President’s Message

Dear Philadelphia Chapter Members,

On behalf of the Board of Governors, Officers and dedicated volunteers of the IIA Philadelphia Chapter, Thank you for your continued support. With this 2nd installment of the newsletter the Communications Committee is committing to their goal of creating and maintaining an ongoing forum for keeping our members abreast of chapter business and upcoming meetings and events.

We are quickly approaching the end of our Chapter year (May 31, 2017); yet, we still have a couple of exciting events that you do not want to miss. Read below to find out more about these events.

Additionally, our chapter most recently had our One Day Fraud event which was a hit. Attendees got great insight on the motivation/emotions of a fraudster, the purpose of a compliance program, and updates on Anti-Fraud Corruption. Also, we held our Annual Student Case Study Competition, an event between local universities and our Chapter. The students were fabulous in their presentations. If you or your colleagues would like to volunteer with the chapter in helping with such programs to our members or in academics, please reach out to our VP of Membership, Maeve Raak. These are just a couple of ways to get involved and to give back to the profession.

As always a BIG thank you the Communications Committee for all their efforts as they strive to provide relevant and timely information to our chapter, our colleagues and the profession. Stay in touch with the Chapter; bookmark the chapter website, connect with us on LinkedIn, like us on Facebook and follow us Twitter.

Thank you for your continued support and hope to see you at the Spring Conference and our Member event later in the month.

Regards,
Amit Varia, CISA, CRISC
Upcoming Events brought to you by the Philadelphia Chapter of the IIA

Spring Conference Update

Registration for the Spring Conference, “Our Profession In Focus” is coming to an end on March 27th! If you haven’t registered, please join us on April 3, 2017 at the Sheraton Philadelphia Downtown hotel as we have an exciting program with great speakers from many industries and many backgrounds in Internal Audit, Governance/Risk/Compliance, Information Technology, and Fraud.

Our opening keynote, David Kotz, will be discussing internal audit’s role in fraud detection and investigation as well as sharing his experiences as the Inspector General at the SEC during the Madoff years. Our day will end with two closing keynote speakers. First, Michael Cangemi, will give perspective on transforming technologies, audit, and the use of analytics. Finally, Kelly Paxton, will present “Catch Her If You Can- Pink Collar Criminals”. It will be a great day of networking and learning, we look forward to seeing you!

Michael Levy and Alicia Preddy
Co-Chairs, 2017 Spring Conference

Membership Appreciation Night at the Phillies

The Philadelphia Chapter IIA is hosting a CPE and Networking event followed by a Phillies game on Wednesday, April 26th. Get ready for Internal Audit Awareness Month by attending the session ‘Internal Audit – Marketing to Unlock Partnership Potential’. In appreciation for your involvement and support of the Chapter, the price for the CPE event, diner, and the game is only $45. If you cannot attend the CPE event, you can join us for the game and networking for only $30.

Our featured speaker will be Robert Manardi, presenting a great session - “Internal Audit – Marketing to Unlock Partnership Potential.” In this session you will be provided with insight and action plans to:
• Learn how to define their role without audit terminology
• Recognize strong team member profiles and skills
• Market and explain audit services
• Educate business owners on risk and control
• Partner with process owners to facilitate true change
• Discuss audit myths vs. reality

Afterwards watch the Phillies take on the Miami Marlins.

Visit the IIAs website to register for both events. Hurry Space is Limited!
https://chapters.theiia.org/Philadelphia/Events/Pages/default.aspx
Look for upcoming programs in the fall by following the Philadelphia IIA Chapter on social media.

Twitter: @IIAPhiladelphia
Facebook: www.facebook.com/IIAPhiladelphia
LinkedIn: https://www.linkedin.com/groups/106938

2017 IIA Philadelphia Chapter Fraud Symposium

It was a cold, blustery, snowy, rainy day in March … sounds like the typical day for our Fraud Symposium. The environment inside Exelon’s Energy Hall was much more inviting. Eighty local internal auditors / investigators were in attendance and received 8 quality CPE credits, as well as a great mix of fraud related theory, accompanied by the presenters’ real life examples and war stories. The program provided thought provoking presentation and plenty of take-aways for additional thought back at the office. This year’s Fraud Symposium was organized by Jonathon Marks (Marcum Accountants & Advisors), a Past-President of the Chapter, and who also oversees our Chapter’s CAE program.

Over the course of the day those in attendance were educated and entertained with five interactive presentations. We were presented with the latest and greatest trends in combatting fraud and complying with related standards and regulations; the presenters and presentations included:

- **Bruce Dorris, J.D., CFE, CPA, CVA**, the Vice President and Program Director for the ACFE and advisory member to the ACFE Board of Regents. His presentation focused on “interviewing the interviewer”, specifically interviewing prospective witnesses and evaluating deception. He provided tips on how to identify verbal and physical clues during the interview process, alerting auditors and investigators to possible deception.

- **Barry Sabin** is a partner in the Washington, D.C. office of Latham & Watkins, where his practice is focused on white collar criminal and internal investigations, including accounting and securities fraud, healthcare fraud, Foreign Corrupt Practices Act (FCPA) matters, World Bank matters, US congressional investigations, national security matters, environmental, enforcement of sanctions and export control laws, complex civil litigation and compliance. Barry and his colleague, Ryan Andrews, presented “Current Trends in Anti-Corruption Enforcement”. Barry and Ryan shared their thoughts on considering the “human dimension” when identifying and dealing with fraud. Their presentation focused on FCPA / Anti-Corruption compliance enforcement initiatives, and identifying gaps in Company fraud control processes / programs.
Matt Kelly, was editor of Compliance Week from 2006-2015. Prior to his role at Compliance Week, he was a reporter and contributor on corporate compliance and technology issues for magazines such as Time, Boston Business Journal, eWeek, and numerous other publications. Matt now maintains his own blog, RadicalCompliance.com, and writes & speaks frequently on all things GRC, which includes fraud. His presentation was titled “Measure Twice, Cut Once: Fitting the Fraud Triangle to Your Risks, Culture, and Controls”. Matt provided tips to assist auditors / investigators in assessing and managing fraud risk back at their Companies, and improving the control environment and risk assessment approach. He shared how employee “cynicism” is playing a large factor when Companies are looking to build a positive and ethical work culture – based on recent studies employees do not believe what is going on in their Companies or told to them by Company management - the level of trust between the staff and their management / executives is low. Matt also shared that by implementing a strong culture, values, and controls in your Company you can effectively combat the three primary fraud forces (pressure, rationalization, and opportunity).

Richard Bistrong, formerly a Vice President for international sales at Armor Holdings, later bought by BAE Systems PLC, may hold the distinction of being the longest-ever undercover cooperator in a white-collar criminal investigation, according to prosecutors and defense attorneys. He spent 2 1⁄2 years as a government witness, monitoring 155 meetings, recording 527 hours of conversations and almost 25,000 telephone conversations, according to trial documents. Today he is a recognized blogger, guest-writer, and speaker in the field of anti-bribery compliance, and ethics reflecting on front-line issues which impact international business teams and compliance personnel. After lunch, Richard shared his personal story within his presentation, “Behind the Bribe: How a Risk Based Compliance and Audit Program Can Miss Risk”. Based on his personal experience, he shared his involvement in international business FCPA violations, including bribery and money laundering activities, as well as communicating the importance of strengthening your compliance program. Some other interesting take-aways Richard shared included:
  o Make sure you are talking to the right people to understand the “real-world risks”;
  o Does your work culture allow someone to challenge unrealistic sales objectives vs. market realities (… unrealistic pressure placed on employees by upper management can push individuals down the wrong path);
  o The benefits of crime is nothing in comparison to the cost to Company, society, family, personal health, safety, and national security; and,
  o Prepare your employees for the risks which they may encounter and how to deal with them, before they are in the middle of it (… emphasis on training and awareness).

Bradley J. Bondi is a partner in Cahill’s litigation practice group and is a leader of its securities enforcement and regulatory practices. In recognizing him as one of the top 40 securities enforcement lawyers in the country, Securities Docket described Brad as “the first choice among Boards of Directors and Audit Committees of the Fortune 500 when their company is faced with SEC or DOJ problems.”

Brad relayed his insights regarding Audit Committee and Board requested investigations. The DOJ and SEC have put a premium on Audit Committee investigations, self-reporting and remediation, and cooperation. Brad shared the following tips:
  o Listen to and investigate / validate your “hunches” (most of the time your “gut feelings” are accurate);
Make sure you fully understand the answer to your interview questions (... could be an error / misunderstanding in interpretation);

Understand what motivates people (i.e. fear, greed, etc.);

Administrative Assistants are “god’s gift” to auditors / investigators – they are a wealth of knowledge and history - don’t overlook their value when preparing your interview list;

Not everyone is bad … trust, but verify; and,

Remember the “Potato Chip Rule” – once you confirm a fraudulent event, there’s more than likely multi-occurrences – not just one!

My most important overall take-away: keep exercising your “professional skepticism”. Don’t just accept that first answer as the truth – validate, keep “tugging at those loose threads”, “peeling back the onion”, and asking the next question, until you are satisfied.

There was ample time to interact with those presenting. The presenters were accessible and available for those in attendance during breaks, lunch, and after the event; they also provided their contact information if there were any future questions. The event provided another great networking opportunity, and allowed for catching up with friends and colleagues.

Some post event thoughts of Jonathon Marks, “The 3rd Annual Fraud Symposium featured some of the best thought leaders and practitioners in white collar crime and compliance. I am confident the crowd of 80 internal auditors and investigators walked away armed with current trends and techniques to help them battle fraud and misconduct in the work place. In addition, I am proud to be part of such a progressive Chapter and was honored to moderate the Symposium.”

The IIA – Philadelphia Chapter would again like to thank Joe Kubolski (Exelon Corporation), Philly Chapter Board of Governor member, and Exelon for their continued support of our Chapter, and the use of their facilities and the food / refreshments for this training event. Looking forward to that next cold, blustery, snowy, rainy day in March 2018.

Dave Aubrey, CIA, CFE
Manager, Internal Audit, Office of the Inspector General
Chairman, Employment Committee, IIA – Philadelphia Chapter
**Member Anniversaries**

The Philadelphia IIA Chapter would like to recognize and thank our long standing members. Please join us in thanking the following members.

**40 Years:**
Frank Carl Lordi, CIA

**30 Years**
Jeffrey David Roundtree

**25 Years**
Jamal Ahmed, CIA, CRMA

**20 Years**
Terry Brunt
Monica DeBellis, CIA
Anne Knapper, CIA, CRMA
Dan Tucci, CIA

**10 Years**
Suzi Furr
John Curtrona, CIA
David Kintzer, CRMA
John Huyette

**Annual Student Case Study Competition**

The Academic Relations Committee (ARC) of the Philadelphia Chapter of the IIA held its annual case study competition which attracted teams of local college students. The case study featured a rapidly growing pre-IPO bank with aggressive sales targets, tough corporate culture and high turnover. Teams were challenged with identifying red flags, risks and controls in the case study, as well as potential fraud. Teams submitted written responses to the case study questions on February 24th. The finalists were invited to attend the oral presentation which was held on March 16th at the offices of RSM at 30 South 17th Street, Philadelphia PA.

The ARC would like to congratulate all of the teams that submitted written case study competition responses and those who advanced to the oral presentations. The finalists included two teams from Rider University, and one each from Drexel, Immaculata, and LaSalle. The students were tough competition for each other and the judges were impressed by their presentation skills and thorough review of the case study questions. The judges selected three winning teams who all won cash prizes. The winning teams were as followed:

1. **LaSalle Fraud Explorers**

   Jack Bartorillo, DJ Rostron, and Mary Harrington
2. Immaculata Seniors

Thomas Sagendorf, Steve Smith, Kevin Winans, Kaitlin O’Reilly, and Don Schiffer

3. Rider University Team 2

Norhan Abdel-Gilel, Dominick Bonacci, Joseph Gant, Crystal Garnett, Concetta Scordato

The ARC is sponsoring up to 15 students to attend the upcoming Philadelphia 2017 Spring Conference and extended invitations to the case study finalists. There will be a reserved table set up in the front and center of the main ballroom for the students to meet up, along with the Academic Relations Committee. We encourage our IIA members to stop by to meet the students and share any insight on the internal audit profession! If you are interested in posting a local job, internship or mentor opportunities available for the students, please contact Alicia Preddy at alicia.preddy@rsmus.com in advance of the conference. We are also looking for new members to join our Academic Relations Committee, which will kick off the 2017-18 academic year in June.

The mission of the Philadelphia Chapter of the Institute of Internal Auditors Academic Relations Committee (ARC) is to promote the internal auditing profession to academia and students in order to enhance internal auditing education. For more information about upcoming events or volunteering opportunities, please contact Alicia Preddy at alicia.preddy@rsmus.com.
Member Spotlight - Michael Levy

Michael is currently serving as the Director of Internal Audit for Student Transportation Inc., North America’s largest independent provider of school bus transportation services. Michael’s responsibilities include managing the company’s risk based internal audit program, Sarbanes-Oxley 404 compliance, enterprise risk management, and fraud risk management.

Michael also serves as a member of the Philadelphia chapter’s Board of Governors and Audit Committee. Michael joined the chapter in 2010, and quickly became an active member of the organization. He has been involved in various chapter activities including academic relations and communications. He is currently serving as the co-chair of the Spring 2017 conference, "Our Profession in Focus".

At the international level, Michael is currently a member of the Publication Advisory Committee and Editorial Advisory Board where he helps set the strategic direction of IIA publications. He is an active writer and has published a number of feature articles for the IIA and other professional bodies. In 2016 Michael was the youngest member in the organization’s history to be awarded the IIA’s Thurston award for his article, "Putting the Squeeze on Social Media". In the same year Michael was also awarded the Outstanding Contributor award and Charlie award for his article, "Protecting Customer Data". Michael was also recognized as one of the IIA's top 20 emerging leaders globally.

New Member Spotlight – Adam Ball

Adam is a new member to the IIA after joining within the last year and has begun to partake in IIA trainings and networking events. He is looking forward to becoming more active in the IIA community.

Adam is currently in his second year performing Internal Audit and Risk Management consulting for Protiviti, a global business consulting and internal audit firm. He is in the Internal Audit and Financial Advisory practice, which is tasked with Sarbanes Oxley (SOX) engagements, as well as operational and regulatory compliance internal audit projects. Adam specializes in financial services, currently working with a mix of Real Estate Investment Trusts, Banks, and Investment Companies. He enjoys the ability to work in a broad range of industries, and getting to work with many different clients all over Philadelphia and the surrounding suburbs. Adam is also looking forward to helping grow the Data and Analytics practice out of the Philadelphia office. Prior to joining Protiviti, Adam worked at a small, public accounting firm in Plymouth Meeting, completing audits and reviews of non-issuers as well as corporate tax preparation and consultation, before deciding to specialize in internal audit.

Adam has a BS in Accounting and a minor in Finance from West Chester University of Pennsylvania. He currently holds his CPA and is working towards completing the CIA (Certified Internal Auditor) certification. Adam is also considering taking the CFE (Certified Fraud Examiner) at some point in the future, as that would be an area of future interest for him. In his spare time, Adam likes to travel, golf, and play hockey. You can also find him playing in local poker tournaments around the Philadelphia area. Adam is looking to play a World Series of Poker event this summer which has been a lifelong goal of his.
Updated IIA Standards

The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by The IIA. The scope of the IPPF is only authoritative guidance developed by an IIA international technical committee following appropriate due process. Modifications proposed for The IIA’s International Standards for the Professional Practice of Internal Auditing were approved in October 2016 and are now in effect. The revisions include the addition of two new standards, alignment of the Standards to the Core Principles, and updates to existing standards. The proposed Standards were approved and the update, effective January 1, 2017, includes:

Two new standards, pertaining to:
- The reality that CAEs are sometimes asked to take on risk management, compliance, or other roles beyond internal auditing.
- The potential objectivity-impairing situation in which an internal audit activity performs an assurance engagement after previously consulting in the area.

Alignment of the Standards to the Core Principles:
- Modifications primarily focus on the following two Core Principles, “Aligns with the strategies, objectives, and risks of the organization,” and “Is insightful, proactive, and future-focused.”

Updates to existing Standards:
- Communications: Summarize in one standard the required communications from the CAE to the board and senior management.
- QAIP: An enhanced annual requirement for CAEs to report on their quality assurance and improvement program and current level of conformance.

Chapter Achievement Program (CAP) Report

The CAP report is a management tool used by Chapter Leadership to track service activities provided to our membership during the chapter year. To qualify for CAP points the following three service categories are considered: Service to Members; Service to Profession; and Chapter Administration. A minimum number of points are required within each of the categories for the Chapter to qualify for the various performance levels. The 2016/2017 chapter year performance levels are as follows:

- Bronze - 685 points
- Silver - 1,060 points
- Gold - 1,560 points
- Chapters earn Platinum by achieving Gold 10 out of 11 consecutive years.
- Chapters earn Ruby by achieving Platinum for 10 consecutive years.

Based on the dedicated service of our leadership and our members, we again achieved a performance level of Platinum for the 2015/2016 Chapter Year! All Chapter members can play a role in the Chapter’s success. By informing the Secretary when you participate in various activities specific to the “Service to Profession” category, this will help to increase our CAP point submission. The various activities include areas such as:

- Participation by any chapter member in a Junior Achievement Program / Event;
- Gift membership to a Student;
- Gift subscriptions of Internal Auditor to a local college / university / public library;
- Host an Internal Audit event at work, (i.e. Lunch and Learn);
- Audit Channel TV submission;
• Contribute thought leadership to the Audit Executive Center (AEC) Knowledge Center;
• Participate in writing examination questions for the following IIA certifications: Certified Internal Auditor (CIA), Certified Financial Services Auditor (CFSA), Certification in Risk Management Assurance (CRMA), Certified Government Auditing Professional (CGAP), and Certification in Control Self-Assessment (CCSA);
• Articles submitted to the Internal Auditor magazine;
• Articles published in the Internal Auditor magazine;
• Articles published in other professional journals;
• Contributions to the IIA Research Foundation (IIARF);
• Speaking engagements both in and outside of the US, Canada, and the Caribbean.

If you have participated or plan to participate in any of the activities described above, during the period of June 1, 2016 through May 31, 2017 please communicate this information to the Chapter Secretary, Margaret Neilon at margaret.neilon@experis.com and provide a brief description of the activity/event, if a speaking engagement the amount of time that you presented, the date and name of the presentation.

We appreciate your participation to help the Chapter once again achieve a Platinum status for this Chapter Year!

May Is International Internal Audit Awareness Month!

As an internal audit professional, you play an important role in raising awareness and elevating the profession. IIA May offers you an important opportunity to promote the profession among your stakeholders.

For example, you can customize your email signature and social media accounts with the International Internal Audit Awareness Month digital icon (depicted at right). You can hold a lunch-and-learn in your workplace to dispel myths about internal auditing and explain the value that a well-resourced, independent internal audit function can provide. You can also raise the profile of your internal audit department’s staff members by featuring their biographies in an article for your company’s intranet or internal newsletter.

Don’t let the opportunity pass to advocate the importance of internal auditing to your coworkers and other stakeholders. For additional ideas, sample programs, tips, and templates, download the free Building Awareness Toolkit from The IIA’s website.
Chapter Feedback
If you have any questions, suggestions, comments, or concerns please don’t hesitate to reach out to Communications@phillyiia.org.

Comic Strip
Some lighthearted internal audit humor

"I assume you have documentation to back up these 27 light-years of business travel."

Career Opportunities
As a service to our Philadelphia Chapter membership we provide and maintain a Career page on our Chapter’s website allowing members who are need of an opportunity (or a change of scenery) to pursue opportunities with local employers who are looking to fill their audit related staffing needs. This service has always been provided at no cost, and viewed as a continuing benefit of membership in our Chapter. If you are looking to fill a staffing need, we can post your job opportunity(s) on our IIA Philadelphia Chapter website. The posting will remain active on our website for a period of three months (or until you inform us that the position has been filled). If you would like to extend the posting beyond three months, please let us know as we approach the end of the initial three month period and your job opportunity will be renewed for an additional three months.

For job seekers, here is the link to the Chapter’s website and current audit opportunities:

https://chapters.theiia.org/Philadelphia/Pages/default.aspx

If you are searching for staff, please supply your job opportunity(s) / description(s) in individual Word docs, including your contact information (i.e. name, title, email address, phone, etc.) with each; click on the career page to get an idea regarding format needs. Please contact Dave Aubrey, Chairman, Employment Committee (djaubrey@msn.com) to post a position, or with any questions pertaining to employment and the Chapter Website’s Career page.
**Freedom Pass Program**

- The Freedom Pass program is a bundle purchase of seminars sold in CPE increments.
- A Freedom pass can be purchased in four different bundle sizes.

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<th>Bundle Size</th>
<th>Package Price</th>
<th>Cost per CPE</th>
<th>Approximate Savings</th>
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<tr>
<td>40 CPE Hours</td>
<td>$1330</td>
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<td>80 CPE Hours</td>
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<td>320 CPE Hours</td>
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*Regular member cost of CPE is approximately $35 per CPE

- Freedom passes are used in a credit format, which makes it easier for companies to spend their credits (i.e., 5 people could attend an 8 credit seminar for 40 credits of usage).
- Freedom pass credits expire 18 months from the date of purchase.
- Every Quarter, a reporting of “used” Freedom passes will be sent to each account holder.
- Freedom Pass bundles must be purchased by an IIA Philadelphia chapter member.
- Freedom passes are only good for programs sponsored by the Philadelphia Chapter of the IIA.
- Most programs offered by the IIA Philadelphia are eligible to be purchased by Freedom pass.

**THREE REASONS TO BUY A FREEDOM PASS**

1. Share your Freedom Pass amongst a Group or Team
2. Budget your training costs for the year
3. Save money on training by locking in your price per CPE.

**ORDER ONLINE AND PAY BY CREDIT CARD OR CHECK**

Visit our website: [http://www.etouches.com/freedompass1617](http://www.etouches.com/freedompass1617)

If you have questions or need additional information, please contact us:

E-mail events@phillyiia.org