Message from the President

Dear Members,

We just wrapped up the fiscal year for our chapter, and once again achieved Platinum chapter status with the IIA national headquarters! This is the highest level of recognition given to chapters. It requires us to meet and exceed certain expectations over a 10 year period regarding service to IIA members and our profession, as well as chapter administration. A big “THANK YOU” to our chapter board members, officers, and volunteers for helping us achieve this goal!

Seminar offerings and attendance were the largest contributing factors to attaining Platinum status this fiscal year. We look forward to offering about 20 more hours of CPE to our members before the end of 2013. We have some ideas in the works (such as a program on the new COSO), and will communicate the information as soon as it’s finalized. In the meantime, please contact any of our chapter board members/officers or me if you have any suggestions on training topics.

I’m pleased to welcome Sarah Duran with Hawthorn Bank to our board for the new fiscal year! Sarah will share VP-Program duties with Kendall Blythe, as Kendall plans to transition out of this role over the next year. We’ve had some GREAT seminars the past few years under Kendall’s direction, and more will be forthcoming!

All board and officer positions are filled for this fiscal year, but we’re sure to have some vacancies in June 2014. If you’re interested in volunteering or would like more information, please contact any of the current chapter board members/officers. The chapter sends at least one board member/officer to the annual IIA Leadership Conference at Disney World in Orlando every spring. This conference is designed specifically for chapter leaders (both new and seasoned) and focuses on local chapter responsibilities. This would be a great orientation for a new chapter board member/officer! It’s well attended by chapter leaders from across North America and is a great way to learn best practices and network with other chapter leaders. The chapter pays the attendee’s travel expenses. It’s a great opportunity to earn CPE (18 hours over 2 ½ days). I’ve attended the past two years and can attest that it’s a wonderful conference!

On June 4th you should have received an e-mail from our chapter asking you to participate in our annual member survey. Please take a few minutes to complete this survey, as your feedback is very important to us. Not to mention, one lucky member who completes the survey will win a $50 gift card! If you no longer have the email, you can link to the survey here.

Please contact me via e-mail (sandra.freese@landmarkbank.com) or phone (direct 573-441-2895) with any ideas or questions you have.

Sincerely,
Sandy Freese, CRMA
President - Central Missouri IIA Chapter
Communication and Interpersonal Skills

Mr. John Hall, CPA, presented a very informative program on Communication and Interpersonal Skills on Monday, April 29 to approximately 75 IIA members. Mr. Hall explained that as auditors, our job is to solve management’s problem. Although all audit reports contain information, the majority of most audit reports is the critical elements. He encouraged attendees to include less critical elements and more positive reinforcement. The goal of auditors is to increase the probability of the desired outcome of the audit. Throughout the day, Mr. Hall emphasized the following:

- How you interact with others is controlled 100% by yourself.
- When talking to business associates, Be Present in the Moment.
- People remember our actions, and future decisions are based on those memories.
- Prepare for business meetings by writing down others’ expected reactive comments.
- At the beginning of an audit, have your end result in mind. Get your talk down and explain the purpose of the audit and your group at the beginning of the audit.

To reinforce information discussed during the morning session, attendees did an exercise in the afternoon. Teams of two members each took opposing views on a management issue and interviewed each other. Discussion of the interviews followed.

Some of the books Mr. Hall suggested attendees read include:
- The Checklist Manifesto: How to Get Things Right
- Switch: How to Change Things When Change is Hard
- Nudge: Improving Decisions About Health, Wealth and Happiness
- Influence: The Psychology of Persuasion

Attendees were informed that every presentation should include 1) Education, 2) Encouragement and 3) Entertainment. Mr. Hall gave suggested do’s and don’ts of presentations. He provided the formula of Ideas – Production = Waste. He emphasized that all attendees are salesmen and stated that “We sell ourselves every time we open our mouths, so we [should] just as well get good at it.”

Submitted by Kay Niemeier, Public Service Commission

May Board Meeting

A Chapter Board of Directors and Officers meeting was held May 14, 2013. The following is a summary of the minutes from the meeting:

- Sandy Freese, Chapter President, presented notes from the Leadership Conference she attended in April. Among items discussed:
  - There has been fraud at 3 chapters in the last year. The national organization is very concerned about this and is taking steps to ensure each chapter has appropriate controls.
  - To ensure chapter leaders timely address chapter issues, we will now plan for quarterly Board meetings. The next one will be held in late July / early August.
  - Some chapters have had success of recruiting members by having social events. The Board discussed this and it was stated this is an area that has been surveyed during the annual membership survey. Members generally indicate this is not something they would be interested in.
  - Larger chapters may offer more training during the year. The Kansas City and St Louis chapters strive to offer 60 hours of training per year. The Board decided this amount of training would be beyond our current means, and we will stay with our current goal.
- Board members decided to move the chapter’s Certificate of Deposit to a different bank so we have a presence at more than one bank.
- The Membership Appreciation Plan luncheon has been set for June 19, 2013. Invitations will be sent out to those members with 2 or more MAP points.
- The IIA now has promotional items available (pens, cups). The Board decided to purchase some of these items as prizes for the MAP luncheon and as attendance prizes for other events throughout the year.
- The Board discussed donating an Internal Auditing magazine to a local school. The Board decided to not do this, because we regularly receive extra copies and already make these copies available to auditing classes.
- A new Internal Control–Integrated Framework has been established by COSO. The Programs committee will pursue training on this topic in the next year.
March Seminar
On March 22, 2013, Dan Crumb, Chief Financial Officer for the Kansas City Chiefs, presented an interesting overview of the organization and focused on how the Chiefs identify risks and the ways in which these risks are mitigated. The Chiefs’ organization, which is composed of seven football departments and fourteen front office departments, is heavily regulated and has to meet several reporting requirements and undergo multiple audits. Some revenue sources are uncontrollable due to the NFL’s revenue sharing policy. Local revenue sources include local television and radio revenue, ticket sales, sponsorships and advertising, and game day revenue. The largest expense recognized by the team is obviously players’ salaries and bonuses. Other expenses include player benefits, front office salaries and benefits, stadium operations, and league assessments, which are dictated by the NFL.

The Finance Department is tasked with maintaining a strict set of internal controls which govern account reconciliations, authorizations, IT controls, and safeguarding of physical assets. The department is also responsible for overseeing the budgeting process, preparing financial reports, and payroll. The Chiefs have an Audit Committee, which is responsible for compliance, risk management, and ensuring the accounting and regulatory standards are correctly applied.

Mr. Crumb highlighted game day events, pointing out the large volume of cash received just at the 32 parking toll booths. Approximately 2,000 employees and contract employees work during home games, including 850 security, police, fire, and medical personnel. Employees are also busy operating 500 food and beverage stations, 74 permanent concession stands, 22 retail outlets, and 32 parking toll booths. With this volume of activity, Mr. Crumb expressed the importance of identifying and evaluating risks and in turn defining and developing risk mitigation strategies.

Submitted by Leshia Kempker, Missouri Gaming Commission

Spotlight on IIA
The Committee of Sponsoring Organizations (COSO) issued its updated Internal Control-Integrated Framework (2013 Framework) along with several important tools.

The IIA, as a sponsoring organization of COSO, is providing its members exclusive access and discounts for COSO resources through The IIA COSO Resource Center, a newly developed repository of information on the 2013 Framework featuring the most comprehensive and up-to-date list of tools, training, and more to support your implementation efforts.

Several guidebooks and other resources will also be available in the coming weeks:
- COSO Internal Control-Integrated Framework: Turning Principles into Positive Action, written by Larry Rittenberg, COSO’s chair emeritus. (Included with the two-day COSO 2013: Implementing the Framework course registration.)
- Internal Control over External Financial Reporting: A compendium of approaches and examples.

In addition, a free webcast entitled 2013 Framework Update and What You Need to Know is currently being developed. Bookmark this Web page for further details.
Seven Deadly Sins

MetricStream recently released an interesting article titled, Avoid the Seven Deadly Sins of Internal Audit, written by Michael Bechara. Think back to your audit experience and consider whether or not you have you ever written an audit report that was too long or perhaps your recommendation was directed to an incorrect person? Yes, from time to time, many of us could be guilty of one or more of these “deadly sins”. The key is recognizing them and taking action to prevent them. The remainder of this article will further explore the Bechara’s article, by focusing on key items in the article.

Some say an effective auditor is someone who has technical skills. But the key differentiator in being an effective auditor is the concept of “value and fit,” meaning how does an organization value internal audit and how does internal audit fit within an organization. The deadly sins mentioned below are those factors which threaten the “value and fit” concept. By acknowledging and avoiding the deadly sins, it will give you additional techniques at becoming a better auditor.

1. **Ineffective planning** – Risk assessment and planning should be at the top of the audit activities.

2. **Being self-centered** – Guess what, internal auditing is not the most important function to an organization. To avoid being self-centered, we need to understand organization objectives; provide solutions (recommendations) which support the organization’s objectives; and ensure the benefits of our recommendations outweigh the costs. Management also wants a professional opinion, but with practical advice.

3. **Losing the truth** – Auditors lose credibility if they hold on to outdated positions that are no longer supported by facts and circumstances.

4. **Ineffective communications** – Auditors love detail but management doesn’t always have the time or capacity for the detail. Guidelines for being a better communicator include: get to the point; develop a thesis for why the condition exists; and back up your thesis with selected data.

5. **Failing political science** – Knowing who the decision maker is in an organization will aide in implementing the recommendations. Consider where are decisions made, who makes the decisions, how are the decisions made, who ignores decisions (and gets away with it) and who overturns decisions.

6. **Inability to negotiate** – Knowing when to stand by your decision and when to compromise requires experience. A few tips for effective negotiation include: focus on the end goal, not how to get there; understand the other side’s position; make the other side work – demand suggestions that help solve the problem; and don’t compromise on the wrong issue, especially when it relates to morality, fraud or ethics.

7. **Destroying credibility** – If your assessment loses is creditability it also loses its value. Building credibility includes making judgments and opinions on actual testing and documentation; failing to be swayed by rumors; only discussing the audit results with those who need to know; and forming an opinion on verified data.

CAP Summary

We have obtained Platinum status again this year! This means we retain our status as a platinum chapter (platinum requires a chapter to maintain a gold status for 10 or more years).

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<th>Category</th>
<th>Minimum for Bronze</th>
<th>Chapter Points (to Date)</th>
<th>% of Minimum</th>
<th>Balance to Minimum</th>
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<td>I. Service to Members</td>
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**Current CAP Status:** Gold (Platinum)

**Targets:**

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