Greetings Chicago Chapter IIA Members.

My name is Katherine Witt and I am honored to be serving as President of the IIA Chicago Chapter for the 2011/2012 fiscal year. We kicked off the fiscal year on June 1st and the Board of Governors, Officers and supporting committees have hit the ground running. We are excited to continue the momentum from previous years and already have planned a number of top-notch training sessions and networking opportunities. Please continue to monitor your email, our website, and the “Innovator” for event details.

This year I have the pleasure of working with an outstanding officer team: Stacy Davis (Senior VP), Kristi McGowan (Secretary), Rebecca Nilson (VP of Education), Nick Saracco (Treasurer), Andrew Schweik (VP of Operations), and Stephanie Tolman (AVP of Education). Along with their committees, this team has set a high bar for our goals this year; all with your needs in mind.

Our Chapter is successful because of our members. By participating in a training session, networking event or volunteering on a committee, you make our Chapter a success. We welcome any ideas you may have for future events and encourage you to get involved in the Chapter. If you are interested in volunteering, please reach out to me or any of the other officers.

The Board of Governors, Officers and I look forward to another great year with you!

Katherine Witt, President
IIA Chicago Chapter
Congratulations & Welcome

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:

Marvella Peoples  Cailyn Platt
Keri Krynski  Anna Duan
Ryan Flood  Christy J. Rodriguez
Kathleen Alforque  Alexis Webb
Beatriz Ibarra  Clarissa Legaspi

Join us in congratulating the following individuals celebrating significant milestones as members of the Chicago Chapter:

45 years
George P. Sebastia

40 years
Edward D. Jenkins

30 years
Gregory J. Benson

25 years
Elaine Igelman
Edward E. Minnier
Patrick C. Dunne
Rena L. Lira

20 years
Douglas N. Wright

15 years
Kamy Lee Kasap
Thomas G. Wattley
Eamon J. Boyd
Robert P. Biancalana
David J. Blaha

10 years
Lin Koh
Gary R. Gilberd
Steve Randall
Virgil W. Parker
Sargon Youmara
Ruben Guerrero
Mark A. Wojciechowski
Lori Brod
Kiva Laughead
Jessica Mazza
Barbara A. Boughamer
Leonard Moody
Melissa Napier
Drew DeKett
Christopher G. Townsend
Ellen Igglulen
Joby Jacob

The Chicago Chapter would like to extend a warm welcome to our new members who joined the Chapter in 2011:

Suzanne Niemoth
Yaneli Gomez
Maria Carmen Vallarta
Kenrick Au
Laura Lubieniecki
Steven Ockrim
Alexa Adrian
Travis Ringger
Hester Rana Lapuz
Adam Letcher
Basil Shepherd
Jeff Harms
Jameca White
Barb Terlap
Eva Xhangollie
Kevin Curtin
Jill Kaner
Grace Fan
Nancy Cardea
Kirsten Kienzler
Jill Kaner
Grace Fan
Nancy Cardea
Kirsten Kienzler
Renata Barszcz
Louise Walker
Edgar Contreras
Helen van Daal
Irene Zlotnik
Pam Hamilton
Alex Simmons
Juliana Monsalve
Megan Reed
Matthew Dove
Trung Nguyen
Jim Cutrona
Christopher Merkel
Karolyn Leonard
Andrew Vincent
Kathryn Breski
Christopher Barry
Rasitha
Goonasekopa
Erin Henry
Jonathan Dobzelecki
Cullen McDonald
Joseph Gonski
Michelle Baran
Dimitra Kane
Lindsey Stark
David Johnson
Andrea Westland
Juan Carlos Martinez
Julie Boris
Vijaya Rao
Patricia Rivera
Sameer Patel
Iwona Karpel
Jen Carden
Marcelina Kudla
Stacey Katsaros
Jessica Gutsell
Thomas Hagenberg
David Cavallo
Asa Sum
Steven Thornton
Brian Kline
Sean Bullman
Jamie Brezinski
Sal Alshuqairi
Christine Horvath
Feng Gou
Kevin Binder
Shannon Dewes
Pierre Mouillon
Chiaku Chien
Victoria Carrao
Nick Gazzano
Richard Beaulieu
Ali Husain
Career Assistance Program (CAP)

The IIA Chicago Chapter Career Assistance Program (CAP) Committee assists 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. In the last issue of the Innovator (June 2011), we introduced the CAP Committee’s goals and objectives. Below is an update since the June 2011 issue:

- The CAP Committee uses LinkedIn as their main forum to communicate information from employers and recruiters to members who are in career transition, and to create a ‘virtual’ job fair. The number of members has increased to 614 and the number of local jobs posted is also increasing.
- Committee members have contacted recruiters to get feedback on the LinkedIn job posting process. All recruiters contacted have used the process and thought it was easy to use and a good tool. Some reported they got good candidates through the process and interviewed them.
- Committee members provided information on program to attendees of IIA-Chicago sponsored events, including: (1) June 8 CAE roundtable, (2) June 27 golf outing and (3) July 13 networking session. The Committee agreed to continue to advertise CAP objectives, the LinkedIn process and training discounts at all IIA events.
- Committee members attended an IIA District meeting and discussed the Chapter’s efforts through LinkedIn with other local chapters.
- The Committee discussed the program at the June Board meeting with the Annual Seminar Committee indicating that CAP wants to increase awareness and the number of participants that take advantage of the unemployed discount for the 2012 annual seminar.

For additional information please visit the Chapter’s website, visit us on LinkedIn, or contact Peg Koenigs at margaret.koenigs@chi.frb.org.

Chicago Chapter Member Honored at International Conference

Richard Anderson, CFSA and professor at DePaul University, recently received the Bradford Cadmus Memorial Award during the IIA’s 2011 International Conference in Kuala Lumpur. The award was initiated in 1956 and is one of the most prestigious awards presented by the IIA. It was created in memory of The IIA’s first managing director and recognizes outstanding accomplishments that contribute to the advancement of the global internal auditing profession.

Mr. Anderson, a retired partner with PricewaterhouseCoopers, is Clinical Professor for The Center for Strategy, Execution and Valuation, Strategic Risk Management Lab at DePaul University. He has been a member of The IIA since 1977.

As an 11-year member of The IIA’s Professional Issues Committee, Mr. Anderson has helped the IIA provide guidance to members on concepts, methodologies, and techniques included in the professional practices framework. He is an advocate for The IIA Research Foundation and has generously given of both his time and resources as a donor and a member of IIARF’s Board of Trustees.

Mr. Anderson is a speaker on risk management and internal audit topics including the state of the profession, internal auditing practices, risk management, and audit committee activities. Mr. Anderson is also a respected author, having been published in Internal Auditor, Financial Executive, The Journal of Business Strategy, Internal Auditing, Director’s Monthly, and The Journal of Accountancy. His 2005 Internal Auditor article on Stepping Up which challenged internal auditors to raise their performance levels despite adversity, earned him an Internal Auditor Outstanding Contributor Award.

For all these reasons, and more, Richard Anderson was The IIA’s 2011 Bradford Cadmus Memorial Award recipient.
Recently, the IIA Research Foundation (IIARF) published their Summer 2011 Research Foundation Report. The mission of IIARF is to expand knowledge and understanding of internal auditing by providing relevant research and educational products to advance the profession globally. The Chicago chapter was featured in one of the articles. See below for excerpts from the article. For the full article and report, please visit the IIA website at www.theiia.org.

Created in 1943, two years after The Institute of Internal Auditors (IIA) was founded, IIA-Chicago has grown to be one of the largest chapters in The IIA family, with more than 1,900 members. Through the decades, it has been an unwavering supporter of Institute initiatives and when The IIA Research Foundation (IIARF) was established in 1972, IIA-Chicago proved to be a reliable partner for the Foundation as well. IIA-Chicago has served as a source of countless leaders, including Bill Anderson, a founding member of The IIARF and its president from 1981 to 1984. The chapter has also been a dedicated financial supporter of the Foundation, contributing continuously to its efforts for more than 15 years.

In 2008, the chapter took its support to a new level by initiating a Memorandum of Understanding (MOU) with The IIARF in which the chapter pledged $125,000, over a five-year period, to support research projects. “The level of financial commitment made by IIA Chicago was incredibly generous,” says IIARF Vice President Bonnie Ulmer. “But what was even more impressive was the initiative the chapter showed in presenting the MOU to the IIARF. It speaks volumes to their dedication to be an active participant in the evolution of the profession and sets the bar high for other chapters to follow suit.”

To recognize its contribution, Ulmer spoke at the chapter’s 51st Annual Seminar held in Rosemont, Illinois on April 4, 2011. More than 1,000 attendees gathered to network, discuss current internal audit issues, and listen to the vice president’s presentation. While addressing the group, she recounted the rich history of support IIA-Chicago has provided to The IIARF and updated members on how their donation was being used. She also highlighted key projects the chapter’s funds were being allocated to, which included IFRS – Approaching IFRS: What Internal Auditors Need to Know, Audit Committee Effectiveness, and Enhancing the Chief Audit Executive’s Effectiveness in Working with the C-Suite.

“...what was even more impressive was the initiative the chapter showed in presenting the MOU to the IIARF. It speaks volumes to their dedication to be an active participant in the evolution of the profession and sets the bar high for other chapters to follow suit.” – IIARF Vice President Bonnie Ulmer
Headline News
Hits Home

The unusual earthquake outside of our Capital last month and ongoing hurricane warnings have once again drawn attention to the sobering realization that tragic events can happen unexpectedly and impact local, national, and international economies.

Businesses cannot allow these events to fall into the background of planning. Last Spring, the catastrophic earthquake and tsunami in Japan brought so many what-ifs and realities to the forefront, but the conversation has already faded.

In 2007, economist Nassim Taleb popularized the “Black Swan Theory” in his book, The Black Swan: The Impact of the Highly Improbable. Taleb’s theory has influenced enterprise risk management techniques and prompted many organizations to rethink their approach to assessing enterprise risk. A series of headline grabbing global catastrophes in the last few years have bolstered awareness of the Black Swan Theory with the tragedy in Japan punctuating an already infamous list that includes the global banking crisis, the Gulf oil spill and political upheaval in the Middle East. Each of these events has served to demonstrate the relative fragility of the global economy and its susceptibility to disruption and financial losses when Black Swans occur.

External Risk Factors of a Black Swan

Many of the most critical risks associated with Black Swan events reside outside the organization itself and may be an indirect consequence of a Black Swan event. Below is a list of 10 important factors to consider in assessing the risk and potential impact of catastrophic events on your business enterprise.

• Supply Chain — As Japan’s disaster has highlighted, a secondary impact of a disaster scenario is often felt by organizations whose suppliers are directly impacted by such events.
• Customers — Un-impacted organizations can experience significant loss when their customer base suffers an event that drives a major change in buying habits.
• Workforce — Civil unrest, organized labor work strikes and labor disruption can be crippling to an organization that relies on its human resources to drive business operations.
• Utility Services — Access to electricity, water supply, and storage facilities may be interrupted when a disaster strikes.
• Government — Actions (or inaction) of government in times of political unrest may have long-term consequences for an organization.
• Technology — Disruption of critical technologies when a catastrophe occurs may be well foreseen; however, other scenarios including computer viruses and cyber terrorism may be less easily avoided.
• Distribution Channels — The ability to transport products through distribution channels can be severely stricken by a Black Swan scenario.
• Criminal Acts / Fraud — Events causing a rise in the risk of crime and fraud often results in significant disruption to business operations and direct financial and reputation losses.
• Regulatory Response — Regulatory changes can be far-reaching and highly impactful to a future business strategy and present operations.
• Business Continuity Plan — Consideration of Black Swan events is now prompting many organizations to take a fresh look at business continuity planning.

A Call to Action

Due to the unpredictable nature of Black Swan events, immediate steps should be taken to enhance capabilities within your organization to withstand the impact. Forward thinking organizations are taking a number of practical steps to mitigate the risks associated with catastrophic disaster scenarios.

Comprehensive Risk Assessment — Incorporate the impact of external factors — not just internal factors — on business strategy through scenario modeling and dashboards.

Vendor/Distributor Audit — Conduct contract and SLA audits for key vendors, secondary vendors, and distribution channels and include a review of their business continuity plans for a practical approach to understanding and mitigating supply chain risk.

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Business Continuity Plan (BCP) Audit
– Incorporate an audit of the business continuity plan into the internal audit plan.

Understand Government & Regulator Response Procedures
– Enhance your organization’s knowledge of government, legislation, and/or the regulatory environment, whether in the US or abroad.

Training
– Gather key executives and senior managers periodically to review your organization’s monitoring and response protocols.

As Taleb contends, a Black Swan event may be an unavoidable circumstance, but such a catastrophe does not have to lead to a business shutting its doors. Proactive organizations can take practical steps to mitigate the risk of disaster when it occurs. An earthquake in NYC may well serve as a reminder to business leaders to take action now in order to tame the Black Swan that may be lurking in the future.

About SolomonEdwardsGroup
SolomonEdwardsGroup, LLC is a leading business advisory and professional staffing firm. Our customized solutions provide our clients with the right combination of talent and know-how to achieve their business objectives. With practices specialized in Risk Advisory Services, our strength lies in our ability to tactically assist clients with special projects, business process optimization initiatives, and regulatory compliance requirements.

Article submitted by: Chris Denver, Principal, Chicago Office of SolomonEdwardsGroup

Social Media Committee Update

The Social Media Committee is sharing knowledge and enhancing networking opportunities for members of the IIA Chicago Chapter. Whether you are a Social Media savant or neophyte, there is a place for you. You can find us on the following sites:

LinkedIn - http://www.linkedin.com/groups?mostPopular=&gid=1123977
Twitter - http://twitter.com/#!/IIAChicago
Flickr - http://www.flickr.com/photos/iiachicago/

Have feedback or a suggestion for the committee? What to share some information? Have a question you want answered? Tell us on LinkedIn, Facebook, or Twitter!

In addition, the Social Media Committee is looking for volunteers to join the committee – Come Join the Fun! For more information please contact Steve Randall srandall@vonyaglobal.com

Fall Contest for Chicago Chapter Members

From September 19 through October 31, the Social Media Committee will be holding a contest to award four $25 iTunes gift cards.

To enter the contest you must:

1. follow us on Twitter, become a fan of us on Facebook, or join the LinkedIn Group, AND
2. post a message or start a discussion on one of the sites*.

Each participant will receive one entry into the contest for every message posted. There is no limit to the number of entries, you may enter as often as you want.

Qualifying entries:

Twitter – you must mention @IIAChicago in your message or RT (retweet) one of our messages
Facebook – you must post a message on our Wall
LinkedIn – you must start a discussion or comment on a discussion on our Group page

*Each entry must be unique and related to the internal audit profession, duplicate posts on any of the sites will only be counted as one entry. Winners will be selected via a random drawing on November 1, 2011.

“You can’t tiptoe into social media. You have to jump into the pool. People have a natural fear of it. But the scary part is not being there.” – Dave Saunders, madisonmain.com
The early morning rain didn’t deter the 127 golfers from having a wonderful day at the beautiful Ruffled Feathers Golf Club in Lemont, IL. The day started wet but after two holes of play, it turned into a beautiful day. Record attendance, record sponsorship and record fun summed up the day at a great golf course.

The day started with a full hot breakfast buffet and free driving range. During the round, two beverage and food carts roamed the golf course providing free snacks, beer, soft drinks and water on the course all day. An open BBQ grill lunch was provided at the turn with brats, chicken and burgers. Following golf, everyone was then treated with a reception and dinner. The buffet menu was an Italian theme complimented with a three hour open bar. Finally, prizes and trophies were awarded after dinner.

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Upcoming Chapter Events

IT AUDIT TOOLS

CPE: 6 Hours
Date: September 19, 2011 (7:30AM to 3:30PM)
Location: Gleacher Center, 450 North Cityfront Plaza Drive, Chicago, IL
IIA Member Cost: $150

The Chicago Chapter is offering three sessions on HOT IT topics:

1. Overview of Governance, Risk and Compliance
The focus will be on IT Governance, Risk and Compliance (GRC), three closely related disciplines that are converging in today's enterprises in order to reduce overlapping job requirements, save money and time, and to gain efficiencies. GRC involves interaction at every level of the organization leadership and internal/external stakeholders.

Organizations are encountering a host of changes in the technology landscape that are presenting new opportunities as well as risks to the business operating environment. Internal Audit needs to understand and prepare for the next major step in the evolution of technology and business collaboration – a change that eventually could have as much impact as the Internet. Join us as we discuss the emergence of cloud solutions, the various steps in the decision making process of going on the cloud and the potential risks that management needs to take into consideration when going on to the cloud.

3. Auditors Role in System Development
Auditors always struggle with the ever changing environment within their organizations, especially in the area of new or revised applications. This session will cover various aspects of the ways audit can become engaged in projects and add value to the company. Specific topics will include the types of audits to be done, how to select projects for review, the value of advisory engagements and reporting.

Visit the Chicago Chapter website for additional information or to register:
http://www.theiia.org/chapters/index.cfm/view.events/cid/3

IIA CHICAGO CHAPTER MANAGERS’ ROUNDTABLE

Date: Monday, October 10, 2011
Location: 120 S. LaSalle, 14th Floor, Chicago, IL 60602
CPE: Credits will be provided

Join us for the next Chicago Chapter Managers’ Roundtable. Look for further updates on the Chapter's website. RSVP to Nancy Wu (nwu@skystem.com) to reserve your spot.

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The Annual Golf Classic Committee wants to thank everyone for helping establish a new record attendance with 127 golfers. Including sponsors and volunteers, participants came from 57 companies.

Other Sponsors:
Photographer: Cynthia Lynn Photography

Beverage Cart: Advanced Financial Resources
Awards Dinner Sponsor: Torrey & Gray
Lunch at the Turn: RSM McGladrey
Breakfast: Protiviti
Raffle Tickets: Dan Gaffney & Associates
Hole-in-One $10,000: International Financial Group

IIA Foundation Prize: Michael Pryal
Golf Hole Sponsors:
Access Search
Ernst & Young LLP
Experis
Grant Thornton
Robert Half Management Resources
Resources Global Professionals
SNI Financial
Stroz Friedberg
Torrey & Gray
Trintech

Thanks again from your 2011 Golf Classic Committee:
Rick Kokoszka, CME Group
John Verburgt, CME Group
Brad Metzinger, CME Group
Brooke Enburg, CME Group
Lisa Stephens, CME Group
Jim Enstrom, CBOE
Register Today!

IIA Midwestern Regional Conference
September 25 – 28, 2011
Hilton Milwaukee City Center

Milwaukee is the place to be to “Make a Splash and Spread Audit Knowledge” for the Midwest’s most in-demand training event.

Optional pre-conference teambuilding events on Sunday include the Susan G. Komen Race for the Cure and a Milwaukee Brewers baseball game with reserved seating for IIA conference guests. Visit the Website for details and to register.

On Monday, IIA President and CEO Richard Chambers will kick off the conference with the first of a record-breaking 8 general sessions on “Internal Auditing in 2011: Trends, Opportunities, and Challenges.” Then you can hand-pick your concurrent sessions from 18 available in tracks focusing on governance and ERM; technology auditing and emerging issues; legal and regulatory compliance; leadership, communication and people skills; Excel; and CIA exam preparation.

Tuesday will feature a panel discussion on world-class internal audit as well as a general session by Susan G. Komen for the Cure executives Vanessa Hewitt and Mark Nadolny. Eighteen additional concurrent sessions will be offered on topics including:

- Managing the Risks and Rewards of Social Networking Websites
- Audit 2020: The Direction of Internal Audit Over the Next Decade
- The Risk Intelligent Auditor: Surviving and Thriving in Uncertainty

Three general sessions on Wednesday concludes the event featuring recognized speakers who will educate and inspire you to exceed expectations... Abdue Chowdhury from Marquette University; Rich Meeusen, a CEO and Audit Committee Chair; and John Blumberg, a motivational speaker and author.

Other conference benefits include:

- A CIA review track that will prepare you to pass the exam by using The IIA’s CIA Learning System.
- An exclusive track focusing on issues critical to CAEs.
- Pre-conference workshops on auditing financial services and automating audit with IDEA, and CIA review.

Visit www.theiia.org/iia-training/conferences/2011-mrc-about/ or call +1-407-937-1111 for further details and to register now to save your seat (and don’t forget your running shoes for the race and your foam finger for the baseball game).