From the President...

I am looking forward to the upcoming year as I begin my new role as President, have the opportunity to interact with each of you, and work with a great group of volunteers in our officers and board. This is a very exciting time as your programs committee has been hard at work putting together another outstanding slate of topics and speakers for the upcoming year. The final pieces are coming together and the approval process has begun, so keep your eyes open over the next couple weeks for the 2013-2014 programs slate. As a reminder, we will be offering the opportunity to purchase an annual subscription, which will provide you a discounted rate on our programs, so I encourage you to take advantage of this.

I hope to see you at a monthly meeting soon and look forward to meeting you!

Sincerely,
Rob Carter
2013-2014 KC IIA President
Chapter Members Participate in Global Committees

The global IIA organization is governed by a volunteer structure that consists of over 30 boards and committees. Kansas City IIA (KCIIA) chapter members have been active supporters of The IIA’s North American and global initiatives for many years. This year our chapter’s influence in IIA initiatives is greater than ever with four chapter members participating in North American and International IIA volunteer committees. Committee members recently attended meetings after The IIA’s 2013 International Conference in Orlando, Florida. Here is a recap of our chapter’s committee participants:

1. **Committee of Research and Education Advisors (CREA)**
   
   KCIIA member – Karen Begelfer, VP and Chief Audit Executive at Sprint-Nextel
   
   This is Karen’s first year serving on CREA. CREA supports The IIA Research Foundation (IIARF) by identifying research and educational topics of interest to the profession worldwide. The committee also helps The IIARF identify subject matter experts to perform research and develop educational products.

2. **Publications Advisory Committee (PAC)**
   
   KCIIA member – Mark Brinkley, Internal Auditor at Kaufmann Foundation
   
   This is Mark’s first year back on PAC after a break. He served on the committee for six years previously. PAC contributes ideas and provides editorial assistance regarding IIA publications such as *Internal Auditor* magazine. Mark is Contributing Editor responsible for Governance Perspectives and also serves on the Editorial Advisory Board for the magazine.

3. **Learning Solutions Committee (LSC)**
   
   KCIIA member – Allen Engel, Sr. Audit Manager at Farmers Insurance
   
   Allen is serving in his sixth year on LSC. The LSC advises The IIA’s North American Learning Solutions department team regarding content for IIA conferences, seminars, and eLearning product lines. In his role on LSC, Allen chairs the subcommittee on quality.

4. **Academic Relations Committee (ARC)**
   
   KCIIA member – Rick Wright, Director Internal Audit at YRC Worldwide
   
   Rick is in his second year serving on ARC. ARC advocates for the internal auditing profession worldwide by supporting universities teaching internal auditing curriculum. Committee members advise IIA staff and oversee The IIA’s Internal Auditing Education Partnership (IAEP) program. Rick chairs the ARC’s IAEP subcommittee responsible for reviewing university applications for admission to the IAEP program and ensuring adherence with program standards for member institutions.
You asked for it, you got it. The Kansas City chapter Programs Committee has been hard at work this summer finalizing a slate of meetings for the 2013-2014 chapter year. Feedback from chapter membership was reviewed by new VP Programs Angela York, Sr. Auditor at KCP&L and her team of volunteers to help determine the strategy for selecting topics and presenters for the upcoming year. Expect some new faces and engaging topics from this year’s program schedule (based on your feedback, of course).

Angela and her team are putting the finishing touches on the 2013-2014 programs calendar that includes dynamic expert speakers on topics like fraud, best practices, and data analytics just to name a few. Be watching for the final programs calendar coming soon, and consider taking advantage of discounted pricing by ordering a subscription to all 2013-14 KCIIA programs.
Richard Chambers, CIA, CGAP, CCSA, CRMA, shares his personal reflections and insights on the internal audit profession.

**Are You Auditing Up the Wrong Tree?**

Richard Chambers, CIA, CGAP, CCSA, CRMA, shares his personal reflections and insights on the internal audit profession.

One of the most important things internal auditors can do to meet stakeholder expectations is to ensure internal audit priorities align with those of the board and executive management. Risks that “keep our stakeholders up at night” also should be of concern to us.

If that sounds like common sense, consider that Thomson Reuters’ survey of internal auditors, *The State of Internal Audit 2013* (PDF), found that while internal auditors are focusing on assurance of internal processes and IT risk, boards are more interested in governance, strategy, and strategic-level risk management.

If your internal audit function is stuck in the past, you risk becoming irrelevant or missing the real risks to your organization. Where I come from we call that “barking up the wrong tree.”

Misalignment is natural during times of rapid change. As the environment around us is changing, the internal audit function is undergoing one of the most dramatic periods of change in the history of the profession. Internal auditors are being asked to address more complex risks with fewer resources and under more intense scrutiny.

To survive and thrive in this environment, we need to step out of our comfort zones and into the more qualitative world of culture and governance. A robust dialogue with your stakeholders will not only allow you to zero in on their priorities, but it will also solidify stakeholder relations and help you avoid some of the pitfalls I discussed in my recent blog, *Five Red Flags That Your Internal Audit Department May Be Losing Stakeholder Support*.

So are you aligned? Ask yourself:

- Have I asked the stakeholders about their priorities? Two-way communication with the chief executive and audit committee is critical.
- Do we have the right skill set to meet those needs? Continuing education is key.
- Do we have sufficient resources? Once you know what you need to focus on and are sure you have the skills to provide assurance, you still need to have the resources to make sure you aren’t being pulled in too many directions.
Assurance of internal controls will always be at the core of the internal audit function. But we need to expand our horizons and make sure our goals, skills, and resources are aligned with the growing demands on executive management and audit committees.

The recently updated *Internal Control–Integrated Framework* (PDF), published in May by The Committee of Sponsoring Organizations of the Treadway Commission (COSO), is a good starting point. It expands on the original 1992 COSO framework to provide additional insights into governance, globalization, regulatory oversight, and other board-level concerns.

The IIA’s new *Certification in Risk Management Assurance* curriculum is another good resource. In addition, The IIA Research Foundation recently added an entire volume on governance, risk management, and compliance to the 6th edition of *Sawyer’s Guide for Internal Auditors*.

These resources should go a long way toward helping you with the “how” of aligning audit priorities. For the “what,” I’d say the best source is going to be your audit committee and executive management — they know what keeps them up at night.

Are you auditing up the wrong tree? There’s no way to know without asking.

That’s my perspective. I’m sure most of you are dealing with this right now. I’d love to hear from you about ways you’ve achieved alignment.

*Posted on Jul 22, 2013 by Richard Chambers*
2013 – 2014 Chapter Leadership

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If you have any questions or would like to submit an article for the newsletter, please email Rick Wright, VP Services, at Rick.Wright@yrcw.com.