President’s Message

During the past month I had the honor and privilege to serve as President for the year 2014-2015. Mr. Lucas Delgado, President 2013-2014, passed to me the leadership baton, who has certainly demonstrated his love and passion for the profession of internal auditing throughout the years. In the beginning of this operational year and with the collaboration of a group of professionals, individuals and dedicated volunteers we have been planning for the past months for IIAPR to continue to grow and maintain a strong presence in our country.

The Chapter of PR has strived to provide quality training and resources to its members and participants over the past 40 years and currently serves approximately 400 members. Our goal is to continue providing excellent services to our members. In order to do so, we are looking for new ways to involving them in social activities and trainings. As part of our commitment to keep our members informed we are publishing the first edition of our newsletter. This will be a communication tool which will include among other topics of interest, topics about our profession, activities, and up to date information about new members and certifications.

We also continue to update our website and social networks to provide our members with tools that help improve the communication with our chapter and inform about our activities.

To continue promoting the importance of the internal audit profession we are planning an extensive seminars and activities calendar which will soon be available on our website. These activities includes: Roundtables, Forums and our most important celebration, “The Internal Auditor’s Day”. All these activities will be offered guaranteed by NASBA’s CPE resulting in added value to our members. Some of the initiatives for this year includes bringing the bookstore for our activity of “Internal Auditor’s Day” so that our members can purchase literature of our profession at a lower cost. We are also making efforts to bring the Chairman of the Board and CEO of the Global Institute of Internal Auditors Richard Chambers.

There are many ways in which you can get involved and help the IIA Chapter of PR. If you or your company wants to provide speakers, volunteers or sponsorship, please feel free to contact me or any of the officers. Any suggestions or comments about the newsletter, gives us the opportunity to improve and meet your expectations.

We will continue to promote and enhance our motto “progress through sharing” to offer an incredible year.

Sincerely,

Luis Gerena Ruiz, CRMA, CICA, MBA
President
IIA Puerto Rico
The IIA Puerto Rico Chapter

Established in 1941, The Institute of Internal Auditors (IIA) is an international professional association with global headquarters in Altamonte Springs, Florida, USA. The IIA is the internal audit profession’s global voice, recognized authority, acknowledged leader, chief advocate, and principal educator. Generally, members work in internal auditing, risk management, governance, internal control, information technology audit, education, and security. Globally, The IIA has more than 180,000 members. The IIA in North America comprises 160 chapters serving more than 70,000 members in the United States, Canada, the Caribbean (Aruba, Bahamas, Barbados, Cayman Islands, Curacao, Jamaica, Puerto Rico, and Turks & Caicos), Bermuda, Guyana, and Trinidad & Tobago. IIA PR Chapter was established in 1973. Today, IIA PR Chapter is the biggest of the Caribbean approximately with 400 members. In 2013 we proudly received the Gold Chapter Award.

The Chapter launched its new home page. We encourage members to visit the PR Chapter website at: www.theiiapr.org
Unlock Your Door to Opportunity with IIA Global Certifications

The IIA offers a comprehensive certification portfolio for internal auditors that can serve as the key to unlocking your next opportunity within the profession; enhancing your credibility and adding clout to your resume. By earning your Certified Internal Auditor® (CIA®), Certified Government Auditing Professional® (CGAP®), Certified Financial Services Auditor® (CFSA®), Certification in Control Self-Assessment® (CCSA®), and Certification in Risk Management Assurance® (CRMA®) certification, your clients and employer know that you are a valuable team asset who is highly motivated, knowledgeable, and committed to ensuring quality is part of everything you do. IIA certifications set you apart from other professionals, unlocking your full potential and opening up countless doors of opportunity for career growth and success. See what awaits you on the other side of the door.

CONGRATS TO OUR NEW MEMBERS!!!

Amarillys Encarnación
Alfonso Laboy
Wakner Pares
Solimar Rivera
Diana Morales
Brenda González
Gisela Nieves
Pedro Centeno
Tereann Colón
Kevin Ballester
Victor Martínez
N'gai Oliveras
Myrna Rivera
Omar Crespo
Jose Velázquez
Ivelisse Rivera

CONGRATS TO OUR NEW CERTIFIED AUDITORS!!!

Lucas Delgado
CRMA
Osvaldo Sánchez
CRMA
Carmen Loyo
CRMA
Ismael Fuentes
CRMA
Gregorio Martínez
CRMA
Elizabeth Sandoval
CRMA
Carlos Barreto
CRMA
Wanda Efrece
CRMA
Joseph Pizarro
CRMA
Mirilia Budget
CRMA, CGAP, CIA
Felipe Ramos
CRMA
Maria del P Carro
CIA
Wilfredo Rodríguez
CIA
Héctor L Rivera
CIA
Save the Date!!!

In advance of these events, you will receive a CVENT’s notification requesting your registration.

For additional questions or inquiries, please reach out to the IIAPR Chapter President – Luis Gerena at theiapiuertorico@gmail.com
We welcome the new Board of Directors of 2014-2015

Annual IIAPR Chapter General Assembly on Friday, May 30, 2014

Recognition and thanks to above Officers and Directors, for their continued support and dedication to the Chapter!!

The Chapter held the Annual Assembly at Cooperativa de Seguros Múltiples. Mr. Larry Kowlessar from Trinidad and Tobago Chapter was in attendance, who offered an excellent presentation themed “From Good to Great”. Also, Mr. Osvaldo Sánchez, Chapter Director, brought us a presentation themed, “Forensic Accounting and Fraud”.

Board of Directors 2014-2015

From left to right: Luis Gerena-President, Lucas Delgado-Past President, Edmary Abad-President Elect, David Ortega-Director, Irma Muñiz-Treasurer, Marie Boscio-Chapter Auditor, Sylvia Boscio-Director, Carlos Garcia-Director, Carlos Huertas-Director, Omar Crespo-Chapter Webmaster (AD-HOC Member), Nestor Kercadó-Past President, Saymarie Cruz-Director, Yaritzi Pino- Director, María Samo-Vicepresident, Jorge Jove-Director, Osvaldo Sánchez-Director and Manuel Gutiérrez-Director.

(Front) From left to right: Betzaida Solano-Secretary, Edward Seda-Director, Manuel Gutiérrez- Director and Jorge Jove-Director. Not in picture: Edwin González-Director and Joseph Pizarro- Director.
The Importance of Our Standards
By Nancy H. Haig

I recently attended a large, vendor-sponsored governance, risk and compliance (GRC) event, and was interested in learning what internal auditors would NOT be focusing on, based on the “State of Internal Audit Survey – 2014” by Thomson Reuters / Accelus, authored by Cowan, Camfield, English and Hammond. According to the survey, nearly half of the participants indicated that assessment of their organization’s culture was not an area of focus, and over a quarter had no involvement in the assessment of corporate governance. Additionally, internal auditors did not consider a priority whistle-blowing or customer outcomes. The results of the survey made me question how this can be if we, as internal auditors, are knowledgeable of and performing our work in accordance with the Standards (International Standards for the Professional Practice of Internal Auditing) of our profession.

Using the Standards to Determine the Right Focus

All of us are most likely focused on risk-based internal audit planning, continually assessing the risks to our organizations, whether the risks are related to information technology (IT), regulatory compliance, operations, finance or environment, health and safety. In fact, according to Standard 2010, Planning, we are obligated to develop a risk-based plan, based on risk assessment and input from senior management and the board, consistent with our organization’s goals. Therefore, to meet this Standard, and the expectations of our boards and senior leaders, it would follow that we should be including assessments of both governance and culture, key to the level of overall risk in our organizations, in our planning. Standard 2060, Reporting to Senior Management and the Board, specifically includes reporting on governance by the Chief Audit Executive (CAE) to the board. Standard 2110, Governance, more specifically includes our obligation to not only assess and report on governance, but also to make recommendations for its improvement. Part of that Standard calls for us, as internal auditors, to ensure governance accomplishes the objectives of promoting appropriate ethics and values (i.e., culture) within the organization.

Two facets of Standard 2110 (A1 and A2) are particularly important and directly relevant, considering two of the primary risks many of our organizations face. A1 calls for an evaluation of the effectiveness of ethics related objectives, programs and activities. In other words, besides assessing the culture of our organization, we should be including in our plans the evaluation of the effectiveness of the formal compliance and ethics program. An effective compliance and ethics program can significantly mitigate regulatory compliance risk, especially important in an environment and time of increased regulatory scrutiny.

The evaluation should include support of the program, risk assessment, policies and procedures, communication and training, and monitoring and auditing procedures. The whistle-blower or anonymous reporting mechanism is another important part of the over evaluation of the program, and if you will recall, this was reportedly not an area of focus of most internal auditors.
As a subset of the overall compliance and ethics program, we should also be looking at the compliance elements in place to protect our organizations from the risks of anti-bribery and corruptions, anti-trust, and other regulatory compliance risks germane to our specific industry and location. Standard 2110.A2 calls for an assessment of whether IT governance supports the organization’s strategies and objectives. Given the significant risks our organizations face today related to the protection of our own and our customers’ data, and being able to ensure the continuity of business operations, the evaluation of IT governance should be in our focus, and on our plans.

**Using the Standards to Ensure a Quality Program**

Unfortunately, although compliance with Standards 1300 through 1321 can help each member of our profession demonstrate compliance with all of the Standards, compliance with the Standards relating to an internal audit function’s quality program remains the lowest. There have been internal audit departments created by individuals that do not have intimate knowledge of, or sometimes even awareness of, the Standards of our profession, unless of course their specific mission or objective is to assess the quality of the internal audit program. That is not to say that there is a general lack of understanding that the internal audit function should include risk assessment, audit plans and reporting. However, a lack of detailed understanding of the Standards may explain some nuances in areas of focus in the survey results noted above, as well as past over-emphasis on financial controls and compliance. It is ironic that, through the process of implementing the Standards related to quality, internal auditors become familiar with all of our general professional obligations under the Standards.

According to Standard 1300, Quality Assurance and Improvement Program, the CAE must develop and maintain a quality and improvement program that covers all aspects of internal audit activity. Standard 1310, Requirements of the Quality Assurance and Improvement Program, states that the program must include internal as well as external (independent, every five years) assessments. The internal assessment (Standard 1311) must include ongoing monitoring of the internal audit activity, as well as periodic self-assessment. I am a big proponent of implementing internal audit functions in accordance with the Standards, and have included quality as part of implementation. Ongoing monitoring may be satisfied by project checklists, oversight, peer reviews and internal audit “client” surveys. Self-assessment may be satisfied by listing each Standard (a potential development exercise for someone new to the profession) and checking for compliance or gaps. Standard 1320, Reporting on the Quality Assurance and Improvement Program, requires a report on the program to senior management and the board, providing the CAE with some unique opportunities. Results may be utilized to support the need for additional, internal resources to cover any gaps, or to demonstrate that the function is in full compliance with the Standards of our profession.

**Current and Future Relevance of the Standards**

Our Standards are continuously being reviewed and revised as appropriate, however, they consistently remain general enough to ensure fit regardless of size, industry, or geography. Compliance with the Standards demonstrates the commitment to integrity, quality and professionalism we share as member of the internal audit profession.
During the second week of September 2013, the Chapter hosted the Internal Auditor’s Day Conference at the Convention Center celebrating the Chapter 40th anniversary. The successful event attracted over 150 attendees. The event was conducted by 8 excellent speakers with concurrent presentations.

Governmental Conference proved to be a resounding success. Mr. Michael Fucilli, CAE of a NYC public sector company, visited Puerto Rico and was the key speaker with the presentation themed “Passion to Perform: How to Make an Impact in Your Organization”.
The Chapter held a successful meeting related to Human Resources. It consisted of two presentations, the first one themed “Normas, Leyes y Reglamentos Laborales” conducted by Mr. Dimitri Gonzalez, Esq., Oneill & Borges Law Firm partner. The second one was themed “Auditing Human Resources Risks & Legal Requirements” conducted by Mr. Lucas Delgado, Chapter President 2013-2014. A group of Cooperatives’ employees attended the conference. Also Mr. David Ortega, Chapter Director and Chairperson of the Nomination Committee, brought us a presentation about the Chapter.

The Chapter delivered customized in house training in June 17-20 2014 themed, “Performing an internal audit from A to Z”, to the Education Department. The training, which was presented by Mr. Osvaldo Sánchez, one of our Directors, had a total of 12 attendees. Overall the delivery of the program was rated as excellent by attendees.
During the year, the Chapter successfully conducted two events with the students. The first event was presented by Mr. Luis Gerena, Chapter President Elect 2013-2014, in the University of Puerto Rico at Humacao. The second event was presented by Mrs. Edmary Abad, Chapter Director, Mr. Juan Lorenzo Martínez, Chapter District Representative and Mr. Luis Gerena with students and professors as participants.

The Leadership Conference in April 2014, proved to be a success with a number of interesting subjects being discussed. The Conference was held in Orlando, Florida. The members that attended the Leadership Conference were Mrs. Irma Muniz, Treasurer, Mr. Juan Lorenzo Martínez and Mr. Luis Gerena.
Chapter Award Program

This year, the IIAPR chapter is going for PLATINUM Chapter Award. This is a special level created to recognize chapters that attain GOLD status for 10 of 11 consecutive years. The chapter will continue to be recognized as platinum level each year thereafter.

What is CAP Program? Here's a brief description:

The Chapter Achievement Program (CAP) was established by the IIA to ensure that chapters serve their members and the internal audit profession. Chapters must earn the minimum CAP points in 3 categories to qualify for performance levels: service to members (325p), service to profession (200p) and administration (160p). Once qualified, points earned go toward determining the performance level: bronze (685p), silver (1,060p), gold (1,560p) and platinum (GOLD status for 10 of 11y). The chapter submits a monthly CAP report to the IIA.

How can I help the chapter? Here’s some ways you can help our chapter earn CAP points:

1. Attend the monthly luncheons, seminars, socials, etc. We have some unique formats and speakers planned this year. Learn something new, earn CPE and help us earn CAP points.
2. Earn 1 or more IIA certifications - this includes CIA, CCSA, CFSA, CGAP and CRMA Certifications.
3. Develop questions for IIA exams - this includes CIA, CCSA, CFSA, CGAP and CRMA exams.
4. Recruit new members.
5. Speaking engagements or training sessions.
6. Submit internal audit-related articles for publication to Internal Auditor or any other publication - We get even more points if the article is published!
7. Provide an internal audit internship at your company for a student.

For additional questions or inquiries, please reach out to the IIAPR Chapter President Luis Gerena at theiiapuertorico@gmail.com
THANK YOU TO OUR 2014 SPONSORS

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