A Letter from the President

Thanks for a great start to our 2017-2018 Chapter Year! We had great participation during the October and November events. Please join us on December 13th at our first Holiday Networking and Toy Drive event. Come and network with your colleagues and also bring a toy for Toys For Tots. Also, save the date for the 2018 District Conference which will be hosted by the Raleigh Charlotte Chapter and held at the Friday Center (Chapel Hill, NC) on April 30th – May 1st, 2018.

As 2017 winds down, I hope you can all take a moment to reflect on your accomplishments. Every year at this time, like most of us, I try to reflect on my year and think about the upcoming year – opportunities, challenges, and exciting events. As you think about what your 2018 looks like, I hope that it is a great one! I am very thankful for all your support. As always, I welcome your feedback as we think about the upcoming year. So please contact me or any of the Officers with any ideas on events and Chapter activities.

Regards,
Ely
Don’t Miss These Upcoming Events

Upcoming Continuing Professional Education (CPEs)

Slots are now available. For additional information, please contact Patrick Dunlavey at PDunlavey@extendedstay.com or Mike Levy at Michael.Levy@wellsfargo.com.

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<tr>
<th>Date</th>
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<th>CPEs</th>
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<tr>
<td>11.21.17</td>
<td>WEBINAR: Auditing Data</td>
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<td>12.04.17</td>
<td>ACFE CLT: Ethics and the Mindset of the Fraudster – Harris Conference Center/Charlotte, NC</td>
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<td>12.08.17</td>
<td>IIA CLT: Risk and Fraud-TIAA/Charlotte, NC</td>
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<tr>
<td>12.13.17</td>
<td>IIA CLT: Holiday Party Networking Event (Toys For Tots Toy Drive—see Flyer Below)</td>
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<td>12.20.17</td>
<td>WEBINAR: 2017 Year-end Legislative Review with Arnold &amp; Porter Kaye Scholer</td>
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<td>01.16.18</td>
<td>WEBINAR: Top Resolutions for Internal Auditors</td>
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Please continue to visit the Charlotte IIA website’s Training & Events page for continuous updates.

CIA Exam: Why and How It’s Changing

In early 2017, The IIA contracted a psychometrist to conduct an independent CIA job analysis study, and the results confirmed the need to make revisions to the current three-part Certified Internal Auditor (CIA) exam.

The CIA exam is, and will remain, a three-part exam designed to test candidates’ knowledge, skills, and abilities related to current internal audit practices. To ensure that the exam content remains current and valid, the CIA exam will be changing as outlined at a high-level below. Exam changes will take effect in January 2019.

Each candidate should review the changes and determine the best timing to complete their individual study and exam process. Please review the CIA Exam: Why and How It’s Changing Handbook and CIA Exam: FAQs for additional details.

Click here for more information.

IIA Member’s Only Webinars

The following webinars are being offered by The IIA. Click on the webinar title to view a description and outline, along with presenter information and key takeaways.

11.21.17 @ 1-2 pm ET: Auditing Data

12.20.17 @ 1-2 pm ET: 2017 Year-end Legislative Review With Arnold & Porter Kaye Scholer

01.16.18 @ 1-2 pm ET: Top Resolutions for Internal Auditors in 2018 to Prepare for the Future

The IIA’s eLearning page:
Please join the IIA Charlotte Chapter in welcoming its newest members since September 9, 2017:

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<td>TK Krishnaswamy Arvind</td>
<td>Jade Hines</td>
<td>Elizabeth Nichole Pathak</td>
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<td>Andrew Nathan Baginski</td>
<td>Nani Jahja</td>
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<td>Mary Carter Barrows</td>
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<td>Patsy Gay Coon</td>
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<td>Kristi Parker</td>
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<td>Ashley Hickman</td>
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Member Profile:
Chris Patrick, CIA
Vice President, Director of IA

RoundPoint Mortgage Servicing Corporation (RPMS)

Having begun his career preparing individual and corporate tax returns, he learned that while he enjoyed putting his accounting education to use on a daily basis, he wanted a career that would allow him to apply his interpersonal and finance related skillsets. He transitioned from preparing tax returns for a regional CPA firm to consulting on Risk Management issues for a large international consulting firm.

It’s here, while implementing a SOX program for a national investment bank, that he was introduced to Internal Audit where he was hired by his client to assist in building out the Internal Audit function for the organization.

Mr. Patrick would go on to lead the development of a Risk Management (SOX and Internal Audit) practice for a large Regional CPA firm in the DC marketplace before moving to Charlotte in the Spring of 2016 to assume his current role with RPMS.

Upon arriving in Charlotte, he sought out the leadership of the local IIA chapter in order to remain active in the organization. He cites his involvement and experience with the IIA for helping build a tremendous network of professionals and peers and believes that his CIA certification coupled with his involvement in the organization helped make him a leading contender in each role he’s pursued. While living in Northern Virginia, Mr. Patrick was introduced to the Northern VA Chapter of the IIA, where he would first serve as a committee member, and then eventually spent two terms as the Chapter President (2014 and 2015 chapter years).

Mr. Patrick earned his Bachelor’s degree from Ferrum College in Virginia majoring in both Accounting and Finance.

Please Congratulate Our Newly Certified Members

Charles Carr, CIA
Christopher Connell, CIA
Trust Dzvene, CIA
Wellington Esau, CIA
Thomas Gridley, CIA
Alicia Hobbs, CIA
Melissa Morlan, CIA
Brian Stokes, CIA
Clayton Voignier, CGAP
Continuing Professional Education (CPE) and Continuing Professional Development (CPD) Requirements

2017 CPE/CPD Year

2017 CPE/CPD reporting is now open. Log in to the Certification Candidate Management System (CCMS) to complete the CPE or CPD Reporting Form.

The reporting deadline is Dec. 31 each year. Should you fail to report your CPE/CPD, your certification/qualification will become inactive, and as a result, you are no longer approved to represent yourself as a certified individual. Individuals remaining "Inactive" for 12 months or longer will be charged $250 to reinstate their certification.

In 2018, two of your CPE/CPD credits must be earned in Ethics. While this is not a requirement for 2017, we recommend you begin planning now. Learn more. The IIA currently provides Ethics for Internal Auditors, an OnDemand course that can help you obtain these CPE. The IIA will be adding additional ethics training options throughout 2018 and beyond.

As an IIA certified or qualified professional, you are responsible for ensuring that the CPE or CPD information in your report is accurate. You must include your membership or customer identification number when reporting your CPE or CPD. Get more information on CPE reporting steps for current and inactive certificants.

CPE and CPD Opportunities

If you are looking for ways to obtain your CPE or CPD hours, check out these IIA CPE earning opportunities or access The IIA’s Recognized CPE Providers for more opportunities.
Are You Newly Certified or Qualified?

You are awarded CPE or CPD hours (40 or 20) are for the year in which the exam is passed, and the other half are for the subsequent year.

- New CIAs are awarded 80 CPE hours.
- New CCSAs, CGAPs, CFSAs, and CRMAxs are awarded 40 CPE hours.
- New QIALs are awarded 40 CPD hours.

Annual CPE Audit Activities

The Annual CPE Audit notifications are sent in January for the prior year’s reporting cycle. If selected for an audit, individuals must provide evidence of previously reported CPE activities that meet the criteria described in Administrative Directive No. 4.

- Individuals selected for a CPE Audit will be notified via email.
- The deadline and requirements for returning supporting documentation will be included in the email.

*CPE reporting fees vary globally based upon membership status. Individuals from IIA Institutes should contact their local representatives for their CPE reporting process.

2017/2018 Corporate Sponsors
Halloween is celebrated this week across large parts of Europe and North America, bringing a quirky combination of costumed revelers and things that go bump in the night. While it’s safe to say most internal auditors won’t be scared by the ghosts and ghoulies who appear at their doorsteps, there are some aspects of the future that should make them tremble.

Technology has accelerated the pace of change to breakneck speed. We are in an era when a backlash to too much change in too short a period of time is affecting diverse areas of our lives, from our politics to how we communicate to the security of our jobs. Some of the current geopolitical upheaval and economic uncertainty, I believe, are repercussions of that pace of change. Our profession is particularly susceptible to these challenges.

Below are five issues driven by technology and the pace of change that should spook all internal auditors.

**Artificial Intelligence** In previous blog posts, I wrote that artificial intelligence (AI) won’t fully replace internal auditors. However, the caveat to that statement is that we must adapt as a profession to the monumental disruptions that AI promises to create.

The challenge is multifold. First, we must be aware of how AI impacts how we do our work — where internal auditors could be replaced by technology. Second, we must understand how it will impact the kind of work we do. For example, I believe we are more susceptible to replacement by AI in providing hindsight and insight than we are in providing foresight. Finally, we must recognize that a world highly dependent on AI will present complex new risks that will necessarily drive our audit coverage.

The Information Technology Industry Council (ITI) recently published its AI Policy Principles. One of its top recommendations relates to responsible development and use of AI. In its executive summary, ITI acknowledges that principles must be integrated into the design of AI technologies. As internal auditors, we must be keenly attuned to how AI is integrated and implemented by the organizations we serve. The ITI policy principles identify design and deployment, safety and controllability, robust and representative data, interpretability, and liability of AI systems related to autonomy as key areas of focus. I encourage all internal auditors to, at a minimum, review the executive summary of ITI’s AI Policy Principles.

**The Proliferation of the Second Line of Defense** OK, for those who advocate "five lines of defense" or "no lines of defense" models, bear with me here. In the past, The IIA has examined the blurred line between the second and third lines of defense as described in the 3 Lines of Defense model. Those past examinations focused primarily on the dangers of internal audit straying too far into second-line tasks.

Today, the danger to internal audit relates to stakeholders thinking that second-line-of-defense functions, such as enterprise risk management and corporate compliance, provide all the assurance they need on the effectiveness of risk management and internal controls. In organizations burdened with burgeoning expenses for oversight functions and internal audit, they are becoming less persuaded by the distinctions we might draw about our objectivity when providing assurance. In this misguided view, it is easy to paint internal audit as an expensive and expendable luxury. Now, more than ever, internal audit must demonstrate the value of independent assurance to stakeholders and enhance communication and collaboration with second-line-of-defense functions in order to minimize duplication.

**Restless Stakeholders** This threat is closely linked to how stakeholders view the value internal audit provides. The accelerated pace of change is creating new challenges and pressures for stakeholders, making them more likely to seek short-term answers to complex problems.

Several key studies published earlier this year contained ominous warnings to the profession that the stakeholder-expectations gap is widening — particularly with management. These signals should always be a call to action for internal auditors to step up their game. Those who do not have plenty of reasons to be spooked about the future.
The Regulatory Repeal Environment

The growing move toward legislative and regulatory repeal is widely viewed as a positive for business, promising to unshackle industry from rules viewed as unnecessary or overly burdensome. The danger to the organization and internal audit is the fallacy that fewer regulations mean fewer risks. Practitioners must not succumb to the temptation to dismiss the risks that led to creation of the regulations in the first place. They must convince stakeholders that, while regulations may go, the risks remain and internal audit is essential to managing those risks.

The profession saw extraordinary growth in the U.S. and other regions of the world in the post Enron and Sarbanes-Oxley era. Today, many of the related regulations, and even the legislation itself, are under fire. If repeal efforts are successful, will the old adage that what goes up (internal audit resources) must come down play out? Or have we leveraged those resources and demonstrated our potential in ways that will enable us to retain and grow them?

The Risk(s) We Don’t See Coming

The five scariest words in the English language for me are, “Where were the internal auditors?” These words should strike fear in the hearts of all internal auditors. The pace of change is accelerating how risks emerge and mature, making it more important than ever for internal audit functions to be flexible, multifaceted, and agile. The annual audit plan, until recently the blueprint for internal audit’s work, is quickly becoming anachronistic. Audit plans must undergo constant review in today’s business environment. Those who fail to watch the horizon for emerging risks are doomed to be ambushed. Once that happens, the question, “Where were the internal auditors?” is quickly replaced with, “Where did the chief audit executive end up after he/she was let go?” Ouch!

The pressure to identify and mitigate risks quickly, efficiently, and effectively is as high as ever, and this will invariably put internal audit in the crosshairs whenever failures occur.

Regular readers of my blog will recognize the tone of this post is a departure for me. I typically am, and remain, optimistic about the profession and its future. But it is vital that we recognize and address these and other challenges head on if we are to succeed in elevating the profession and making it an indispensable part of good governance. I have always believed that the greatest fear shouldn’t be of various risks that could come to fruition, but that it should be of complacency.

ABOUT THE AUTHOR

Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA, is president and CEO of The IIA. In Chambers on the Profession, he shares his personal reflections and insights based on his 40 years of experience in the internal audit profession. Click here to read recent blog posts from Richard translated to French.