Let’s face it, when employees hear that the auditors are coming, how often do we hear the following phrases?

- Wow, I am glad the auditors are coming!
- Why did you not come sooner?
- I am so thankful that you are coming to do an audit.

Well in my fifteen years of working in the audit industry, I cannot recall hearing those types of phrases, unless it was stated in a sarcastic manner. As we celebrate Thanksgiving, we often reflect on the many things we are thankful for such as family, food, health, and for some it might be football. However, because being an auditor is not always the most “thankful” position, I decided to focus on why auditing is important and how auditing adds value.

- A financial audit confirms that the financial statements are accurate. This is important whether you are in the private or public sector. In the public sector, it can also provide an unbiased and objective assurance on if resources are managed responsibly and effectively.
- The internal audit role is evolving. The focus is shifting from an auditor’s time being spent on financial risks, controls, and compliance to an auditor’s time focusing on operational improvements and to risk management.
- The check the box style of auditing approach is outdated. Auditors help find inefficient processes and suggest ways to improve business practices. This helps an organization achieve their goals.
- Being an internal auditor takes courage. An internal auditor is independent and is willing to stand up and express his/her observations to the auditee. It is not always easy to communicate this information. However, this trait is valued because it comes from an independent and constructive viewpoint.

As you consider how auditing adds value to an organization you may come up with many more reasons. Regardless of the length of the list, the key point is that auditors are doing outstanding work. So today and every day, the Central MO IIA chapter wants to say THANK YOU for being an auditor. THANK YOU for helping identify risks that could keep an organization from achieving its goals. THANK YOU for making sure an organization’s leaders know about those risks. THANK YOU for proactively recommending improvements to help reduce risks.

Keep up the good work and smile because it is audit time!

Nicki Russell, CIA, CPA, MPA
IIA Secretary
MOSERS Internal Auditor
**CAP Summary**

The following is the status of the Chapter Achievement Program (CAP) points for our chapter as of October 2014:

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum for Bronze</th>
<th>Chapter Points (to Date)</th>
<th>Balance to Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Service to Members</td>
<td>325</td>
<td>399</td>
<td>0</td>
</tr>
<tr>
<td>II. Service to Profession</td>
<td>200</td>
<td>116</td>
<td>84</td>
</tr>
<tr>
<td>III. Chapter Administration</td>
<td>160</td>
<td>127</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>685</strong></td>
<td><strong>642</strong></td>
<td><strong>117</strong></td>
</tr>
</tbody>
</table>

**Current CAP Status:**

Our target for CAP is to reach the **Gold (Platinum)** status, which is 1,560 points. To reach the **Bronze level** (minimum target) we need 685 points, and to reach the **Silver level** status we need 1,060 points.

**FY 2015 CPE RECAP**

*(June 1, 2014 to May 31, 2014)*

<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
<th>Topic</th>
<th>No. of CPE Hours</th>
<th>Member Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2014</td>
<td></td>
<td>Materiality</td>
<td>Risk Based Auditing</td>
<td>3</td>
</tr>
<tr>
<td>June 2014</td>
<td></td>
<td>Consumer Frauds and Scams</td>
<td>1</td>
<td>FREE</td>
</tr>
<tr>
<td>August 2014</td>
<td></td>
<td>Vendor Mgmt &amp; Utilizing SOC Reports</td>
<td>2</td>
<td>FREE</td>
</tr>
<tr>
<td>October 2014</td>
<td></td>
<td>Ethics and Money</td>
<td>2</td>
<td>FREE</td>
</tr>
</tbody>
</table>

**New Members - Welcome to the IIA!**

No new members.

Recruiting new members means our chapter means something to those in our profession. There are still auditors in our community that are not members. We need your help to get those people into our chapter. Consider your role by any of the following:

1. Ask someone
2. Bring a guest to a seminar
3. Tell others in our profession what you like about our chapter
Upcoming Seminars

Please mark your calendar and plan to attend.

- **December 10, 2014 - Economic Update (2 CPE)**
- January 28, 2015 – Auditing HR (3 CPE)
- February 25, 2015 – Fraud (8 CPE)
- April 17, 2015 – Report Writing (8 CPE)
- May 21, 2015 – Disaster Recovery & Business Continuity Audits (3 CPE)

If you have not signed up for the December 2014 seminar, then what are you waiting for?

This seminar will provide attendees with an economic update tailored to Missouri. Dr. Chris Kuehl travels from Kansas to around the world delivering his presentations. We expect this seminar to be a first class presentation.

We want to make this chapter event a bit more fun and festive. We encourage all attendees to bring a donation or two so we can give the items to the Rape and Abuse Crisis Service (RACS). Each attendee that brings a donation item will receive three MAP points and your name will be entered into a Holiday drawing for door prizes. Yes, you did hear that right, door prizes. We will be giving extra door prizes since we are in such a jolly and giving mood.

Now that we have enticed you to register for our seminar . . . you may be wondering what type of donations you can bring. To assist you, we provided a Fall and Winter Wish List from RACS.

- Trash bags (45 gallon size)
- Dishwashing liquid (not for a dishwasher)
- Toilet paper
- Paper towels
- Gallon size storage or freezer bags
- Floor cleaning products
- Kitchen cleaning products
- Bathroom cleaning products
- HE laundry detergent

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2014-2015 Board Members

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Ethics
By Garry Kornrumpf, CPA, CIA, MBA
Director of Plan Integrity and Cost Recovery – MO Consolidated Health Care Plan (MCHCP)

The Central Missouri Chapter of the Institute of Internal Auditors hosted ethics training presented by Dr. Steve Huenneke at the Hawthorn Bank Community Room in Jefferson City on October 9, 2014. The training qualified for two hours of CPE credit hours with a focus on behavior ethics. Dr. Huenneke, assistant professor of economics at William Woods University combined “book learning” with life experiences for those attending. He co-authored the paper, ‘The Rise and Fall of WebSmart Interactive: A Cautionary Tale,’ which was presented at the United States Association for Small Business and Entrepreneurship in 2008.

Dr. Huenneke engaged participants in interactive discussions. The audience discussed the ethical dilemma faced by each of three men from the movie, ‘A Simple Plan’, as they struggled with how they should handle “unaccounted” money found in the woods. Dr. Huenneke also raised the ethical awareness of attendees further through small group evaluation and deliberation regarding the case study of WebSmart. In closing, he directed discussion on a personal level of why and how personal ethics prevail in business organizations.

Word of Mouth Catering provided lunch after the seminar.

Out of curiosity, how many of the attendees watched the movie ‘A Simple Plan’ after this seminar?

Vendor Management & SOC Reports
By Lisa Kremer, MBA, CIA
Manager Engineering & Mgmt. Services Unit of the MO Public Service Commission

The Central Missouri IIA Chapter held a two-hour seminar on August 26, 2014 on the topic of Vendor Management and Utilizing SOC Reports.” Christine Figge, Dave Richert, and Audrey Katcher of Rubin Brown LLP, from St. Louis, Missouri provided the training. The presentation included an overview of 1) vendor management, its importance and related processes, and 2) service Organization Control (SOC) reports to assess vendors.

Dave Richert provided the first portion of the presentation and he emphasized that outsourcing is not just a procurement activity but it is a process that must be managed. An organization contracting with vendors will ultimately be responsible and held accountable for the performance of the vendors they utilized. Risks associated with vendor utilization include reputation, financial, performance, strategic, operational, and compliance. Mr. Richert addressed the critical nature of third parties handling customer data and having sufficient controls in place for data protection. A vendor management policy is an important foundation for determining how an organization is going to manage its vendors. Determining how much an organization is spending on its vendors and the importance of those services can help drive which vendors should be reviewed.
Christine Figge’s portion of the presentation was on the differences between SOC 1, SOC 2 and SOC 3 reports, and their managerial usefulness. The SOC reports have replaced SAS 70 that was previously issued by the Auditing Standards Board of the American Institute of Certified Public Accountants.

SOC 1 reports have restrictive use for management and internal auditors, have a financial statement objective, and require no testing. SOC 2 reports are more operationally oriented including issues such as security, availability, processing integrity and confidentiality, and require testing. SOC 3 reports are focused upon the same issues as SOC 2 but the information used in the reports is from publicly available sources. SOC 3 reports can be used publicly by the organization in its brochures, website, and/or and in other public areas. The presenters mentioned the importance of reviewing the auditors signing the SOC reports for their credentials and reputations.

Chapter Membership Survey Results

Thanks to everyone who completed our annual survey. We received approximately 55 responses this year. The survey lets the officers know if we need to make changes to the chapter activities. The winner of the gift certificate for completing the survey was Beth Hall. We gave Beth her gift certificate at the October 9, 2014 seminar. Many thanks to Greg Beck, who was the IIA member responsible for conducting the survey and providing the results to the chapter. The following information was noted as a result of the survey:

- Motivating factors for attendance include CPE credit and expanding professional knowledge.
- MOST employers pay for the cost of attendance.
- Members believe the Membership Appreciation Plan is beneficial.
- Most members do not have a preference if the seminar is in the morning, noon, or afternoon.
- The preferred seminar location is at the Hawthorn Bank Community Room.

Accounting Humor

“Father! Father! Do tell us some olde accounting jokes to cheer us up this cold, dark winter’s night.” Tiny Tim, A Christmas Carol (1843)

On the night before Christmas all through the house, the receipts were nibbled by one little mouse. The reindeer were frantic but Santa felt swell, I’ll call my CPA and all will be well!

Why does SANTA have an accountant in the United States?
(To avoid GIFT Taxes)

Only an ACCOUNTANT knows the true meaning of Christmas...
Peace, Goodwill and Reconciliations!!

How does SANTA’s Accountant value his SLEIGH?
(By calculating its Net PRESENT Value)

Upcoming Newsletter

The next newsletter will feature articles on the following topics.

- Economic Update (from the December 2014 seminar)
- Information about the chapter’s Membership Appreciation Plan (MAP)