



# The Institute of Internal Auditors Puget Sound Chapter NEWSLETTER

Dec 2012

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## President's Message

Greetings,

As the holidays are staring us in the face, I'd like to first and foremost wish every last one of our members a wonderful holiday season! Given the nature of what we do and the personalities that drive most of us, it's sometimes easy to over-indulge in work and maybe not get away from things and recharge over the holidays, forgetting to enjoy quality time with family and friends. In light of recent events, most notably at Sandy Hook Elementary, I'd encourage all of us to take a deep breath and remember what's most important this holiday season. Our thoughts and prayers are with everyone who's been impacted by the tragedy.

But until we break away... and then after we return, there is a lot to think about in the world of internal auditing. One theme I've noted lately in different outlets and in conversations I've been a party to in and around Seattle, is the excitement around operational auditing. Over the last handful of years, ever since the economic downturn really gained momentum and auditors were "bowling for

dollars" in every nook and cranny of their organizations (did any of us *not* have our hands in a cash flow optimization review in 2009?), the vector of our industry is finally gaining momentum. Thanks to innovators within our profession pushing the envelope to bring real value into their companies, older stereotypes of the "policy police" are becoming fewer and farther between.

But now... ah, but now... We are faced with consequences of the tightened scrutiny of the PCAOB on the external auditors. Those of us tasked with SOX responsibilities in our organizations are beginning to re-live pre-Audit Standard No. 5 days. And anyone even tangentially involved in the financial services industries is facing newer, broader regulations from the Consumer Financial Protection Bureau. Multinationals are facing questions around FCPA, and though not compliance-related, companies everywhere that have forgone IT spending during the recession are being forced now to make difficult decisions around how to upgrade, improve, refresh, and reinvent their ERP systems. And where are we in all of this? We should be shouting from the rooftops that WE *can* and *should* be involved, and can add value in each area. Are our companies listening?

So the question now is – are we directionally appropriate in our pursuit of real financial gains through various flavors of operational auditing? Even more so, are we appropriately making decisions about budgets and audit plans for 2013, with so many other compliance matters dictating our priorities? I say – absolutely! If we don't take advantage of today's challenging environment and prove to our stakeholders the true value that internal audit can bring, then we may be facing another reversion to the misconceptions of old, and all of the hard work from those most progressive among us will have been for naught.

With that, I'll again wish everyone a very happy holiday season on the behalf of all of your Puget Sound IIA Board.

*Corey Saunders,*  
*President*

Corey.Saunders@McGladrey.com

## Chapter Events

### Luncheon Meetings and Technical Sessions

#### IIA Luncheon and Technical Session to be held January 8, 2013 at the Columbia Tower Club in Seattle

Register at: <http://www.theiia.org/chapters/index.cfm/view.events/cid/34>

**Luncheon:** We will answer the question - "Where is Fraud in my CIP?".

**Topic Description:** Due to current economic conditions, construction fraud, waste and abuse have become even more prevalent on projects. The presentation will provide insight on the types of irregularities that can occur on construction projects and how to prevent fraud, waste and abuse from occurring during the construction life cycle. We will also discuss how the economy has affected fraud and abuse in construction and what types of fraud are more likely to occur because of the economy. The objective of the presentation is to obtain an understanding of:

- The organizations that are involved in construction projects.
- The different types of construction irregularities in the life cycle.
- How to detect fraud in the different organizations.
- Characteristics of projects headed for litigation.
- Preventative measures that can be used to prevent or deter fraud.

#### Technical Session:

John Croy will present his "How is the Economy Impacting your Capital Improvement Program?"

**Topic Description:** While some economists are seeing economic recovery, there are some in the construction industry that believe that this industry is still in a recession. This is having a significant impact on contractors thereby changing the owners risk during construction projects. We will discuss the economy and the impacts in the construction industry. The objective of the presentation is to obtain an understanding of:

- How the economy is impacting contractor's financial capability.
- How the economy impacts the staffing and pricing of a construction project.
- How the economy impacts the risk of fraud, waste and abuse on a construction project.
- Preventative measures that should be in place to mitigate the change in risks.



## December Session continued

### About the Luncheon and Technical Presenter:

John Croy is the National Leader, Construction Risk Advisory Services for McGladrey. He has thirty years experience which includes Construction, Engineering, Forensic and Manufacturing accounting and auditing for commercial and governmental projects in North America and several foreign countries. He has given seminars, published articles and has been a guest speaker at national conferences for the Institute of Internal Auditors, Association of Certified Fraud Examiners, Food Management Institute and the Association of Healthcare Internal Auditors. He has provided litigation support for several major construction programs and has conducted investigations leading to indictments of government officials and civilians.

John holds a Bachelor of Science Degree in Accounting and a Masters in Business Administration from the University of Idaho. He is also a Certified Internal Auditor, Certified Fraud Examiner and Certified Public Accountant.

### How to Register:

You can **visit our chapter website at:**

<http://www.theiia.org/chapters/index.cfm/view.events/cid/34>

Register for the **Luncheon** (\$35 member/ \$45 non-member; 1 CPE) and

Register for the **Technical Session** (\$60 IIA member / \$80 non-member; 3 CPE)

**Time:** Luncheon: 11:30am-1pm; Technical Session: 1:15-3:45pm

**Location:** Columbia Tower Club; 75<sup>th</sup> floor of the Bank of America Tower, located at 701 5<sup>th</sup> Ave., Seattle WA 98104 **\*\*Please note the new Seattle event location!\*\***

**Parking:** Ensure you check with the host at CTC to validate your parking ticket.



## Chapter Events continued

### Refund Policy on Chapter Events

Chapter Luncheon and Technical Session Refund Policy We appreciate that sometimes because of work commitments a paid attendee may be unable to attend an event. Refunds or credits will be made:

- If attendee, at least 24 hours before a registered event, notifies the Chapter Treasurer, William Smith, at [william.smith@prgx.com](mailto:william.smith@prgx.com) that they would like a refund or credit.
- If the Chapter cancels an event. If a paid attendee cannot attend an event, they can assign admission to another individual upon notification to the Chapter Treasurer, William Smith, at [william.smith@prgx.com](mailto:william.smith@prgx.com) any time before the event occurs.

It is customary to provide a head count, in advance of the event, to the vendor binding the Chapter for payment, even for no shows. As a result, it is the Chapter's practice to NOT refund or credit amounts for events when someone does not attend an event and has not advised the Chapter Treasurer in advance using the process as stated above

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CIA Prep  
Materials  
Discount

## 10% Discount on CIA® Prep Materials and Upgrade Guarantee Now Available for a Limited Time!

If you've been thinking about becoming a Certified Internal Auditor® (CIA®), we have four great reasons to do it now:

### 1) Stand Out From The Crowd

Gain a competitive advantage by earning the globally-recognized CIA certification. In addition, recent studies indicate that the **median salary of all auditors holding a CIA designation is up to 35% higher** than auditors who do not have professional credentials. (*The 2011 Internal Audit Compensation Study*, issued by The IIA's Audit Executive Center)

### 2) Get Part 4 Credit Before It's Gone!

When the CIA exam transitions from a 4-part exam to a [3-part exam in July 2013](#), no exam parts will be waived for other professional certifications held. If you have a related credential, now is the time to get started and take advantage of [PRC4!](#) As an added bonus, parts passed in the 4-part program will be transferrable to the new 3-part program.

### 3) Get Started Worry-Free with the Learning System's Upgrade Guarantee

If you purchase the Learning System today but aren't able to complete the CIA exam in the 4-part program, you can upgrade to the 3-part training materials for free! Visit [www.LearnCIA.com/upgrade](http://www.LearnCIA.com/upgrade) for complete details.

### 4) Order By Dec. 28, 2012 And Save 10% Off The IIA's CIA Learning System

As an additional incentive to support your chapter, The IIA is offering a 10% discount on orders placed at [www.LearnCIA.com/chapters](http://www.LearnCIA.com/chapters) by December 28, 2012. This 10% discount is in addition to the US\$100 full kit or US\$25 per part discount already offered to chapter members. Visit [www.LearnCIA.com/chapters](http://www.LearnCIA.com/chapters) and enter discount code **CHLS12** upon checkout to receive an additional 10% off member prices.

**Order The IIA's CIA Learning System Today!**

Enter discount code **CHLS12** at checkout to save 10%!



## Chapter Officers

## Chapter Officers

Name	Company	Email
<b>Corey Saunders</b> President	McGladrey	corey.saunders@mcgladrey.com
<b>Shane Clarke</b> 1st VP	Protiviti	shane.clarke@protiviti.
<b>Maria Sibal</b> 2nd VP	Nordstrom	com maria.sibal@nordstrom.com
<b>Nancy Pasternack</b> Secretary	KPMG	npasternack@kpmg.com
<b>Bill Smith</b> Treasurer <b>Karen DeMartini</b> Assistant Treasurer	PRGX Protiviti	william.smith@prgx.com
<b>Carol Morgan</b> Past President	World Vision	cmorgan@worldvision.org

Board of  
Governors

## Board of Governors

Name	Company
<b>Anne Etter</b>	Puget Sound Energy
<b>Annette Mumford</b>	HomeStreet Bank
<b>Denise Merle</b>	Weyerhaeuser
<b>Dennis Keglovits</b>	PwC
<b>Dominique Vincenti</b>	Nordstrom
<b>Jeff Davis</b>	Expedia
<b>Karen Kachele-Gottschalk</b>	McGladrey
<b>Kriss Morris</b>	PACCAR
<b>Lisa Battaglia</b>	Boeing
<b>Tom Taylor</b>	Mutual of Enumclaw
<b>Vinesh Naidoo</b>	Russell
<b>Wendy Jones</b>	Alaska Airlines



International  
Committees

## Chapter Members Serving on IIA International Committees

Member Name	Company	International Committee
Brian Foster	Microsoft	Professional Certifications Board
Anne Russell	Boeing	Publications Advisory Committee
Steve Mar	Nordstrom	Committee of Research and Education Advisors
Rod Winters		Board of Directors / Executive Committee

## Committees

## Committees

Committee Chairs and Members	Company	Email
<b>Academic Relations Committee</b> Sarah Bee (chair)	Seattle University	bees@seattleu.edu
<b>Advocacy Committee</b> Karen Kachele-Gottschalk (chair)	McGladrey	karen.gottschalk@mcgladrey.com
<b>Audit Committee</b> Jim Hall (chair)	Retired	hstamps1@verizon.net
<b>CAP Reports Committee</b> Annette Mumford (chair)	HomeStreet Bank	annette.mumford@homestreet.com
<b>CIA Program Committee</b> Kristy Kennedy (chair)	Russell Investment	kkennedy@russell.com
<b>Directors Roundtable Committee</b> Corey Saunders (chair)	McGladrey	corey.saunders@mcgladrey.com
<b>Historian</b> Carol Morgan (chair)	World Vision	cmorgan@worldvision.org
<b>Intern Committee</b> Kevin Rafferty (chair) Kristina Demek Tracey Ramirez	Verity Credit Union Puget Sound Energy	kevinr@veritycu.com kdemek@hotmail.com tracey.ramirez@pse.com
<b>Membership Committee</b> Lyle Smith (chair) Suzanne Nester Amy Brock Stephen Hodges	Nordstrom HomeStreet Bank Bank of Pacific Expeditors	lyle.smith@nordstrom.com suznester26@gmail.com abrock@bankofthepacific.com stephen.hodges@expeditors.com
<b>Newsletter Committee</b> Nancy Pasternack (chair)	KPMG	npasternack@kpmg.com
<b>Program Committee</b> Meghan Hargreaves (chair) Michael Williams	Puget Sound Energy Ernst & Young	meghan.hargreaves@pse.com michael.williams1@ey.com
<b>QAR Project Committee</b> Annette Mumford (co-chair) Anne Etter (co-chair)	HomeStreet Bank Puget Sound Energy	annette.mumford@homestreet.com anne.etter@pse.com
<b>Conference Planning/Marketing</b> Karen Kachele-Gottschalk	McGladrey	karen.gottschalk@mcgladrey.com
<b>Website Committee</b> Allen Smolinski (webmaster) Natalie Blachere (back up)	T-Mobile Getty Images	allen.smolinski@t-mobile.com Natalie.blacher@gettyimages.com

