Charlotte Chapter,

Happy New Year! I hope this finds you healthy and safe. We have accomplished so much during the first half of the chapter year and continue to stay committed to providing you with relevant and timely CPEs while maintaining a safe training environment. While we cannot wait to see you face to face again, we will continue to follow all state and city guidance in returning to in person training events. Thank you to all who participated in our January program with Danny Goldman on Next Level Communication Skills.

Also, Save the Date for online CIA Exam Review Courses offered this Spring for those looking to become certified. Now is a great time to take this step, bolster your credentials and make a powerful statement about the expertise you bring to the table!

As always, reach out to me or any of the Officer team if you would like to volunteer, learn more about the Chapter, or have ideas/feedback.

Take care,
Kaila Cole
Please join the IIA Charlotte Chapter in welcoming its newest members through December 2020:

Sesi Ajose  Antione Comer  Colleen Hildreth  William Paley
Janice Alejandro  Abbas Dalal  Thomas Hughes  Julianne Paris
Chris Angiolino  Kristen Decker  Modupe Irerua  Matt Parker
Kelsey Barth  Alisa Diercksen  Lori Kirk  Imitiaz Pranta
Keyna Baugh  Krista Dobransky  Zachary Lachance  Jeniffer Romero
Brian Bauldrick  Anastasia Douds  Cherese Langley  Rachel Schorno
Qamora Bennett  Michele Falconer  Mark Laughner  Rose Thomas-Stoddard
Debby Bloom  Kimberly Ghiringhelli  Lauren Layton  Ellen Treesh
Heather Bowers  Lauren Gruner  Stephanie Leslie  Thomas Trochanowski
Manjinder Brar  Karsyn Guffey  Dan Marchionda  Brandon Walters
Wyatt Burnham  Jason Gulak  Kevin Maxwell  Marilynn Welch
Brooke Cameron  Jametra Harris  Tracey McGuinness  Caitlin White
Sonia Cernich  Lauren Harris  Avanthi Mummaneni  Lauren Wystup
Michael Chiumento  Matthew Henriksen  Alexandria Norman  Nancy Xiong

Audit Career Center

Did you know that the IIA can help you find your next great career opportunity in audit? Our Charlotte IIA Chapter publishes local job opportunities on our Careers page. Employers and Agencies that are looking for qualified individuals to fill open positions provide us their job openings. Check frequently for that perfect opportunity waiting for you.

If you are considering that your ‘perfect new job’ might be located in an exciting new area of the country, check out the Audit Career Center located on the IIA North America site. These career resources will help you find the ideal job for which you have been looking.

You are only one click away, so click today....
**Audit Channel**

Don’t forget to visit the Audit Channel, which provides insightful information on various topics, including Leadership and Career Development, Fundamentals, Cybersecurity, Data Analytics, Internal Audit Activity, Fraud & Ethics, and many more.

**Upcoming Trainings**

COVID-19 Update: In light of the continuous developments regarding COVID-19, the Chapter has decided to continue our remotely hosted training events and meetings indefinitely. This includes planned CIA Review courses. Our Leadership team will continue to monitor the situation and adjust accordingly.

Please see below for upcoming Continuing Professional Education (CPEs). For events where Slots are available for registration (IIA CLT hosted events), please register using your assigned registration code. For additional information, please contact us at Chapter91@iiachapters.org.

The IIA and Charlotte Chapter remains focused on supporting your professional needs. If your organization has issued travel restrictions, virtual training options are available, including live streaming of certain public seminars, as well as a full portfolio of online courses. For a full listing of instructor-led online courses (eSeminars), as well as self-study OnDemand training options, Webinars, and CIA exam preparation, please see the North America IIA website.

Be on the lookout for more training opportunities through the end of the 2020/2021 Chapter year. Check the Charlotte IIA Training & Events page often for more updates and information.

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Drive Your Career Forward

As the only globally recognized internal audit certification, becoming a Certified Internal Auditor® (CIA®) is the optimum way to communicate knowledge, skills, and competencies to effectively carry out professional responsibilities for any internal audit, anywhere in the world.

The CIA Exam was updated in 2019 and is now available in 12 languages. With additional languages to be released throughout 2020 and into 2021, this is the perfect time to take a fresh look at CIA.

Internal Audit Is More Ready, Relevant and Resilient Than Ever

For 42 years, the GAM Conference has been the essential experience audit executives trust to be influential, engaging, and informative. This tradition of excellence will continue in 2021 with a new theme: Internal Audit Recharged: Ready. Relevant. Resilient. The content will focus on moving beyond disruption to rethinking audit practices and leading in the new norm. The industry’s best and brightest will share their perspectives on optimally positioning today’s audit leaders for future advancement.

To gain competencies, tools, and skills needed to leverage your impact, credibility, and value as a trusted leader in internal audit management, register now for the 2021 GAM Virtual Conference.

IIA Training - All Platforms Open

The IIA continues our commitment to the safety and well-being of those attending or participating in our professional development opportunities. In addition to ensuring your health and understanding travel concerns, we know budgets are tight and will continue making adjustments to move your career forward as we expand our virtual training portfolio and provide hybrid event experiences. The choice remains yours!

The IIA has built a suite of professional development products available on a variety of platforms. We will always seek ways to improve upon our reputation as the global leader in internal audit education by providing the highest quality, convenience, and value in the business. Just like you, we are committed to the very latest in internal audit training.
Please join the IIA Charlotte Chapter in congratulating its newest Certifications through December 2020:

- John Cashmere, CIA
- Aysha Pride, CIA
- Lisa Turner Allnutt, CRMA
- Caitlin Godley, CIA
- Anja Radbourne, CIA
- Nicholas Bost, CRMA
- Samuel Kremer, CIA
- Rhonda Rice, CIA
- Anna Jones, CRMA
- Michael Lyons, CIA
- Kelby Savage, CIA
- Ashley Kile, CRMA
- Christopher Murkar, CIA
- Amber Smith, CIA
- Baker Jordan, IAP
- Amy Phillips, CIA
- Jessica Ternai, CIA
- Caroline Matteo, IAP
- Jessica Ternai, CIA
- Angela Patterson, IAP
- Jaime Thompson, CIA

IIA CHARLOTTE CHAPTER MEMBERSHIP SPOTLIGHT

Name: Aysha Pride  
Current Position: Senior Internal Audit Manager  
Educational Background: University of North Carolina at Charlotte, B.S., Business Administration in Marketing  
IIA Certifications: Certified Internal Auditor (CIA)

Why did you choose to pursue your most recently earned IIA certification? I decided to pursue the IIA certification because I wanted to gain the knowledge and expertise necessary to fulfill my responsibilities as a well-respected auditor.

What study materials did you use while preparing for your most recently earned IIA certification? GLEIM online study material and IIA CIA review sessions.

What did you find was most challenging about obtaining your most recently earned IIA certification? Balancing my study schedule with my work and family schedule especially during the pandemic.

Any words of encouragement for others studying for either the certification you obtained or certifications in general? Try to stick to a daily study plan in order to keep the information front of mind. It is very easy to get away from the material due to conflicting priorities, but committing to studying, even if it’s just for 15-30 minutes is beneficial.

Name: Amber J. Smith  
Educational Background: Economics, North Carolina State University  
IIA Certifications: Certified Internal Auditor (CIA)

Why did you choose to pursue your most recently earned IIA certification? To learn more about internal audit standards and practices while I was an internal auditor at AIG.

What study materials did you use while preparing for your most recently earned IIA certification? Gleim

What did you find was most challenging about obtaining your most recently earned IIA certification? Part 1 and 2 covered a lot of manufacturing audit concepts that were completely unfamiliar to me and hard to grasp without reading additional materials for deeper understanding a lot of practice when studying the accounting cycles. Part 3 was a lot of material to study covering a variety of different areas which was a bit intimidating especially as someone without an accounting background, but I focused on gaining a thorough understanding of the concepts rather than memorizing formulas.

Any words of encouragement for others studying for either the certification you obtained or certifications in general? Set a date, register and pay your money to hold yourself accountable. You can do anything you set your mind to with hope and discipline. Go into each exam with an expectation that you will pass. Your confidence and discipline will help you to finish strong!
Readers of my blog know there are a few things I have harped on over the years. One of them is what I consider to be the outdated practice of having internal audit report administratively to the chief financial officer (CFO).

For years, The IIA has conducted research on internal audit reporting relationships. The good news is our surveys have found a consistently high percentage of chief audit executives (CAEs) who say they report functionally to the audit committee. In fact, more than 80% of North American CAEs surveyed for The IIA's upcoming 2021 North American Pulse of Internal Audit report say they report functionally to the "audit committee, board, or equivalent." We see a similar trend globally.

But if an internal audit department suffers from even the appearance of an independence or objectivity impairment, it is not from the functional reporting relationship. Instead, the problem emanates from where it reports administratively. And the most controversial reporting relationship remains to the CFO. It is stunning how often CAEs in North America respond to IIA surveys that they report administratively to the CFO. In the soon-to-be-released Pulse report, we show 73% of internal audit departments with this reporting line.

Critics of this reporting relationship often contend internal audit could be steered away from auditing the CFO's area because the "boss" doesn't want the scrutiny. I actually haven't found that to be the biggest problem. Instead, statistics I have seen over the years indicate that CFOs are more likely to use internal audit to address key risks in their areas of responsibility at the potential exclusion of non-CFO risks in the organization.

I wrote about this in a 2015 blog post, "Internal Audit Should Never Belong to the CFO," where I noted that internal audit functions that worked administratively for the CFO were dedicating over 60% more resources to assessing internal controls over financial reporting (ICFR) than those that reported to some other official in executive management. Are ICFR risks 60% greater in companies whose CFOs have oversight of internal audit? I don't think so. Rather, as I noted then, "I believe that many CFOs who have oversight of internal audit use it to address handiwork that otherwise would fall on other CFO functions. Such are the risks that materialize when internal audit 'belongs' to the CFO."

Before I expound further on what I realize is a controversial point of view, I acknowledge that The IIA's International Standards for the Professional Practice of Internal Auditing is flexible enough to permit a reporting relationship to the CFO. Standard 1110 states, in part, that the "chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities." Standard 1110.A1 goes a bit further, stating, "The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results."

So, if the Standards don't explicitly preclude a reporting relationship to the CFO, then why do I continue to express concern? The issue is not really to whom internal audit reports. Instead, it is the degree to which that individual exercises authority over internal audit and impairs its ability to "follow the risks" in the organization. Impairment of internal audit's independence occurs not only when responsible executives steer internal audit away from sensitive risks in their areas of responsibility. Impairment also occurs when the executives steer internal audit to address risks, or operational matters, of particular interest to them — at the expense of more significant risks to the organization.
I have been sharing my concerns on the inherent dangers of having the internal audit function report administratively to someone other than the CEO since as far back as 2012. In a blog post then, "It Is Time We Move Out From Under the CFO Shadow," I shared the opinion that:

"It is time for the remainder of internal audit functions to move out from under the CFO. We need strong working relationships with our CFOs, but we also need independence and flexibility to evaluate financial information and to establish audit plans without undue influence (or even the perception of influence). Most CAEs could probably establish a strong working relationship with any member of their executive management team, but the danger of undue influence is greater when internal audit answers to the finance function, either functionally or administratively."

I am not alone in recognizing the risks that emerge when internal audit reports administratively to executives with functional responsibilities. The Board of Governors of the U.S. Federal Reserve System issued a supplemental policy statement on the internal audit function in early 2013, part of which provided financial institutions additional clarification regarding internal audit independence. The part of the supplement relevant to this discussion directs audit committees to explain the rationale behind having internal audit report administratively to someone other than the CEO. It specifically states:

"If the CAE reports administratively to someone other than the CEO, the audit committee should document its rationale for this reporting structure, including mitigating controls available for situations that could adversely impact the objectivity of the CAE. In such instances, the audit committee should periodically (at least annually) evaluate whether the CAE is impartial and not unduly influenced by the administrative reporting line arrangement. Further, conflicts of interest for the CAE and all other audit staff should be monitored at least annually with appropriate restrictions placed on auditing areas where conflicts may occur."

The Fed's 2013 guidance continues to influence reporting relationship practices in the financial services industry, where only 18% of CAEs indicated they report to the CFO, according to the upcoming Pulse report. That is quite a contrast to the 73% of publicly traded company CAEs' reporting relationships.

Additionally, The IIA's International Professional Practices Framework addresses the issue of organizational independence in Implementation Guidance (IG) 1110. Specifically, the IG advises:

"The IIA recommends that the CAE report administratively to the Chief Executive Officer (CEO) so that the CAE is clearly in a senior position, with authority to perform duties unimpeded."

These important advisories strengthen the argument that the internal audit function must be positioned where it is most advantageous to enhancing true independence as it works to provide unbiased and objective assurance to management and the board.

The challenges facing businesses today are dynamic, global, complex, and emerging faster than at any time in our history. We must, then, do everything we can to protect our ability to enhance internal audit's independence. When you add to the key attributes of independence and objectivity the factors of perception and credibility, the price is simply too high to continue the practice of internal audit appearing to "belong" to the CFO.

Maybe it's high time for internal audit to report to the CEO.

An Important Update Regarding the IIA: After an extensive search that attracted a diverse field of more than 50 applicants from around the world, the IIA is pleased to announce that The IIA's Global Board of Directors unanimously approved selection of a veteran business strategist and professional services organization executive as The IIA's next President and Chief Executive Officer.

Anthony J. Pugliese – will join The IIA on March 8, 2021. He will succeed Richard F. Chambers, who announced plans last year to step down effective March 31, 2021.