Message from the President

Happy September Louisville IIA! September means summer is drawing to a close, back-to-school for students, and also the first monthly meeting since May. This month’s meeting will be held on September 10th at the Bristol Downtown. This month, our guest speaker is Bill Thielen, executive director of the Kentucky Retirement Systems, who will be speaking on “Risks and Challenges in the Kentucky Retirement Systems.”

Also, we will have our $50 Amazon gift card drawing for those who participated in the most recent annual survey. You do not need to be present to win.

I am also pleased to let you know that due to a very high demand, we are once again having our annual subscription discount program available for the 2013-2014 meetings for $210. This price includes all of our scheduled monthly lunch meetings and our east end quarterly meetings. Please see the calendar on page six to identify events that are included.

If you have not yet joined our LinkedIn, Facebook, and Twitter pages, I encourage you to do so. You will have access to up-to-the-minute information and potential schedule changes to any of our meetings at your fingertips. If you are an employer, we post internal audit jobs on LinkedIn for FREE as a benefit to our membership. Also, if you have an interesting article or topic, submit the web link for review on LinkedIn and share with your fellow auditors.

I look forward to seeing everyone on September 10th!

Michael Vincent, CIA, CRMA, CISA, PMP, MBA
Louisville IIA Chapter President

Monthly CAP Update

The Chapter Achievement Program goals for chapter year 2013-2014 are Bronze—685, Silver—1,060, and Gold/Platinum—1,560. As a reminder, CAP points are awarded for earning IIA certifications, serving on IIA national committees, presenting on audit-related topics, becoming involved in the Audit Executive Center (AEC) activities such as referring authors or submitting thought leadership pieces, submitting resource documents (e.g. audit tools, templates, plans, programs), and new CAE membership to the AEC. Submissions to AuditChannel.tv also earn CAP points for the chapter. Please keep these in mind and report any activity to Jenni Schelling.

The CAP total as of July 31, 2013, is 333 points:

- Service to Members — 204 points;
- Service to Profession — 50 points;
- Chapter Administration — 79 points.
**September Lunch Meeting**

“Risks and Challenges in the Kentucky Retirement Systems”

**Date:**  Tuesday, September 10, 2013  
**Registration:**  11:30 am – 12:00 pm ET  
**Meeting Time:**  12:00 pm – 1:00 pm ET  
**Presenters:**  Bill Thielen – *Kentucky Retirement Systems*  
**CPE credits:**  1 hour  
**Cost:**  $25  
**Location:**  Bristol Bar & Grille  
614 W. Main Street  
Louisville, KY 40202  

**RSVP:**  Register Here (AMEX, Discover, MasterCard and Visa accepted)

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**Topics Covered and Learning Objectives**

The Commonwealth of Kentucky provides retirement benefits for state and county employees through the Kentucky Retirement Systems (KRS) which is a multi-billion dollar retirement system serving 251,000 state and local government employees and retirees. KRS consists of the Kentucky Employees Retirement System (KERS), County Employees Retirement System (CERS), and State Police Retirement System (SPRS). Discussion topics will include how the risks and challenges in the Kentucky Retirement System impact current state employees and retirees and the impact recent retirement issues have had on the state budget.

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**Presenter Profile**

Bill Thielen is the executive director of the Kentucky Retirement Systems and has 23 years of local government law experience as general counsel for the Kentucky League of Cities. He also has 30 years of legislative experience including involvement with retirement and health issues with the Kentucky League of Cities, the Kentucky Legislative Research Commission, and the Kentucky Department of Labor. In addition, he worked for four years as a trial attorney for the Federal Energy Regulatory Commission and the United States Attorney Office in Washington D.C. and served as clerk for the chief justice of the Kentucky Supreme Court. Mr. Thielen is a 1973 Phi Beta Kappa graduate of the University of Kentucky where he obtained his Bachelor of Arts (BA) in Political Science and his Doctor of Jurisprudence (JD) in 1977. He attended the United States Air Force Academy from 1969 to 1970 and is a current member of the Kentucky and Fayette County Bar Associations.

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**Additional Meeting/Seminar Opportunities**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central KY IIA Chapter</strong></td>
<td>September 10, 2013</td>
<td>Tempur Sealy—Lexington</td>
<td>Combined Assurance – Urton Anderson</td>
</tr>
<tr>
<td><strong>Kentucky Chapter of the ACFE</strong></td>
<td>September 17, 2013</td>
<td>Central Bank Louisville—9300 Shelbyville Rd.</td>
<td>Ethics – Dave Beyer</td>
</tr>
<tr>
<td><strong>Kentuckiana ISACA</strong></td>
<td>September 20, 2013</td>
<td>MCM Office—Jeffersonville</td>
<td>Fraud – Kevan Agee</td>
</tr>
</tbody>
</table>

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**Lunch Menu**

The monthly meeting includes your choice of one meal selection:

1) *Theresa’s Sweet Chili Linguini*—Pasta tossed with cream and Thai chili sauce, topped with blackened chicken.

2) *Grilled Fish Sandwich*—Grilled white fish, served on rye, with Bristol slaw.

3) *Greek Salad*—Romaine lettuce, diced tomatoes, Kalamata olives, red onions & Feta cheese tossed in a Greek vinaigrette.

4) *Turkey Sandwich*—Smoked turkey breast, Cheddar cheese, lettuce & tomato on toasted wheat bread (packet of mayonnaise & mustard on the side). Served with chips.
**November Seminar**

"Uncovering Fraud in Core Business Functions"

- **Date:** Thursday & Friday, November 7-8, 2013
- **Registration:** 7:30 am – 8:00 am ET (both days)
- **Meeting Time:** 8:00 am – 5:00 pm ET (both days)
- **Presenter:** William J. (Bill) Nealon – MIS Training Institute
- **CPE credits:** 16 hours
- **Location:** Indiana Wesleyan University – Louisville Campus
  1500 Alliant Ave.
  Louisville, KY 40299
- **RSVP:** Register Here (AMEX, Discover, MasterCard, and Visa accepted)

<table>
<thead>
<tr>
<th>Early Bird registration cost, if paid by 10/11/2013</th>
<th>Registration fees, if paid after 10/11/2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$925 (IIA Member)</td>
<td>$975 (IIA Member)</td>
</tr>
<tr>
<td>$975 (Non-Member)</td>
<td>$1,025 (Non-Member)</td>
</tr>
</tbody>
</table>

According to an ACFE 2012 Global Fraud Study, more than 20% of frauds reviewed for the report cost organizations over $1 million! Does your organization have undetected fraud? How would you know? Where do you start?

**Coming to Louisville, the MIS Training Institute seminar:**

"Uncovering Fraud in Core Business Functions"

Core business functions offer abundant opportunities for undetected fraud. In this eye-opening, two-day seminar you will pinpoint the areas most prone to internal fraud and identify key indicators of potential crime. You will focus on preparing fraud risk assessments and integrating fraud detection into your audit program.

The course will cover the methodologies used by those who would do you harm and focus on the red flags that signal the need for an investigation. You will learn how to implement and develop audit procedures that will increase the likelihood of discovering fraud, including data mining. Throughout this seminar, case studies and class exercises will further illustrate how to integrate fraud detection into your audit program and reinforce proper fraud detection methodologies.

William J. Nealon is a senior consultant for MIS Training Institute. A former audit manager for the New York State Comptroller’s Office, Mr. Nealon was responsible for identifying, planning, and overseeing financial, operational, and programmatic audits and studies in the higher education, tax, and health areas of government. His experience includes audits of the State University of New York, the City University of New York, New York State Department of Taxation and Finance, and the New York State Lottery. He was the on-site audit supervisor during the $1.5 billion construction of the Nelson A. Rockefeller Empire State Plaza. During his career, Mr. Nealon was also the chief auditor of refunds for New York State where he was responsible for the audit and approval of all personal and business tax refunds issued by the state.

A 30-year audit veteran, Mr. Nealon’s career includes extensive experience in planning and designing audits to detect fraud and identify poor controls that increase fraud opportunities. He was involved in fraud scenarios that resulted in convictions, and he is currently developing a college-level fraud audit course. In addition, Mr. Nealon was an adjunct professor of management at the Graduate College of Union University for 15 years, and an adjunct instructor at Rensselaer Polytechnic Institute’s Lally School of Management and Technology. He taught courses in accounting and auditing at the graduate and undergraduate levels. Mr. Nealon is a member of The Institute of Internal Auditors and the Association of Certified Fraud Examiners.
Volunteers Needed for Upcoming Student Events

Indiana University Southeast’s (IUS) Annual Accounting Career Day will be held on September 13, 2013, and chapter volunteers are needed from 10:30 am to 12:00 pm (noon) for participation in the networking portion of the event. During this portion, local companies and area professional associations will have individual tables set up and can mingle with the students.

Our chapter has also been invited to participate in the Louisville IMA Student Night Career Round Table again this year. Student Night will be held at the IUS campus on October 17, 2013. Our members have the opportunity to participate in up to six career round table discussions during the event, which will follow the schedule below.

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>4:15 to 5:30 pm</td>
<td>Intro (10 to 15 min.), &quot;mini-speaker&quot; (15 to 20 min.), and career roundtables (2 @ 20 min. each)</td>
</tr>
<tr>
<td>5:30 to 6:00 pm</td>
<td>Networking, hors d’oeuvres, and Minute-To-Win-It game challenges</td>
</tr>
<tr>
<td>6:00 to 7:15 pm</td>
<td>Repeat of 4:15 - 5:30 pm activities</td>
</tr>
<tr>
<td>7:15 to 7:45 pm</td>
<td>Repeat of 5:30 - 6:00 pm activities</td>
</tr>
</tbody>
</table>

Please seriously consider representing our chapter at one of these student career activities. Last year, we had 2-3 members who volunteered to participate at each of these events. The chapter would like to participate again this year with even more volunteers! Members that are interested in either of these events should email May Porter or contact her at (502) 588-4199.

Members Awarded IIA Certifications

The Louisville Chapter of The Institute of Internal Auditors and The Institute of Internal Auditors (IIA) are proud to announce that Certified Internal Auditor® and IIA specialty certifications have recently been awarded to several local chapter members.

Casey Willis, Christal Lunz, and Daniel Simms have earned the designation of Certification in Risk Management Assurance® (CRMA®). Jacqueline Lewis and Sasha Pavoni have earned the designation of Certified Internal Auditor® (CIA®).

Congratulations to our members on their hard work and esteemed accomplishment.

Annual Meeting Subscription Now Available

The Louisville IIA will once again be offering subscription pricing to members for the 2013-14 chapter year. The subscription discount program provides entry into nine monthly lunch and three quarterly afternoon meetings at a reduced cost of $210. The non-discounted, standard meeting rate is $25 for lunch meetings and $15 for afternoon meetings, which totals $270 if you attend all 12 meetings. The member’s subscription rate represents a 22% savings of $60 off the non-discounted rate and reduces each monthly lunch meeting to $20 and quarterly afternoon meeting to $10. A $20 discount off the total cost of this year’s 12 meetings is available to non-members. The subscription rate does not include any of the chapter seminars.
Celebrating the CIA® 40th Anniversary

Much of the world stays in touch by Skyping, watching television on their phones, and paying bills online. These are all signs of the times. An equally important sign of the times is that more than 115,000 practitioners have earned the distinction of becoming a Certified Internal Auditor® (CIA®). It is a designation that demonstrates these professionals are positioned to meet the evolving demands of stakeholders in our increasingly complex world. The CIA is the only globally accepted certification for internal audit practitioners in the world today.

As The IIA launches its year-long celebration of the CIA program’s 40th anniversary, we reflect on four decades of its progress. Relive the hard work, adversity, and achievements that have made the program prominent by viewing the 40th anniversary video on The IIA website.

Are You Mending Your Broken Fences?

In a recent blog, IIA President and CEO Richard Chambers, CIA, CGAP, CCSA, CRMA, shared his personal reflections and insights on the internal audit profession. Here’s an excerpt:

“Anyone who has spent much time as an internal auditor has inevitably generated audit results that created friction or tension with those whose areas of responsibility were audited. Sometimes, even the most professionally executed internal audit with the most constructively written report can land with a huge thud. The results of our reports often are used as the basis for evaluating management performance. Unfavorable results have been known to cost executives a bonus, a promotion, or even their job. Adverse audits can damage relationships. Call it a ‘broken fence.’

It is practically impossible to avoid occasionally breaking fences in our line of work. It is a hazard of the trade, so to speak. But no internal auditor can function effectively if surrounded by broken fences. A successful internal auditor learns, over time, the fine art of fence repair.”

Read the full Internal Auditor online blog from President Chambers and leave any of your own thoughts regarding the internal audit profession.

Future IIA Seminars and Conferences

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013 Central Regional Conference</strong></td>
<td>September 29 – October 2, 2013</td>
<td>Hilton Columbus at Easton / Columbus, OH</td>
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<tr>
<td><strong>2013 All Star Conference</strong></td>
<td>October 14 – 16, 2013</td>
<td>The Roosevelt / New Orleans, LA</td>
</tr>
<tr>
<td><strong>2013 Midwestern Regional Conference</strong></td>
<td>November 3 – 6, 2013</td>
<td>Hyatt Regency Minneapolis/ Minneapolis, MN</td>
</tr>
<tr>
<td><strong>IT Audit and Controls Conference (IIA/MIS)</strong></td>
<td>November 19 – 21, 2013</td>
<td>Renaissance Boston Waterfront Hotel / Boston, MA</td>
</tr>
<tr>
<td>Date</td>
<td>Meeting / Seminar Title</td>
<td>Speaker(s)</td>
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<td>------------</td>
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<td>-------------------------------------------------</td>
</tr>
<tr>
<td>9/10/13</td>
<td><strong>Risks and Challenges in the Kentucky Retirement Systems</strong> (a)</td>
<td>Bill Thielen – Kentucky Retirement Systems</td>
</tr>
<tr>
<td>10/08/13</td>
<td><strong>Updated COSO Framework: Impact and Next Steps</strong> (a)</td>
<td>Neil Chitkara – PwC</td>
</tr>
<tr>
<td>10/22/13</td>
<td><strong>TBD</strong> (a)</td>
<td>TBD</td>
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<tr>
<td>11/07/13–11/08/13</td>
<td><strong>Uncovering Fraud in Core Business Functions</strong></td>
<td>Bill Nealon – MIS Training Institute</td>
</tr>
<tr>
<td>11/12/13</td>
<td><strong>Diversity &amp; Inclusion</strong> (a)</td>
<td>A.J. Hubbard – Humana, Inc.</td>
</tr>
<tr>
<td>12/10/13</td>
<td><strong>Organizational Ombuds - Compassion &amp; Dignity in the Workplace</strong> (a)</td>
<td>Tony Belak and John-Robert Curtin – University of Louisville</td>
</tr>
<tr>
<td>1/14/14</td>
<td><strong>Web Applications</strong> (a)</td>
<td>Andy Stewart – PwC</td>
</tr>
<tr>
<td>1/21/14</td>
<td><strong>TBD</strong> (a) (Joint meeting with ACFE)</td>
<td>Curtis Schuman – U.S. Dept of Treasury</td>
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<tr>
<td>2/11/14</td>
<td><strong>The Kentucky Lottery - How Winners are Created</strong> (a)</td>
<td>Chip Polston – Kentucky Lottery Corporation</td>
</tr>
<tr>
<td>3/11/14</td>
<td><strong>Internal Audit - The Coolest Profession</strong> (a)</td>
<td>Melissa Bayer – Humana, Inc.</td>
</tr>
<tr>
<td>4/08/14</td>
<td><strong>Physical Security</strong> (a)</td>
<td>A.J. Armour – PwC</td>
</tr>
<tr>
<td>4/22/14</td>
<td><strong>Information Risk in ERM</strong> (a)</td>
<td>Charles Saunders – Franklin University</td>
</tr>
<tr>
<td>5/13/14 (tentative)</td>
<td><strong>TBD</strong> (a)</td>
<td>TBD</td>
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</tbody>
</table>

(a) = denotes meetings that are included in the annual subscription discount program.
Officers and Committee Chairpersons

President and Nominating Committee Chair
Michael Vincent
LG&E and KU Energy
(502) 322-0216

Vice President
Maria Hawkins
Humana, Inc.
(502) 580-1580

Secretary and Chapter Achievement Program Chair
Jenni Schelling
Metropolitan Sewer District
(502) 540-6380

Treasurer
Nancy Paus
Schulte Hospitality Group
(502) 882-8256

Past President and Promotions Committee Chair
Jennifer Vittitoe
Humana, Inc.

Audit
Shawn Stevison
CHAN Healthcare Auditors

Certifications
Bob Aemmer
LG&E and KU Energy

Chief Audit Executive Roundtables
Ann Bauer
Republic Bank

Government Relations
Connie Davis
Kentucky Retirement Systems

Junior Achievement
Derrick Singletary
Stock Yards Bank & Trust

Membership
Mike Kernan
Audit and Business Analysis Professional

Gretchen Wagner
Humana Inc.

Newsletter Editors
Adam Murphy / Jackie Chism
Kentucky Housing Corporation

Programs/Seminars
TBD/Vacant

Quality Assessment Reviews
Jodi Renn
Kentucky Higher Education Student Loan Corporation

Melissa Koellner
PharMerica

Social Activities
Andrea Higgins
Robert Half Management Resources

Webmaster/Social Media
Sonja Schmitt
Kentucky Higher Education Student Loan Corporation

Two Year Elected Terms
Ann Bauer (Thru 12/31/2013)
Republic Bank

Connie Davis (Thru 12/31/2013)
Kentucky Retirement Systems

Heather DiEnno (Thru 12/31/2013)
LG&E and KU Energy

Donna Fox (Thru 12/31/2013)
United States Postal Service

Past Presidents Terms
Melissa Koellner (Thru 5/31/2014)
PharMerica

Jennifer Vittitoe (Thru 5/31/2015)
Humana, Inc.

Academic Relations
May Porter
Hilliard Lyons

Advocacy/Diversity
Jigisha Shroff
Humana, Inc.

Danny Wooten
Humana, Inc.

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Kentucky Higher Education Student Loan Corporation

Melissa Koellner
PharMerica

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PharMerica

Jennifer Vittitoe (Thru 5/31/2015)
Humana, Inc.

Advertisement Policy

Area employers are eligible for free recruitment postings on the Louisville IIA website and in the monthly newsletter, IF at least one employee is a member of the local chapter. Newsletter advertisement rates for employers without a local chapter member and executive search firms are: $50 – ½ page; $100 – full page. Paid advertisements also include posting of recruitment information on the chapter website for one month. Payments must be received prior to posting. For more information, please email the Louisville IIA Chapter President or Secretary.