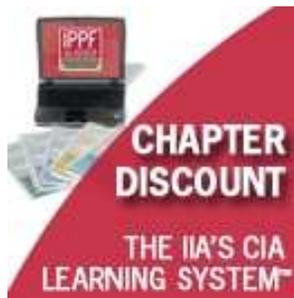
According to Chambers, there are many reasons that internal auditors can and should be involved in the data security standards compliance process. "Effective data security is an ongoing process of assessment remediation, and reporting – and internal auditors have the ability to provide this continu-

ous assurance," he says. "And, merchants who involve their internal auditors may also realize cost-savings that demonstrate additional value."

As the internal audit profession's principal educator, The IIA strongly advocates for the educational development and professionalism of internal auditors. "MasterCard's announcement means that internal auditors now will have the opportunity to expand and document their knowledge of information security through the PCI SSC certification program," says Chambers. He believes the move will pave the way for merchants around the world to tap into the skills and experience of their internal auditors to assess compliance with the PCI standards that guide the credit card industry. "And this is excellent news for customers who may worry about the security of their credit card information," he added.

The IIA is internationally recognized as a trustworthy guidance-setting body. Serving members in 165 countries, The IIA is the internal audit profession's global voice, chief advocate, recognized authority, acknowledged leader, and principal educator.

Attention CIA Candidates - Save on Premier-Quality Prep Materials



The Institute of Internal Auditors (IIA) developed The IIA's CIA Learning System to expand your internal audit knowledge and skills and prepare you for the Certified Internal Auditor® (CIA®) exam. The IIA's CIA Learning System is a comprehensive and flexible training program that offers:

- * Interactive print and Web-based study tools that teach the entire global CIA exam syllabus.
- * Up-to-date content that has been aligned with the [2009 International Professional Practices Framework \(IPPF\)](#).
- * [My CIA Review Plan](#) - a free, online tool to help you set a customized and realistic study plan.
- * Web-based test questions to help prepare you for the computer-based CIA exam.
- * CIA Practice Exam that simulates the Pearson VUE CBT testing software to build exam confidence.

Begin your CIA preparations today with the help of The IIA [Inland Empire](#) chapter. All chapter members can purchase the Learning System for \$745 (plus taxes & shipping) – that's a savings of up to \$100!

Please visit www.learnCIA.com/chapters to take advantage of the discounted IIA chapter member price.

President's Message *(Continued from Page 1)*

to mark your calendars for the 2010 Western Regional Conference to take place September 19th through the 22nd. We are co-sponsoring with the event with the other Southern California chapters. Check the website for regular updates: www.2010wrc.com.

As always, feel free to contact me or any of your chapter leadership if you have questions, suggestions, or concerns.

Best Regards,

Melissa Bender, CIA, CGAP, CCSA

Employment Opportunities



Internal Auditor/Business Analyst

Transmission/Distribution
Ontario, CA

Description: Southern California Edison has an opening for a Business Analyst at its Ontario facility. Although classified as an analyst position, this posting is seeking two experienced internal auditors to work in our Transmission and Distribution Business Unit. The position (#NB60665839EA) can be viewed at www.sce.com (select Edison International -- Careers). Online applications are being accepted through February 8, 2010.

Apply at http://www.edison.com/careers/sce_jobs.asp



Senior Auditor

Office of Inspector General
Los Angeles, CA

Description: The Metro has an opening for a Senior Auditor. Job duties will include the performance of complex financial, operation, compliance audits to ensure the adequacy of internal controls and the accountability of Metro departments using TeamMate to document audit findings and compile and organize work papers in accordance with audit guidelines. Online applications are being accepted through and will be retained in a Qualified Candidate Pool. The position will be open until filled.

Apply at <https://jobs.metro.net/JobSearch.aspx>

Let us know if you want to place an employment advertisement in our newsletter.



We're on the Web!

<http://www.theia.org/chapters/index.cfm?cid=257>