Happy New Year!

I hope everyone had a wonderful Holiday Season! I am in complete amazement at how quickly 2012 flew by and that we are well over half way through our fiscal year.

This year the Officers and Board Members have been working hard to provide new opportunities and establish new initiatives. I hope everyone is enjoying the new series that our Education and Roundtable Committees worked hard to pull together. It is wonderful to see so many new faces at our Lunch & Learn and Roundtables events. Additionally, we have been working with DePaul to assist in a Student IIA Chapter and as I mentioned before we are planning a volunteer event with Junior Achievement. In February, we will launch a brand new, user friendly website and a new, easier platform to register for events. Please take a moment to check out our new website.

Keep your eyes out for the Annual Seminar brochure and early registration. You don’t want to miss out on this fantastic event on Monday, April 15th!

As you start planning your 2013 training schedule, mark your calendars for our upcoming events:

March 6th: CAE Roundtable - Communications with the Audit Committee  
March 11th: Cyber Security, Counterespionage & Digital Forensics  
March 25th: Auditing Third Party Suppliers/Distributors (Lunch & Learn)  
April 15, 2013: 53rd Annual Seminar  
May 6th: Integrating Forensic Techniques into your Audit Approach (Lunch & Learn)  
May 20th: Leadership & Negotiation Skills for Auditors  
June 24, 2013: Ruffled Feathers Golf Outing

Join us on LinkedIn, Facebook and Twitter or visit our website to stay up to date our profession and all the Chapter has to offer you.

Wishing everyone a very Happy and Prosperous 2013!

Rebecca Nilson, President  
IIA Chicago Chapter
UNLIMITED ACCESS TO A FREE RESEARCH TOOL

Did you know you can research any topic, news item, or best practice online and get up-to-date answers and information in real time? You can, in the fast paced world of Twitter. In the last edition of the Innovator we described hashtagging, the process of adding the “#” sign to Twitter keywords. This edition we are describing how to make use of Twitter without even having a Twitter account.

Twitter is driven by 2 things: Keywords and People. So getting information on Twitter is simple, you just need to know how to search for it. Pick a topic, broad or narrow, type it in the search field and click enter. Every conversation about the topic will appear before your eyes. It will include links to valuable resources and opinions from all angles. Click and find out - here are some keyword suggestions:

Internal Audit
Corporate Governance
Risk Management
Ethics

The other thing driving Twitter is people. Here are some IIA resources and Chapter members already on Twitter:

@IIAChicago
@TheIIA
@laMag_IIA
@RFChambers
@s_r_randall
@T4Real1
@kenshaw000
@ReimsH
@chicCPA

If we missed you or you missed us, please tell us on Twitter: I am a #IIAChi Member!

Member Anniversaries

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

50 years
W. T. Thornhill

40 years
Dmitar L. Rakich

35 years
James R. Lynn

30 years
Theodore Brahm
John J. Mickevice
Betty L. McPhilimy

25 years
Kevin P. Lehmann

20 Years
Mark L. Knudson
Daniel J. Eckert
Ronald R. Cierny
Jimmy R. Cook

15 Years
Jill M. Minnick
Darlene M. Drab
John A. Klimt
John A. Gatto

10 Years
Dorri C. McWhorter
Odetta Pumphrey
J. Kenneth Jansson
Michael A. Swafford
Kristine M. Bonchik
Stephanie Tolman
Diane K. Fisher
John E. Lies
David A. Baker
Kenneth Kochmit
Deborah Dungy
Charles Thousand
Terrence R. Panfil
Neal Crowley
Sherrie A.
Krowczyk-Mendoza
Ora D. Young
Peter G. Odman
John T. Mathew
Barbara Y. Manning

5 Years
Michael Murphy
Susan Marchino
Jesus Bermudez
Katherine Sowa
Khaja Khan
Geoff Flanagan
James Walsh
Elaine Kanellakes

Jeffrey Houde
Marie Goldberg
James Cunat
Neal Velayo
Enrique Chamorro
Tomasz Szutkut
Abigail Vallicelli
Erik Dorgan
Stephen Gierach
Deidra Smith
Shirley Sidler
Shirley Mui-Brown
Juan J. Fernandez
Michael Diarra
Yangyi Negiz
Mike Jopa
Susan White
Samuel Kaune
Jana Brodsky
Jacqueline Koss
Michelle Mazda
Aleks Lang
G Farwig
Lauren Daichman
Michael Rauwolf
Shannon Cook
Emily Montgomery
Sudershan Mittal
Kevin Leicht
Welcome!

The Chicago Chapter would like to extend a warm welcome to our new members who joined the Chapter in 2012:

Vanessa Almeida
Tim Amlung
Kelly Amouzou
Chris Anderson
Jennifer Anderson
Wilson Atiabat
Emmanuel Atsegbua
Quinton Baily
Joshua Barnett
Shelby Baughman
Allison Bernard
Angeliza Bondi
Armel Boti
Julita Brzozowska
Rachelle Bulchand
Kimberly Buonadonna
Meredith Burlew
Adrienne Burt
William Carr
Mary Cashman
Mark Cederberg
Elise Chapman
Joel Clemons
Patricia Davis
Kathryn DeMeritt
Haylee Deniston
Maria Diaz
Patricia Dixon
Brett Donner
Michael Dunten
Donald Einbecker
Michael Ewald
Tara Forssander
Kevin Gaughan
Steve Genders
Dario Gomez
Amanda Gondhi
Angela Gottschalk
Jaclyn Gove
Andrea Grande
John Harkness
Syed Hasan
Helen Hill-Neely
Charlene Hou
Jim Hourihane
Steven Howard
Nicholas Ioriatti
Victoria Jagger
Sandra Jenson
Janet Joy
Mona Kattan
Eric Kaufmann
Matthew Kelly
William Klein
Mike Koehler
Peter Konkel
Christopher Kopp
Mei Kwok
Amelia Lagowski
Halbert Landers
Jason Leonard
Dariusz Luka
Mireya Manigault
Patrick Marshall
James McAttee
James McNally
Gabriela Medina
Andrew Monahan
Huong Nguyen
Nicholas Nista
Thomas Nolan
Steve Obendorf
Michael O’Malley
Kevin Oneill
Brittany Page
Jonathan Palaparthi
Joseph Palmisano
Raaj Parikh
Ketan Patel
James Pierce
Thomas Pigott
James Porter
Tanya Protasenya
Anusha Ravulapati
Shannon Reed
David Reinbold
Michelle Rice
Anthony Richard
Warren Robinson
Laura Schneider
Erik Schuessler
Tapan Shah
Shaun Shelton
Nicky Silva
Richard Silverman
Maja Simic
Chelsea Smith
Jeffrey Smith
Rebecca Spector
Nicholas Stefani
Joseph Suh
Rosmini Sukardi
Drake Unger
Julia VanderLaan
Ryan Walther
Candace Wills
Angela Xu
Jiangan Yang
Blake Yanics
Ryan Yast
Anna Zavorotny
Riley Zink

NOMINATING COMMITTEE:

Is comprised of five (5) members: the President as chairperson, one (1) Governor, one (1) member not currently on the Board of Governors, and the two (2) most immediate past presidents who are willing and able to serve. The one (1) Governor must not be eligible for re-election during his/her term. The one (1) member not currently on the Board of Governors, along with the one (1) Governor will serve two year staggered terms.

The mission of the Nominating Committee is to identify future Board of Governor members, Chapter Officers and conduct succession planning.

Volunteerism is the heart of the IIA Chicago Chapter. Our chapter’s great achievements over the years have been a direct result of the time, effort, and dedication provided by those who have volunteered to serve their professional colleagues in order to further the Chicagoland internal audit professional community. Our goal is to have a volunteer team that represents the diversity of backgrounds, experiences, and demographics of our professional community. There is a 3-year term commitment for the BOG and a 1-year term commitment for each Officer and Committee position (fiscal year beginning June 1).
As we enter the New Year, the Education Committee is very excited to provide the IIA Chicago Chapter membership with quality and informative training events. Our expectation is for you to be able to take what you learn and apply it at your organization or in your personal life. There have been a number of new initiatives that we would like to tell you about.

In 2012, we implemented a new education series, Lunch & Learns (L&L). We started by providing training surrounding “Social Media”, “PCAOB Standards” and “Auditing Your Legal Function”. Lunch & Learns are held from 11:30 am to 1:30 pm and are typically held at a location downtown provided by various service providers. I would like to take this opportunity to thank the service providers that provided a venue for this valuable series of training events in 2012. For the next few months, we have a number of L&L’s that we hope you can attend:

- “Integrating Forensic Techniques Into Your Audit Approach”— May 6, 2013

We have an exciting line-up for our half day and full day events. We look forward to seeing you there!!

- **Cyber Security, Counter Espionage & Digital Forensics — Half Day**
  — March 11, 2013
- **Quality Assurance Reviews**
  — Half Day — May 20, 2013

And our premier event, the Annual Seminar is coming soon. Please mark your calendars for April 15! We have a great line-up for you this year and our keynote speaker is one of only 150 individuals throughout the world that is in the “Speakers Hall of Fame”. You should receive the brochure in the next couple of weeks. Registration will be open by the end of January.

Now that Cvent is available, we will be opening registrations soon for most of the above events. Our goal is to provide you with open registrations and planning months in advance. As we build out the Cvent registration portal, you will begin to see this process develop over the next month or two.

We would also like to take this opportunity to inform you about open opportunities for speakers. We are looking for speakers to fill our current topics and/or new topics that you feel passionately about speaking. Please feel free to contact the VP or AVP of Education. We welcome all speakers!!

Lastly, we are looking for your feedback. After each training event we send a survey. It is very important that you complete the survey so we can evaluate the topic, venue, timing, speaker, overall content and your satisfaction. We also ask that you provide us with topics that are of interest to you. If you receive a survey, please take a few minutes to complete it. Your responses are very valuable to the Education Committee and to the Chicago Chapter membership as a whole.

If you would like to contact us, our information is below. We look forward to hearing from you. We are always looking for volunteers to assist us on the Education Committee as well!!!

VP of Education — Ken Clow, CIA, CRMA, CRP, CSOE, Chief Internal Auditor, Chicago State University, kclow@csu.edu

Assistant VP of Education — Allison Cancio, CIA, CRMA, Vice President of Global Internal Audit, Jones Lang LaSalle, allison.cancio@am.jll.com

Committee Member — Michelle Wilson, Senior Internal Auditor, Chicago State University, mwilso39@csu.edu

Committee Member — Cassaundra Rouse, Chief Internal Auditor, Illinois Tollway, crouse@getipass.com

Committee Member — Pamela Greanias CIA, CRMA, Independent Consultant, pgrean00@me.com
ACADEMIC RELATIONS UPDATE

DePaul University

DePaul University is part of the IIA Internal Auditing Education Partnership (IAEP) program, which was developed to respond to the growing interest in internal audit education at institutions of higher learning. The IAEP program also addresses a general need of practitioners interested in hiring students who possess a well-rounded skill set for internal auditing. In October 2012, IIA Chicago Chapter members who participate on DePaul’s Internal Audit Education Partnership (IAEP) Advisory Board met to discuss the new Concentration in Internal Auditing that is now available to DePaul undergraduate accounting majors.

The IAEP Advisory Board has worked with Sandra Shelton, KPMG Distinguished Professor of Accountancy and IAEP Faculty Coordinator, to develop a curriculum that includes core competencies that are valued by the internal audit profession and essential to the success of graduates as they enter the profession.

On October 31, 2012, DePaul hosted “Internal Audit Night”, an event that allowed students to network with internal audit executives from the Chicago Chapter and ask questions about careers and internships in internal audit. Richard Chambers, IIA President and Chief Executive Officer, was the keynote speaker and gave an update on the profession. There was also a internal audit panel, comprised of Sharon Grant, Managing Director—Corporate Audit, United Airlines, Mike Joyce, Chief Auditor and Compliance Officer, Blue Cross and Blue Shield Association and Jim Czarnecki—KPMG LLP Principal, Midwest Leader of Internal Audit, Risk Consulting Services. The panel discussed the desired skill sets for entry-level internal auditors and how they got started in the profession.

Northern Illinois University

The Academic Relations Committee presented two scholarships to two Northern Illinois University students on September 5, 2012. NIU is also an IAEP institution.

Women’s Forum Initiative

The Women’s Forum Initiative (WFI) has returned. It is with great excitement and fanfare that the 2013 schedule is set. Many wonderful IIA members have volunteered to spearhead WFI Committees and plan an exciting array of events. As we organize the WFI, our committees include Advocacy — to create an awareness of the IIA Chicago Chapter as well as spotlight women in the audit profession; Education — focus on educational programs for the Chapter with an emphasis on issues that affect women; Philanthropy — giving back to the community through two initiatives, an event with Junior Achievement and the development of a model program working directly with an inner city high school introducing Internal Audit; and Social Media — communicating WFI issues, events and topics of interest through media outlets and through the development of the WFI web page.

We thank these women who volunteered their time and energy to put this program together and to work on these committees.

Please mark your calendars for the following dates. Further details such as time and location will be announced in the coming weeks, so please watch your e-mail or log on to the new IIA Chicago Chapter Web site towards the end of the month. If you would also like to be a volunteer for one of the events below or join one of the WFI Committees, please contact Cathlynn Nigh at 312/845-5323 or cathlynn_nigh@yahoo.com.

WIF upcoming events:

Monday, February 11, 2013 – WFI Roundtable
Friday, March 8, 2013 – WFI Annual Event/International Women’s Day
Monday, April 15, 2013 – Annual Seminar
Spring – Junior Achievement Event
Monday, June 17, 2013 – WFI Roundtable
Monday, July 22, 2013 – WFI Sponsored Lunch and Learn
Monday, August 19, 2013 – WFI Networking Event
Social Media Committee

People in the know have access to information that is increasing their knowledge, enhancing their skills, and adding value to their department and companies. Where can you get a hold of this information? You might be surprised at the answer — Social Media. We invite you to join to the Chicago Chapter on LinkedIn, Twitter, and Facebook. If you don’t know how to get started, just ask the Chapter’s Social Media Committee for guidance.

LinkedIn:
www.linkedin.com/groups/
Institute-Internal-Auditors-
IIA-Chicago-1123977

Twitter:
@IIAChicago

Facebook:
www.facebook.com/IIAChicago

Are you searching for a way to become more involved with the Chapter but not sure how? The Social Media Committee may be the best place to start! For more information please contact Steve Randall - srandall@vonyaglobal.com

Career Assistance Program

The Career Assistance Program (CAP) has an objective to assist members in transition by providing training opportunities at a discounted price. The CAP Committee is partnering with the Education Committee to help members maintain and enhance their skills. The following programs will be offered at a discounted price to the unemployed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Month</th>
<th>Date</th>
<th>Topic</th>
<th>Full/Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>March</td>
<td>11</td>
<td>Cyber Security, Counterespionage &amp; Digital Forensics</td>
<td>Half Day</td>
</tr>
</tbody>
</table>

The CAP Committee encourages eligible individuals to take advantage of the discounts.

In addition, CAP will offer a “Scholarship Opportunity” for one unemployed IIA member to attend the March Cyber Security session at no charge. To be eligible for the scholarship, you must be currently unemployed and send your name and contact information to Peg Koenigs at Margaret.koenigs@chi.frb.org by February 15, 2013. The winner will be randomly selected from all entries and notified by Friday February 22.

We also will be offering scholarships for the April Annual Seminar. Please watch for additional details.
Changes Are Coming…
COSO Internal Control-Integrated Framework

Submitted by Sargon Youmara, Vonya Global

Introduction
In 1992, the Committee of Sponsoring Organizations of the Treadway Commission’s (“COSO’s”) Internal Control-Integrated Framework (Framework) introduced a comprehensive internal control framework currently being used by most organizations within the United States and around the world.

However, since 1992, many changes have occurred in the business and operating environments prompting COSO to “update” its Framework and make it easier to use. The business world has become more complex, technological driven and global in scale while both individuals and organizations are striving for greater transparency and accountability for the integrity of systems of internal control that support business decisions.

As a result of those changes and increased complexity in business, in December 2011, COSO released for public comment the updated Framework that is intended to help organizations to “adapt to increasing complexity and pace of change; to mitigate risks to the achievement of objectives, and to provide reliable information to support sound decision making.” Up until the close of the comment period in March 2012, 97 comment letters were received from organizations and professionals around the world.

In addition to the updated Framework, COSO also released for comment in September 2012 its proposed Internal Control over External Financial Reporting (ICEFR) which provides a compendium of approaches and examples “that illustrate how the principles set forth in the Framework can be applied in designing, implementing and conducting internal control over external financial reporting and evaluations tools for assessing effectiveness of internal control.”

COSO expects to release final copies of the Framework, ICEFR and the evaluation tools within the first quarter of 2013 prompting many Chief Audit Executives and Internal Auditors to hectically begin reviewing the proposed documents for their impact on their organization.

What is Changing
Although much is staying the same, a lot is also changing. Even though the Framework is not yet finalized, here’s a glimpse at some of the most significant changes:

• Applies a principles-based approach – The updated Framework explicitly states and codifies the 17 core principles of internal control, which represent the fundamental concepts associated with the components of internal controls. Additionally, attributes that represent characteristics of the principles are also provided collectively comprising the criteria that will assist management in assessing whether an entity has effective internal control.

• Highlights the importance of technology – Increased sophistication, complexity and pervasiveness of technology within organizations can impact all

(Continued on page 8)
components of internal control and are discussed thoroughly within the updated Framework. Technology is specifically identified as a principle of internal control.

- **Enhances governance concepts** – Greater discussion is provided over the key governance principles, such as responsibilities of the board of directors and its committees and alignment of incentives.

- **Expands on reporting objectives** – Reporting is expanded beyond external financial reporting to also consider internal reporting, both financial and non-financial and is reflected within a change in the COSO cube. Financial Reporting is changed to reporting only.

- **Enhances anti-fraud expectations** – The Framework provides increased consideration related to the nature and impact of fraud on the business environment (e.g. inappropriate use of assets, intentional misrepresentation, etc.) and within the risk assessment process. Similarly to technology, fraud is identified as a specific principle of internal control.

- **Considers different business model and organizational structures** – Business models and structures have evolved through increased usage of technology, globalization, and usage of third parties (outsourcing, spinoffs, joint ventures, etc.). More detailed guidance of alternative ways in which an organization might implement a component of internal control and thus accomplish effective internal control.

### Preparing for 2013

Before 2013 comes around the corner, we recommend Chief Audit Executives begin preparing for the release of the updated Framework. Consider the following:

- **Read the document** – Get an understanding of what is proposed and if it will have an impact on your system of internal control.

- **Review the 17 principles** – Quickly assess whether your organization meets all 17 core principles of internal control and if there are gaps within your system of internal control.

- **Start dialogues** – Discuss the updated Framework with the Audit Committee and Executive Management to let them know what is coming and highlight any significant changes. Additionally, discuss its impact with your external auditors.

- **Wait** – Nothing is final, so wait to see the final Framework and possible additional directives provided by regulators before taking immediate action.

### Control Environment

1. Demonstrates commitment to integrity and ethical values
2. Exercises oversight responsibility
3. Establishes structure, authority and responsibility
4. Demonstrates commitment to competence
5. Enforces accountability

### Risk Assessment

6. Specifies relevant objectives
7. Identifies and analyzes risk
8. Assesses fraud risk
9. Identifies and analyzes significant change

### Control Activities

10. Selects and develops control activities
11. Selects and develops general controls over technology
12. Deploys through policies and procedures

### Information & Communication

13. Uses relevant information
14. Communicates internally
15. Communicates externally

### Monitoring Activities

16. Conducts ongoing and/or separate evaluations
17. Evaluates and communicates deficiencies
Upcoming Webinar: Planning Integrated Audits

**Date:** February 19, 2013  
**Time:** 12:00 – 1:00 pm (CT)

For nearly two decades, members of the audit profession have talked about integrated audits, their advantages, and the appropriate steps for conducting them. However, not much more than general consensus has emerged from these many years of dialogue. Few audit professionals would argue against the integrated model — audits that focus, simultaneously, on an organization’s financial, operational, and IT controls and processes — as the most effective way to conduct an audit. Yet, while many audit professionals and internal audit organizations claim to have adopted the integrated model, in fact, most have not. Join The IIA and Grant Thornton as to discuss the components of the integrated audit approach and how it can streamline compliance.

**This presentation will explore:**

1. What is an integrated audit approach?
2. A framework and process to consider in your own compliance environment.
3. Practical advice on where to start.

Visit [www.theiia.org](http://www.theiia.org) for more information.

## IIA Seminars

The IIA is your source for world-class professional development training that is designed to educate you on relevant issues and equip you with the skills and competencies you need to drive results. All IIA courses are eligible for NASBA-approved continuing professional education (CPE) credit, so our training helps you maintain your professional certifications, too.

We know business travelers want comfort and convenience — that’s why we hold our seminar events at premier hotels and business education facilities in popular destination cities with plenty of convenient flights and lots to do after hours. Since we know you’re also financially savvy, we offer you all of this for less than the competition. Exclusive pricing for IIA members is just one more reason membership means more at The IIA.

**Register and Save**

Register for any course offered before April 2013 and save US $100! Be sure to reference discount code **Compass1012**.

Visit [www.theiia.org](http://www.theiia.org) for more information.

## Upcoming Events

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Location</th>
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<tbody>
<tr>
<td>March 18, 2013</td>
<td>General Audit Management Conference</td>
<td>Las Vegas, NV</td>
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<tr>
<td>April 3, 2013</td>
<td>Gaming Conference</td>
<td>Las Vegas, NV</td>
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<tr>
<td>July 14, 2013</td>
<td>International Conference</td>
<td>Orlando, FL</td>
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<tr>
<td>August 19, 2013</td>
<td>Governance, Risk, and Control Conference</td>
<td>Phoenix, AZ</td>
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<tr>
<td>September 29, 2013</td>
<td>Central Regional Conference</td>
<td>Columbus, OH</td>
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</table>

Visit [www.theiia.org](http://www.theiia.org) for more information.
OPPORTUNITY

Seek

Create

Act

IIA Chicago Chapter 53rd Annual Seminar
Monday, April 15, 2013

Register online: www.theiia.org/chapters/chicago