President’s Message

Greetings Chicago Chapter IIA Members.

Happy Holidays! It always amazes me at how fast it seems each year passes by. It is also hard to believe we are already six months into our chapter’s fiscal year.

We have over 2,000 members in the IIA Chicago Chapter and I am pleased to see so many of you participating in our networking and training events. Our women’s initiative has really taken off this year with several forums having already taken place. This volunteer team is hard at work planning for an event in February in connection with International Women’s Day and this is one session you won’t want to miss.

If you are not already attending our CAE, manager or industry roundtables, please consider making time in your schedule to attend the next one. These are an excellent opportunity to network with and learn from your peers while earning free CPE. We’ve also seen participation double on our chapter social media sites: LinkedIn, Facebook and Twitter. These are excellent sites to share the latest news in our industry as well as for you to post questions you may have to your peers. If you haven’t already joined, what are you waiting for?

Mark your calendars so you don’t miss out on these upcoming events:
• January 23–24, 2012: Fraud Seminar
• February 27, 2012: Women’s Forum - International Women’s Day 2012
• March 26, 2012: 52nd Annual Seminar
• April 16, 2012: Corporate Governance Seminar

The IIA Chicago Board of Governors, Officers and I wish you a happy and healthy holiday season.

Katherine Witt, President
IIA Chicago Chapter
The Audit Executive Center

The IIA’s Audit Executive Center (The Center) is the essential resource of vital knowledge and tools for Chief Audit Executives (CAEs) to respond to the unique challenges and emerging risks of the profession. The Center brings together CAE-specific and targeted products, services, and thought leadership to empower CAEs to be more successful. The central feature of the Center is a newly-developed web-based community that includes the Knowledge Center, Resource Library, peer-to-peer discussion forums, newsletters (including the CAE Bulletin), and events.

Benefits of the Center include:

- Access to The IIA’s comprehensive annual benchmarking study known as the Global Audit Information Network (GAIN).
- A complimentary registration to the IIA’s annual General Audit Management (GAM) Conference.
- Complimentary books, reports, and publications from The IIA’s Research Foundation.
- Access to semi-annual state-of-the-profession webinars.
- Access to The IIA’s Career Center.

For more information, including membership options, visit the IIA’s website: http://www.theiia.org/cae/center-overview/

BREWERY AUDIT RECAP

On Friday, December 2, the IIA Chicago Chapter held a “Brewery Audit” at Haymarket Pub & Brewery in the West Loop. Fun times were had by all as we sampled food and Haymarket’s own beer. In addition, we were treated to a great tour of the brew house and fermentation room where we learned all about the brewing process and had a split-the-pot raffle! All proceeds from the event and raffle went to the Jay Cutler Foundation, helping underprivileged children and those suffering from diabetes. Hope you were able to attend and if not, we hope you can attend our next social event!

We’re always looking for help, so if you’re interested in joining the social events committee, please contact Kristi McGowan at Kristi_mcgowan@bcbsil.com.

Congratulations

The Certified Internal Auditor (CIA) designation is the only globally accepted certification for internal auditors and remains the standard by which individuals demonstrate their competency and professionalism in the internal auditing field. Please join us in congratulating the following chapter members who recently obtained their CIA certification:

Arif Nasir  
William McMillan  
Reneatha Gordon  
Bridget Teofilo  
Thomas Cuevas  
Michael Davidson  
Hugo Mugica  
Nicholas Saracco  
Brandon Stewart  
Natalie Covello  
Genevieve Waldron  
Lauren Prochnow  
Christina Chan
INTERNAL AUDIT SPOTLIGHT

In each issue the Innovator will profile a current Chapter member. The goal is to find out how they chose their profession, what they do for fun, and what has made them successful.

This issue’s spotlight is on Stacy Davis, Internal Audit Director for Hyatt Hotels. Stacy joined the IIA in 2004 and has been an officer since 2008.

1. How did you become an internal auditor? What is your current position?
I am currently an Internal Audit Director for Hyatt Hotels. I started my internal audit career after leaving public accounting in external audit at Andersen, and I thought internal audit would be a great way to get to know a company.

2. Any particular skills or experiences you are proud of as an internal auditor?
As an internal auditor, I’m proud of being thought of as practical and of trying to help find the right answer for the business. I’ve really enjoyed the hotel reviews here at Hyatt, including being involved in the development and revision of our programs globally.

3. Your passions/hobbies (outside of work)?
Outside of work, I really enjoy travel, especially internationally. Luckily, working for a hospitality company has its perks, and I get to travel quite a bit both for work and personally. I also enjoy yoga and trying new restaurants.

4. Any words of advice to fellow internal auditors? Key success factors?
To fellow internal auditors, I would recommend to be a partner to the business, and not the “police”. As such, you can be involved in many consultative projects and viewed as a resource to the organization. I’ve truly enjoyed my internal audit experience at Hyatt.

Career Assistance Program (CAP) Committee

The IIA Chicago Chapter Career Assistance Program (CAP) assists Chicago Chapter members during career transitions by providing access to training and networking events and communicating available job opportunities. CAP facilitates placement of available individuals with organizations where resources are needed.

The CAP’s 2011-2012 objectives are to:
• Encourage job postings and communicate employment opportunities on an ongoing basis through the Chicago Chapter IIA LinkedIn Group.
• Provide and communicate training opportunities at a discounted price to maintain current skills.
• Facilitate educational and networking opportunities, including leveraging the Annual Seminar and other Chicago Chapter events.
• Monitor program results. Increase number of jobs posted and individuals taking advantage of the unemployed discount by 10% year-over-year.

The CAP Committee has been using LinkedIn as their main forum to communicate information from employers and recruiters to members who are in career transition. The Chapter established this LinkedIn group (IIA–Chicago Chapter) to facilitate networking and discussions, with the following results:
• 678 current members
• 482 jobs posted in 2011 (Average of 44 per month)

For additional information contact Peg Koenigs at margaret.koenigs@chi.frb.org
Social Media Committee Update

And the winner is…

Congratulations to the four winners of the October Social Media Contest - Cliff Compton, John Klimt, Ludella Lewis, and Robert Moeller!

Each of the lucky winners will receive a $25 iTunes gift card. We would like to extend our appreciation to our winners and a big thank you to all who participated.

Still looking for a reason to hop on the Social Media Bandwagon? There are so many reasons to participate… It is a great way to connect with friends and network with colleagues. It is a great way to learn and share information. It is a great way to meet people with similar interests. It is a great way to find a job or recruit a top candidate. The reasons go on and on… but suffice it to say, Social Media is not a fad, rather it is a shift in the way we do business. So climb aboard, we’re saving you a seat!

LinkedIn - http://www.linkedin.com/groups?mostPopular=&gid=1123977


Twitter - http://twitter.com/#!/IIAChicago

Flickr - http://www.flickr.com/photos/iiachicago/

Have you become a Social Media Pro?

Then come join the Social Media Committee and share what you know! For more information, please contact Steve Randall - srandall@vonyaglobal.com

WOMEN’S FORUM INITIATIVE

The Chicago Chapter of the Institute of Internal Auditors has always taken the lead in meeting its Chapter’s needs by finding innovative solutions to an opportunity at hand. And this is what brings us to our latest development - the Women’s Forum Initiative lead by Cathlynn Nigh, The Marmon Group; Dorri McWhorter, Crowe Horwath; and Angela Maslovskaya, Crowe Horwath. These women saw the need to have an endeavor for women in the audit profession to discuss issues, network, gain personal enrichment, and achieve professional goals.

The Women's Initiative had a strong kick-off event this past August to a packed house and rave reviews. Deb DeHaas, Vice Chairman and Central Region Managing Partner for Deloitte LLP and Cassandra Gaddo, Managing Editor and Electronic Media Editor for Today's Chicago Woman magazine were our speakers. The topic for this event was “Leadership”. Cassandra started us out with statistics which set the stage, followed by Deb’s discussion of “Lessons in Leadership” that captivated the audience’s attention. We followed-up this event with our first roundtable discussion.

Our guests for the roundtable were Christina Monroe, Director of Internal Audit Alzheimer's Association and Tonya Ferrill Baez, Audit Consultant and IIA Chicago Chapter Board Member. The topic of this event was guiding your career, managing others and the ever important work/life balance. Once again a great event put on by the Women’s Forum Initiative.

We have our next event, a full day session on Monday, February 27, 2012 in conjunction with International Women's Day. The topics of the day will cover education, health, career, finding one’s passions and international issues. This event will also guide the attendees on opportunities to investigate possible philanthropic work to create the life balance we so desire. It will be an amazing event.

You can find out more information about the Women’s Initiative Forum, our mission, the incredible Committee Members, details of upcoming events, and much more at http://www.theiia.org/chapters/index.cfm/view.news_detail/cid/3/newsid/13865.
Setting the 2012 Audit Committee Agenda

THE 2012 AGENDA

Over the past year, the economic environment has shown signs of stabilizing but recent events suggest the seas are likely to remain choppy for some time to come. There are many factors contributing to the uncertainty businesses face as they look to the future. These challenges present continued evolution in the board room for audit committees as well.

Below we have summarized an audit committee agenda that is broken down into two categories — enterprise-level mandates and process and technology risk issues. The 2012 agenda refines the areas of emphasis from 2011 that we recommended. It is based on our interactions with client audit committees, roundtables we have conducted and discussions with directors at conferences and other forums. We believe the message for the next 12 months is the need for a sharper focus on these areas as changes occur in the business environment.

ENTERPRISE-LEVEL MANDATES

1. Update the company's risk profile to reflect changing conditions — Much has happened over the last year — supply chain disruption, threat of risk commodity costs, security breaches, regulatory changes, game changing developments in the Middle East — just to name a few events and trends. As risk profiles change and become increasingly dynamic, companies need to take a fresh look at their risks and evaluate the implications to the business and how well they are managing them. Audit committees should be satisfied that action plans are in place to manage the most important existing risks, as well as those that could emerge in the near future.

2. Ensure the company's risk management capabilities are being enhanced as the business environment changes — Audit committees can play an important role in helping the overall board evolve its risk oversight in a changing environment. For example, if several high-impact, low-likelihood risk scenarios can be “showstoppers,” particularly if they have a high velocity (i.e. speed between the occurrence on the event and its impact on the organization) and high persistence (i.e. the duration of risk event’s effect and extent of effort required to deal with it). Prioritizing risks based upon impact, velocity and persistence adds discriminatory focus to the assessment. For high-impact, high-velocity and high-persistence risk scenarios, the dialogue logically moves towards response readiness. The disruptive events over the past year suggest this exercise would be very useful in pinpointing areas where a company’s preparedness may require improvement.

PROCESS AND TECHNOLOGY RISK ISSUES

3. Ensure that the implications of changing laws and regulations are effectively understood and managed — Much has happened on the legal and regulatory front over the past year. There are regulations that have been passed or are forthcoming in some countries that companies may not fully understand in terms of their implications. In this environment, audit committees should understand company readiness in dealing with new and pending laws and regulatory changes, regulatory reviews and other developments. In highly regulated industries, audit committees should oversee the new and updated policies and processes resulting from management responses to regulatory developments.

4. Understand how new technological developments and trends are impacting the business — Technology is setting the stage for many new developments affecting business, including how customers and suppliers are in engaged in sourcing innovative ideals and co-producing products/services, enabling consumer-to-consumer content sharing, facilitating new forms of business-to-business commerce and driving cooperative consumption by homogeneous groups of end consumers. Many organizations are focusing on how to exploit these technological innovations to establish and sustain competitive advantage. The advent of cloud computing, social media, collaborative computing, and the ability to conduct business using mobile devices are transforming the way companies do business, coupled with high-profile security breaches over the last year underscore the need for audit committees to understand how these innovations are impacting security and privacy risks and affecting the company’s business model and financial reporting.

This article was submitted by Jason Daily and David Brand, includes excerpts from Protiviti’s The Bulletin Volume 4, Issue 9 and FS Insights — Financial Services Industry Newsletter Volume 3, Issue 8.


Upcoming Chapter Events

**ANNUAL TWO DAY FRAUD SEMINAR**

*Date:* January 23-24, 2012  
*Location:* Gleacher Center in Chicago, IL

We as auditors need to stay one step ahead of fraud or at the very minimum we should be able to spot potential fraud...as they say “we need to always be prepared”. The two day seminar will focus on the current fraud topics, and will give you tools on how to identify and handle potential fraud. There will be detailed examples, presentations and discussion that will make you the most current and up-to-date member of your team on the subject matter of FRAUD.

**CGAP REVIEW COURSE**

*Date:* March 6-8, 2012  
*Location:* 122 S. Michigan Ave in Chicago, IL

The Certified Government Auditing Professional (CGAP) preparatory course is designed to help individuals build the confidence to take the CGAP exam and become a Certified Government Auditing Professional as designated by the Institute of Internal Auditors (IIA). Earning the CGAP certification demonstrates your knowledge and understanding of the unique features of public-sector internal auditing — fund accounting, grants, legislative oversight, confidentiality rights, and more.

**IIA CHICAGO CHAPTER 52ND ANNUAL SEMINAR**

*Date:* Monday, March 26, 2012  
*Location:* Donald E. Stephens Convention Center

This one day seminar is attended by approximately 1,000 internal audit, finance and risk professionals. Attendees will have the option to customize their learning experience by attending tracks covering a variety of topics. Refer to the announcement within this issue of the Innovator for more details.

**IIA TRAINING SOLUTIONS**

The IIA offers a variety of learning solutions to help auditors meet the value expectations of their organization and exceed performance standards. Whether you are new to internal auditing, an experienced auditor, or a related professional, there are opportunities for you to build an invaluable framework:

**SEMINARS:** The IIA is the #1 source for world-class training that will enlighten you on today’s critical issues and best practices. **CONFERENCES:** Industry experts provide you with high-level overviews of the profession. They are designed to help you network with your peers, understand industry best practices, and take your career to the next level. **E-LEARNING:** On-line, instructor-led Virtual Seminars and Web Events allow you to train from the comfort of your own home or office. **ON-SITE TRAINING:** Customizable, affordable, practitioner-facilitated training for your entire team. **THE IIA’S CIA LEARNING SYSTEM:** Prepare to pass the CIA exam with an interactive print and Web-based program designed to provide comprehensive and flexible training to CIA candidates worldwide.

It’s already time to mark your calendars and save the date for the 52nd IIA Annual Seminar to take place on Monday, March 26th, 2012.

This exciting, one-day seminar is an excellent educational and networking opportunity. It is attended by approximately 1,000 internal audit, IT audit, finance and risk professionals. This seminar is a cost-effective way to obtain CPE credits, while exploring specific knowledge areas within the profession. Attendees will have the option to customize their learning experience by attending tracks covering a variety of topics. Tracks will include sessions devoted to covering skills unique to each auditor level, specific compliance areas and industries. For those interested in a technology focus, the seminar will also include an IT track throughout the entire day.

This year’s greatly anticipated key note speaker will be Weston Smith, former CFO of HealthSouth Corporation, who will share his personal experience of the role he played in a $2.7 billion fraud and our role as internal auditors to prevent and expose crime. Attendees will also learn the characteristics and responsibilities of “The Internal Audit Leader of the Future,” presented by Mr. Larry Harrington, current Chairman of the Board for the IIA and the Chief Audit Executive of Raytheon Corporation.

Join your friends and colleagues in this innovative, integrative and interactive seminar. See you there!

Location:
Donald E. Stephens Convention Center
5555 North River Road, Rosemont, IL 60018

If you are interested in volunteering on the day of event please contact:
Christina Forrester, christina.d.forrester@us.pwc.com
Or Ken Clow, kclow@csu.edu

If you are interested in becoming at sponsor at the 52nd Annual Seminar please contact:
Yulia Gurman, OfficeMax, YuliaGurman@officemax.com