President’s Message

Phil Tarling is the 2012-2013 Chairman of the Board of The IIA. As The IIA’s chairman, Tarling serves as chief IIA spokesperson and advocates for the internal audit profession worldwide. For his chairmanship, he has adopted the theme of “Say it Right,” which underscores that it is both what internal auditors say and how they say it that matters. Tarling stresses the importance of communication as a soft skill that internal audit practitioners should constantly seek to strengthen and refine. He urges that clear, targeted, and meaningful communication to stakeholders will position internal auditors to have a seat at the table when critical business issues are discussed.

The IIA community has made a collective investment in the future of internal auditing, in advancing internal audit proficiency and professionalism, and in being a catalyst for the ongoing evolution of the profession. As part of this investment, the IIA website http://na.theiia.org has also gone through a dynamic transformation and plans on rolling out a new look to our local chapter website as well this year. These improvements are just a few in the works as IIA continues to “Invest, Advance and Evolve”.

Do you know that as an IIA member you have access to Member-Only Webinars? The IIA’s complimentary Member-Only Webinar series is available to you as part of your membership investment. These monthly educational webinars are designed with IIA members in mind. The next one is October 16, 2012 and features “Fraud Risk Assessments: Are Auditors Assessing the Right Risks?”

Is your IIA membership current? Be sure to renew your IIA membership before it expires. The State of Illinois Government Auditing Group membership expires October 31, 2012. If you need assistance with your renewal or do not know if you membership is current, please email Springfield.IIA@comcast.net and we will assist you so that you can continue to take advantage of all the resources and discounts offered to IIA members.

Denise Behl, CIA

---

Training

Fall Government Auditing Conference

Amy Lyons, First Vice President

The State Internal Audit Advisory Board (SIAAB), along with the Springfield Chapter of the Institute of Internal Auditors, will be co-hosting the “Fall Government Auditing Conference” on October 24th and October 25th at the Northfield Center in Springfield.

The two-day conference will offer 14 hours of CPE on government accounting and auditing topics for a low cost of only $55. This year's conference offers a wide variety of topics, such as project management, auditing with data analytics, fraud and embezzlement, updates from the Legislative Audit Commission, and the Comptroller's Office discussion of Hot Topics and GAAP and Financial Reporting. Also, peers can exchange ideas and information at breakout sessions.

Payments should be made to the Springfield Chapter of the IIA as usual since it is handling payments. Additional information on the conference, including the registration form, can be obtained from SIAAB’s website at http://siaab.audits.uillinois.edu/Conference.htm.

You may register with SIAAB before October 18:

1. Mail to IDOR
   Mail Code 6-510, c/o Doug Hathhorn
   101 W. Jefferson Street, Springfield, IL 62794
2. On-line at https://illinois.edu/fb/sec/178650
3. Email to douglas.hathhorn@illinios.gov

TRAINING SEMINAR

“Fall Government Auditing Conference”

Various Speakers

Northfield Center

Members/Non-Member: $55

14 Hours CPE

October 24-25 from 8:30a-4:30p
Chapter History

5 Years Ago: October 2007
Jay Wagner, CIA, CISA, served as the President of our Chapter. Jay was supposed to begin his term as First Vice President in charge of training programs, a function that he also continued to fulfill with Vice President Larry Stone, CISA, CCP, CRPC.

- **Training.** This month’s training was held at Secret Recipes Reception Center. It was titled “Power Excel” and was presented by Bill Jalen.
- **Students.** This month’s seminar was held on Student Day where the chapter encouraged participation by students and offered the seminar to them and their professor at a discounted rate. Attendance by students was high as nearly 20 students came to the training seminar.
- **Member News.** Chapter member Brenda Vost, CISA, accepted a new position within the Department of Healthcare and Family Services in its fiscal office. Brenda has been a long term member of our chapter and has previously volunteered to assist with seminar registrations.

10 Years Ago: October 2002
Shelly Martin, CPA, served as the President of our Chapter.

- **Training.** This month’s training was held at Northfield Center.
- **Speaker.** Board member and UIS Professor John Nosari, Ph.D., CIA, CPA, presented “Opportunities & Challenges in Internal Auditing.” UIS Professor Keith Miller presented “Computer Ethics.”
- **New Member.** The chapter welcomed Dan Kahle, Chief Internal Auditor of the Department of Commerce and Community Affairs, as a new member and congratulated Larry Stone, CISA, CCP, CRPC, on becoming the new Chief Internal Auditor of the Retirement System.
- **IIA.** The IIA Headquarters, announced that they had concluded a three-year study of its global structure, and issued a Global Governance Plan that provided for a smaller Board of Directors with more global representation, establishment of a North American Committee to oversee North American operations, identification of global products and services, and global funding to cover global operations.

15 Years Ago: October 1997
Michael J. Moody, CIA, served as the President of our Chapter.

- **Training.** This month’s meeting was held at the Northfield Center and was Student Night.
- **Speaker.** There were two pre-dinner seminars: Jim Czarnecki, National Manager of Deloitte & Touche presented “Automated Workpaper Software AuditSystem/2” and Mike Callahan, Audit Director, University of Illinois presented “How the U of I Implemented Paperless Workpapers using Lotus Notes.”
- **After-Dinner.** The after-dinner speaker was Linda Boston, Program Director, St. John’s Hospital who spoke on “The Mind/Body Approach for Controlling Stress.”
- **Member Profile.** The member profile this month was Ben Zemaitis, Chief Internal Auditor, Illinois Department of Revenue. Ben remains a member of our chapter until today and his Member Profile was one of the best received by our members.

20 Years Ago: October 1992
Randall W. Welch, CIA, CPA, served as the President of our Chapter.

- **Training.** This month’s meeting was held at the Best Western Hotel.
- **Speaker.** Bill Coons, CFE, Department of Professional Regulation, Jim Donkin, CIA, Department of Public Aid, and Ben Zemaitis, CIA, CPA, Department of Revenue presented the pre-dinner seminar “Current Audit Issues in State Government.”
- **After-Dinner.** The after-dinner speaker was Dr. James Hansen of J. Burke Hansen & Associates, Inc. who spoke on “The Inroads of Micro-Computer Technology on Mainframe Auditing.”

25 Years Ago: October 1987
Bradley W. Hammond served as the President of our Chapter.

- **Training.** This month’s meeting was held at the Sheraton Inn. It was titled “Systems Development Process.”
- **Speaker.** The full-day seminar was presented by Dr. Frederick L. Neuman, CIA, CPA, Professor of Auditing, University of Illinois, and I. Lawrence Richardson, CDP, Director of EDP Auditing, Office of the Illinois Auditor General
- **After-Dinner.** The after-dinner speaker was Branch Walton, Special Agent-in-Charge, Springfield Office, U.S. Secret Service who spoke on "Counterfeiting."

30 Years Ago: October 1982
James R. Donkin, CIA, served as the President of our Chapter.

- **Training.** This month’s speaker was Robert Clausen, Comptroller, Monsanto Plastic and Resin, who spoke on “Getting Lucky on Purpose.”
Common Mistakes Made When Conducting Audits
Richard Chambers, CIA, CGAP, CCSA, CRMA

Over time, auditors hear about audits that went wrong. In too many cases the audits went wrong for reasons that could have been prevented during planning. Some of the biggest blunders stem from the same few mistakes. In the hope that we can learn from each other’s mistakes, I have listed below my take on the most common of these missteps.

1. **Not setting enough time to adequately plan the audit.** This is probably the most common audit mistake of all.  
2. **Trying to audit too much.** Setting the scope is one of the rare areas where the most diligent auditors can run into the most problems. When the scope is too ambitious, the job will take too long or auditors may miss important issues within their scope.  
3. **Failing to augment the audit team with “functional expertise.”** Especially if you are an experienced, you may overestimate your ability to “go it alone” without expert help. Involving an expert can ensure you haven’t overlooked something vital.  
4. **Forgetting the audit should add value.** Auditing is not just about pointing out what’s wrong.  
5. **Forgetting the risks.** If you “plan” to perform audits the same way each year, regardless of risks or changing circumstances, then odds are that your results will be the same. One auditee who was later convicted of fraud said: auditors weren’t a problem – they would look at the same thing each year.

What are some of the biggest mistakes you have made?

States Pension Funding Ratios Declined in 2011

Public pension funds in 16 states and the District of Columbia had assets of at least 80% of what is needed to pay retirees, down from 18 states in 2010, Loop Capital Markets said.  
- The median ratio of assets to liabilities for 149 state-level pension plans dropped from 76% in 2010 to 73% in 2011.  
- Illinois was the lowest-funded state at 44%.  
- 29 states made changes to their pensions in 2011, such as increasing employee contributions, raising their retirement age, and revising automatic cost-of-living adjustments.

What Bothers Your Employees?
(submitted by Cary Franks)

- 51% of respondents say that it’s stressful to sit next to a constant complainer.  
- 50% say they are most troubled by a “know-it-all;” 33% of respondents say that they can’t stand a boss who knows it all.  
- 75% of respondents say they dislike at least one company event.  
- 37% of respondents say the worst kind of boss is the one who steals an employee’s ideas.

What are some of the biggest mistakes you have made?

Tax-Cheating Software

The so-called tax-zapper software lets businesses, especially those that deal mostly in cash, underreport taxable sales, and pocket money. Five states – Florida, Georgia, Maine, Utah, and West Virginia – have enacted laws cracking down on the programs, and about a dozen others are considering similar proposals. It’s always been illegal to cheat on taxes, but the new laws target tax zappers.

The software sells for $500 and can be installed in registers or through small memory devices that plug into them. The system works like this:
- During business hours, cashiers record the true sales and give customers accurate receipts. A log of real sales can also be stored electronically.  
- But after hours, a memory stick that contains the zapper is inserted to remove a given amount in sales from the day’s receipts. For each altered transaction, the zapper will also re-total and recalculate the receipt. That changes the tax due and produces a second set of books.

The programs are most likely to be found in businesses where cash volumes are heavy, such as restaurants.

NATO Secretary General Anders Fogh Rasmussen (center) with Dr. Aziz Khan, Mayor Mike Houston, Mahnaz Dada, and Ameen Dada (picture by Amena Tayyab)

September seminar speakers Brandon Reed, Kelly Bartels, and Mark Maraccini from CroweHorwarth (Picture by Cary Franks)
<table>
<thead>
<tr>
<th>Date</th>
<th>Speaker</th>
<th>Topic/Program</th>
<th>Hours</th>
<th>CPE</th>
<th>Members</th>
<th>Non-Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>9/27/12</td>
<td>Crowe Horwath</td>
<td>Single Audit Fundamentals - Overview</td>
<td>8:30 - 4:30</td>
<td>7</td>
<td>$100</td>
<td>$125</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Students: $20</td>
</tr>
<tr>
<td>10/24/12 to</td>
<td>Various</td>
<td>Fall Government Auditing Conference</td>
<td>8:30 - 4:30</td>
<td>14</td>
<td>$55</td>
<td>$55</td>
</tr>
<tr>
<td>10/25/12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11/16/12</td>
<td>Steve Morgan</td>
<td>A New Service Model: Auditor Roles in Government</td>
<td>8:30 - 4:30</td>
<td>7</td>
<td>$100</td>
<td>$125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance Measurement</td>
<td></td>
<td></td>
<td></td>
<td>Students: $20</td>
</tr>
<tr>
<td>12/12</td>
<td>N/a</td>
<td>No Training Planned</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01/17/13</td>
<td>Janet Beckman</td>
<td>Data Analytics – Continuous Monitoring or Internal Audit</td>
<td>8:00 - 12:00</td>
<td>4</td>
<td>$50</td>
<td>$75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Report Writing</td>
<td></td>
<td></td>
<td></td>
<td>Students: $20</td>
</tr>
<tr>
<td>02/19/13</td>
<td>Leita Hart-</td>
<td>Auditing for Fraud in the Government Environment and</td>
<td>8:30 - 4:30</td>
<td>7</td>
<td>$100</td>
<td>$125</td>
</tr>
<tr>
<td></td>
<td>Fanta</td>
<td>Ethics</td>
<td></td>
<td></td>
<td></td>
<td>Students: $20</td>
</tr>
<tr>
<td>03/20/13</td>
<td>John Hall</td>
<td>High Impact Auditing: Practices that Pay, Risk</td>
<td>8:30 - 4:30</td>
<td>7</td>
<td>$100</td>
<td>$125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Focused Internal Auditing</td>
<td></td>
<td></td>
<td></td>
<td>Students: $20</td>
</tr>
<tr>
<td>04/19/13</td>
<td>Julie Kowalski</td>
<td>Effective Time Management Skills or Successful Project</td>
<td>8:30 - 4:30</td>
<td>7</td>
<td>$100</td>
<td>$125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management</td>
<td></td>
<td></td>
<td></td>
<td>Students: $20</td>
</tr>
<tr>
<td>05/17/13</td>
<td>TBD</td>
<td>To be determined</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cancellations should be made at least 24 hours before the meeting to avoid a charge. Meetings will be held at the **Northfield Center**, unless noted differently.
Did you know that Chapter President Denise Behl either has ESP or can read your mind? Yes, you read that right. I was working on the newsletter and thinking that we needed to add that 2 of our seminars were eligible for government CPE. Just then I got an email from Denise saying to mark those 2 seminars as government CPE!

So I asked if she had ESP but couldn’t get a clear answer. That of course is suspicious. I may need to call her husband Nick to check; in the meantime, be careful what you are thinking!

Last month I asked you what you thought was the most miles that former chapter president Larry “Hog Man” Stone had driven on a bike in a single day. There were a number of guesses that were low (e.g., Lisa Warden, manager in our office guessed 700 miles in a day). He drove 1,018 miles! Larry recently took another bike trip to the west that was his shortest - over 2,500 miles roundtrip! That brings his total miles on the bike to 30,000. Now they are thinking Alaska!

You may recall that last month I had also written suggestions about driving in the mountains (e.g., follow the speed limit closely, slow down if roads are wet, don’t get too close to the vehicle ahead).

A manager who works with me, Jon Fox, who has driven in the Rocky Mountains, including on the Beartooth Highway in Montana (considered America’s most scenic road), said that I had left out one - stay on the road! Actually, he is right, keep reading.

Another person who works with me, Paul Skonberg, said that when they were driving from Aspen to Independence Pass (12,000 feet), they saw a car go off the mountain! He also saw a rescue truck make a U-turn on that one-lane road to come to her help.
Moving day is a giant logistical hassle. Renting a truck, hiring movers, and getting stuff packed are the easy parts of the move. We asked the American Moving and Storage Association (AMSA) if there were any common oversights made and AMSA spokesman John Bisey listed the following:

1. **Permit.** If you don't have a driveway for a moving truck or a storage container, you may need a permit. To get that permit, you're going to need proof the company is insured or bonded.

2. **Hidden belongings.** The easiest items to forget are usually those tucked away in crawlspaces, attics, and built-in cabinets. If there’s a spot in your apartment/house that’s out of sight, that’s where your last box is.

3. **Items on loan.** Items lent to neighbors, family, or friends tend to cause the headaches. Take an inventory and make rounds at the going-away party.

4. **Sleeping arrangements.** The first night at your new destination isn’t that big of a problem as you'll get to your bed eventually, but the last night after the load-up can be tough if you don’t pack the bed last.

5. **Records.** It’s a lot easier to do things electronically but that’s not always the case with some medical, dental, or school records. So try to get copies from everyone as soon as you are ready for your new home where they should be kept in one place.

6. **Lights.** If you don't turn the electricity, gas, or oil heat on, nobody’s going to do it for you. AMSA advises turning off utilities 2 days after you move and turning them on 2 days before you arrive.

7. **Mail.** The U.S. Postal Service will only forward mail if you tell them in advance, and even then it’s not permanent. Forwarding gives you a couple of months to change your address yourself as at some point that yellow forwarding label’s going to stop.

8. **Insurance.** “Be careful when referring to insurance,” Bisey warns. “Few movers offer true insurance, which is regulated and offered by an insurance agent.” The best you can get from the movers is valuation protection (only 60 cents per pound).

9. **Tips.** If you tip someone for carrying a tray of food to you at a restaurant, you may want to tip the people who lug your dresser up to your bedroom. “Not sure if people forget to tip or if they just don't think they should,” Bisey says. “It's certainly not a requirement but it is appreciated.”

10. **Your mess.** Whether there are a few nail holes left in the walls where your family photos once hung or a huge paint spot in the closet, it’s usually in your best interest to take care of it. Your security deposit or sale could hang in the balance. Last-minute repairs and/or fix-ups may still be needed, Bisey says, “Especially when, for example, large furniture is moved away revealing a problem with the floor or wall it was hiding.”