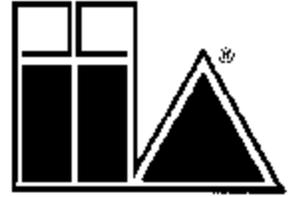


# The Audit Standard



The Institute of Internal Auditors, Inc.

Dallas Chapter

March, 2000

## THE PRESIDENT'S MESSAGE

Spring is just around the corner! We hope to bring the warmth of the weather inside as we gather on Thursday, March 16<sup>th</sup> for our Chapter meeting. We look forward to hearing all that Heather Smart has to offer about "Firewall Security" for our luncheon presentation. Heather is with PricewaterhouseCoopers and her experience in this area will bring a wealth of ideas to our attention.



We are excited that our own members will lead us in the pre and post meetings. "The Skills and Roles of Internal Audit" pre-meeting will be provided by John Frenzel of EDS and Gary Barton of JCPenney. The chapter is proud that John and Gary represent us in the educational community by leading a similar graduate seminar for the Internal Auditing course at UNT. Asif Effendi of EDS has over 13 years of IT experience and is a credentialed IT auditor. He will be presenting a much-needed session on "Project Management Update" at our post-meeting. These continuing education events are well worth the time.

We again welcome Dr. Glenn Sumners and Roger McDaniel for the Chapter-sponsored CIA review course. This is presented in an interactive one part per day format Friday, March 10 through Monday, March 13. If you know of auditors who desire to pass the CIA exam, please encourage them to take advantage of this course and the vast amount of printed material provided. Remember to sign up for the CIA exam before the March 31 deadline.

Congratulations to our newly elected officers who will assume their offices June 1. If you would like to have a more expansive role in your Dallas Chapter IIA, please volunteer for the committee of your choice. Committee membership allows you to work with professionals outside of your employer's organization, encourages friendships, gives access to new ideas and networks, and . . . it's a lot of fun. Please be sure to participate in the Chapter's development by completing the survey located on pages 3-4. We want to make 2000-2001 an even better year for the Dallas IIA.

Corinne Bryan  
President

## March Meeting

### Reservations

### "Firewall Security"

Heather Smart, PricewaterhouseCoopers

**Date:**

March 16, 2000

**Location:**

CityPlace Conference Center  
Southeast Corner of Central  
Expressway & Haskell Avenue

**Time:**

10:30 Pre Meeting  
"The Skills and Role of Internal Audit"  
Speakers: John Frenzel, EDS  
Gary Barton, JCPenney  
11:30 Lunch Registration  
12:00 Lunch Presentation  
"Firewall Security"  
Speaker: Heather Smart  
1:30 Post Meeting  
"Project Management Update"  
Speaker: Asif Effendi, EDS

### Preferred Method

The best method to confirm your reservations is via the website at [www.dallasiaa.org](http://www.dallasiaa.org).

### Secondary Method

An optional method is to use the telephone, fax, or email. However, a \$2 phone/fax/email fee will be assessed to each reservation.

### Contacts

#### Sharon Beard

e-mail: [sbear2@jcpenny.com](mailto:sbear2@jcpenny.com)

#### Lori Cannafax

e-mail: [lcann3@jcpenny.com](mailto:lcann3@jcpenny.com)

Phone Reservations: 972.431.DIIA or 972.431.3442

Fax Reservations: 972.431.7195

### Luncheon Fees:

Members: \$ 23

Non-Members: \$ 30

Students: \$ 15

Phone/Fax Fee/Email: \$ 2

Reservations must be received by noon on Friday,  
March 10 or a \$7 late fee will be charged.

**We reserve the right to bill for "no-shows"**

**1999-2000 Officers**

# Lunch Program

**President**

Corinne Bryan, CPA,CBA, CBCO ..... 214.944.8617

**1st Vice President**

Brad Bates, CIA ..... 214.777.7364

**2nd Vice President**

Larry Rex, CFE ..... 214.922.5521

**Treasurer**

David Price, CIA,CPA, CISA ..... 972.431.7123

**Secretary**

Terry Eaton, CIA, CPA ..... 214.812.2386

**Committee Chairpersons**

**Academic Relations**

Lynn Allsup, CIA ..... 214.559.1630

Dace Ward ..... 972.605.6128

**Advertising**

Barry Tillman, CIA, CISA, & CFE ..... 214.209.9810

**Assistant Treasurers**

Paula Price, CIA ..... 972.881.6589

Lisa McElwee ..... 972.431.7162

Keith Shuffler, CPA ..... 214.754.5025

**Audit**

Bruce Toplek ..... 214.740.5500

**Awards/Elections**

Regina Anderson, CGFM ..... 972.702.6713

**CIA Program**

David Jamagin, CIA, CPA ..... 972.477.8789

**Community Service**

David Brown ..... 972.308.1337

**Directory / WebMaster**

Bob McCall, CIA, CISA ..... 972.431.7113

**Editorial Research**

Pam Mann, CIA ..... 214.922.5530

**Education**

Pat Hagen, CIA ..... 214.312.3513

**Employment**

Greg Dubis ..... 972.431.7121

**Historian**

Jackie Nelson, CPA ..... 972.652.4673

**Marketing**

Mary Beth Goodrich, CIA, CPA ..... 972.652.5809

**Meeting Arrangements**

Shirley Ward ..... 972.761.2290

**Membership/Retention**

Lynn Hays ..... 214.812.4915

**Name Badges**

Rusalyn Kosofsky, CIA,CMA, CPA ..... 214.812.4986

**Newsletter**

Rhonda McClinton, CIA ..... 214.999.2561

**Nominations**

Vickie Lyng, CIA,CPA ..... 214.969.9733

**Pre/Post Meetings**

Magdalena M. Kovats ..... 214.777.7426

**Programs**

Jeff Seutter, CIA ..... 972.652.4373

**Research Project**

Ruth Burton ..... 972.652.5240

**Research Trustee**

David Hallo, CPA, CISA ..... 214.812.4990

**Reservations**

Sharon Beard ..... 972.431.7180

Lori Cannafax ..... 972.431.7155

**Seminars**

Pamela Soliz, CPA ..... 214.754.5084

**Social**

Jack Evans ..... 972.341.4143

**Speakers Bureau**

Dace Ward ..... 972.605.6128

**Strategic Planning**

Anna Nicodemus, CIA,CPA, CFE ..... 972.605.3590

Heather Smart is a senior manager at PricewaterhouseCoopers and leads the Technology Risk Services (TRS) practice in Dallas. She has participated in and led numerous types of information security reviews, including penetration testing, operating system diagnostic reviews, Internet firewalls, enterprise security architecture, and information security strategy.

Ms. Smart graduated from Texas Christian University with a B.A. in computer science and is currently pursuing her MBA with a focus in e-commerce.

Virtual Private Networks (VPNs) enable companies to use the Internet (and other public networks) as a low-cost, backbone infrastructure. The cost savings benefits of VPNs can be enormous – estimates range anywhere from 20% to over 100% when compared to more traditional solutions. In addition, VPNs facilitate quick installation of new corporate WAN connections, may reduce general network administration costs, and enable new business processes.

Ms. Smart's VPN presentation will include the following:

- What is a VPN?
- Uses for VPNs
- Benefits of VPNs
- Risks of not using VPNs
- Alternative solutions
- VPN selection and deployment.

**Post Meeting Speaker**

Asif Effendi is an experienced IT Professional with thirteen years of US and international experience in enterprise system development, implementation, data center migrations and consolidations, project leadership and consulting in a variety of technical disciplines. For EDS, he provides a depth of technical expertise that includes mission critical applications such as Global SAP implementations, financial, asset management and EDI/EFT, Y2K and LAN/WAN. He has implemented quality management using ISO 9000 principles throughout the operations. Mr. Effendi is a credentialed IT auditor with particular experience in IT infrastructure, data acquisition and processing over WAN, system design specifications, prototyping, testing and user acceptance. He has years of proactive, hands-on participation in proposal and presales activities.++

*The Audit Standard* communicates upcoming events, meeting dates, and IIA information to the Dallas Chapter members. We are open to any ideas or information you want to share. If you want to have your information input into the newsletter, please contact Rhonda McClinton at 214.999.2561 or email her at rhonda.mcclinton@us.pwcglobal.com.

Meeting Dates	Newsletter Submission Deadline
April 27	March 24
May 25	April 28

### It's A Special Social!

The Social Committee is planning a Happy Hour/Mixer on April 27, 2000 from 4:00 to 6:00 p.m. We want to take advantage of the opportunity to gather with the members of the Fort Worth chapter and the participants in the MIS Training Institute seminar following the other events held the same day. We have not finalized the location at this time, but we will try to make it as close as possible to CityPlace. If anyone has suggestions for a location, please feel free call Jack Evans at 972.341.4143.

We want to make this a highly educational day and would welcome your ideas for another two hours of continuing education to complement the pre-meeting, luncheon, and post-meeting that will lead us directly to the social event.

We're looking forward to an opportunity to get together socially with our counterparts from Fort Worth. Plan to attend and help us display our *famous* Dallas hospitality!

**Northrop Grumman Corporation** seeks an experienced professional to join our Internal Audit Staff in Grand Prairie. Candidates should possess a broad perspective of the manufacturing environment, including the ability to identify effective processes and systems controls within Procurement, Operations, Quality, Contracts, and Finance/Business Management. Familiarity with SAP or People Soft plus CPA/CIA certification is desired. Three to six years experience and a BA/BS degree is required. Northrop Grumman offers a very competitive salary and benefit package and is an Equal Opportunity Employer.

Mail your resume in confidence to:  
Northrop Grumman Corporation,  
Employment Office,  
1840 Century Park East,  
Orgn. YC10 / CC,  
Los Angeles, CA 90067-2199

Where Can I

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internalaudit](http://www.knowledgespace.com/internalaudit)

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**ARTHUR ANDERSEN**

### Senior Auditor – Arlington, TX

The University of Texas at Arlington currently has a position available for a Senior Auditor. This position is responsible for planning and performing audits by surveying activities, developing audit programs, preparing audit work papers, and evaluating internal controls and institutional compliance programs. Additionally this position facilitates communication of audit results through written reports and oral presentations and helps to develop and supervise staff auditors by setting performance goals, monitoring performance, providing feedback and documenting performance. This position requires a Bachelor's degree in accounting, finance, management or information systems and a minimum of three years previous relevant experience in accounting or auditing positions within a public or private college or university, a state or federal agency, and accounting/auditing firm, or with a corporation. A Master's degree in business administration, accounting, management, information systems, or educational administration and/or a CPA or CIA is preferred. Interested candidates should submit a resume and a cover letter to: Office of Human Resources, University of Texas at Arlington, 1225 W. Mitchell St., Box 19176, Arlington, TX, 76019. By fax at 817.272.5798 or 817.272.5810. Transcript required upon job offer.

**INSTITUTE OF INTERNAL AUDITORS  
Dallas Chapter Member Survey**

We need your help in planning our activities for the coming year. Your time is valuable and we appreciate a few minutes of it in order to make this year the best yet. Thank you for your valuable opinion. We will hold a drawing of the returned surveys at our first meeting of the new year. Surveys can be returned to the monthly meetings, mailed to the address at the end of the survey, faxed to 214.777.7326, completed and returned on the web site [www.dallasiaa.org](http://www.dallasiaa.org), or via e-mail to [bbates@dtus.com](mailto:bbates@dtus.com). Please complete this survey by the April 27, 2000 meeting. **If you would like to serve or would like to nominate a member to serve as a committee chairperson or committee member, please provide the appropriate information so that we may contact you.** If you would like to discuss this survey with a board member or officer, please contact Brad Bates at 214.777.7364. Thanks in advance for your participation.

Name: \_\_\_\_\_ Company: \_\_\_\_\_

Title: \_\_\_\_\_ Work Telephone: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**General**

1. Would you be interested in attending a CIA review course for during the August 2000 through May 2001 fiscal year?
2. Are you interested and willing to serve on a committee during the 2000/2001 fiscal year? If so, please indicate your preference.

Academic Relations	Advertising	Assistant Treasurer	Audit
Awards	CIA Program	Community Service	Directory
Editorial	Education	Elections	Employment
Historian	Marketing	Meeting Arrangements	Membership
Name Badges	Newsletter	Pre/Post Meetings	Programs
Research Trustee	Research Project	Reservations	Seminars
Social Events	Web Site		

3. Are you willing to act as Committee Chairperson on a committee?

Academic Relations	Advertising	Assistant Treasurer	Audit
Awards	CIA Program	Community Service	Directory
Editorial	Education	Elections	Employment
Historian	Marketing	Meeting Arrangements	Membership
Name Badges	Newsletter	Pre/Post Meetings	Programs
Research Trustee	Research Project	Reservations	Seminars
Social Events	Web Site		

4. Do you prefer meeting at the same location each month?
5. What is your location preference for the meetings?
6. Do you have any suggestions to improve the IIA's monthly newsletter *The Audit Standard*?

**Regular Meetings (including Pre and Post Meetings)**

7. When you do not attend a monthly meeting, the main reason(s) is/are:

Time of Day	Speaker
Length of Meeting	Topic
Location	Cost
Day of Week	Work Commitments
Other (please specify)	

8. What day of the week would serve you best as the meeting day?
9. Would you participate in a Pre and/or Post meetings as a speaker?
10. Would you participate in a Pre and/or Post meetings as a panelist?
11. Please list topics you would like to have presented (and/or speakers):

## Seminars

12. When you do not attend local seminars, the reason(s) is/are:

Locations	Cost
Topic	Speaker
Other (please specify)	

13. Please list the seminar topics and/or speakers you would like to have presented for the 2000/2001 plan year:

14. Please provide us with any additional comments that you have regarding ways we may improve the level of service currently provided to the Dallas IIA members.

Bradley A. Bates  
 The Institute of Internal Auditors, Inc.–Dallas Chapter  
 Deloitte & Touche LLP  
 2200 Ross Ave; Suite 1600  
 Dallas, Texas 75201-6778  
 214. 777.7364

### Pre-Meeting Information

Gary Barton (JCPenney) and John Frenzel (EDS) will be presenting an overview of the Skills & Role of Audit and Reporting. Discussion will include the changing roles of auditors - performing consulting functions for management and the skill sets needed to effectively develop a business oriented approach.

The internal audit class at UNT is being supported by members of the Dallas Chapter of the IIA. Internal Audit professionals have volunteered to assist in teaching the spring semester internal audit course. The topics that will be covered during the semester are Risk Assessment, Control Self Assessment, Skills & Role of Audit, Reporting, and Best Practices.

Mr. Barton is the Audit Manager for JCPenney and currently directs the Audit Department's Compliance and Legal functions. Mr. Frenzel is the Audit Director for EDS.

### IIA Research Foundation Research Priorities

The Research Foundation has the following as its current research priorities and requests proposals from researchers interested in submitting bids:

- Auditing of Continuous / Online Controls
- Oracle – Its Use, Control, and Audit
- Legal & Regulatory Responsibilities: A Guide for Internal Auditors
- Road to Enterprise-Wide Risk Management
- Internal Auditor's Role in Enterprise-Wide Risk Management

The deadline dates for submitting bids are May 30<sup>th</sup> and October 30<sup>th</sup> of each year. The Foundation also welcomes unsolicited proposals on other topics pertinent to Internal Auditing. For a brief summary on each of the topics above or to obtain additional information on submitting bids, please see their web site at <http://www.theiia.org/research/rfpri.htm>.

# AUDITING AUTOMATED BUSINESS APPLICATIONS

## Course Description:

This three-day seminar is designed for financial, operational, and information system auditors who need a technical and operational understanding of information systems to audit automated business applications. Focusing on auditing the management of application transaction activity, controls, and procedures, you will master techniques that can be applied to mainframe, distributed processing, and client/server-based applications. You will learn how to assess all aspects of a business application, including input and output, processing, logical and physical security, authorizations, technical and end-user documentation, training and programmed procedures. You will gain field-tested tools for identifying, recording, assessing and evaluating application controls and procedures. A detailed case study will provide step-by-step reinforcement of what you will learn, and you will leave this high-impact seminar with real-world examples of audit programs, testing techniques, and audit findings.

## Instructor Background:

Richard H. Tarr, CISA, CIA, is an audit and information systems consultant, specializing in quality assurance and training for all audit functions as well as disaster recovery planning and project management. An 18-year audit and information systems veteran, Mr. Tarr began his career with Electronic Data Systems Company. He served as Corporate EDP Audit Manager for the Walt Disney Company, and, after that as Manager of Quality Assurance Review for the IIA. He authored the IIA's audit tool kit, establishing an Internal Audit Function.

**Date:** April 27-28, 2000

**Time/Place:** 8:30 a.m. - 4:30 p.m.

**CPE:** 16 hours

**Costs:** \$375 Members; \$450 Non Members

Fees include morning and afternoon snack both days and the IIA Luncheon on April 27, 2000

***CLASS IS LIMITED TO THE FIRST 30 PAID REGISTRANTS***

**Please send your checks made payable to the DALLAS IIA to:**

Jeff Seutter  
The Associates Corporate Audit, 7 Wingren  
P.O. Box 660237  
Dallas, Texas 75266-0237



## REGISTRATION FORM

Please attach this form to your check or register for the seminar on our website: [www.dallasiaa.org](http://www.dallasiaa.org)

Registration form can be faxed to 972.652.4393

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Phone \_\_\_\_\_ email \_\_\_\_\_

Member: Yes \_\_\_\_\_ Member Number \_\_\_\_\_

No \_\_\_\_\_

For more information contact: Jeff Seutter, phone: 972.652.4373, email: Jeffrey\_ Seutter@afcc.com

## CIA Review Course

The CIA exam is scheduled for May 17-18, 2000. The Dallas Chapter will once again sponsor an interactive CIA review course to help prepare candidates. This four day course will be taught by Dr. Glenn Sumners, Director of the Center for Internal Auditing at LSU, and Roger McDaniel, President of Audit Services based in Franklin, Tennessee. Comprehensive printed study materials will be provided for the course.

The course will be taught March 10<sup>th</sup>-13<sup>th</sup>, 2000 (*Friday-Monday: 8 a.m. to 5 p.m.*) according to the following schedule:

March 10th: Part I - Internal Audit Process

March 11th: Part II - Internal Audit Skills

March 12th: Part III - Management Control & Information Tech.

March 13th: Part IV - The Audit Environment

Dr. Sumners will teach parts I & II, and Roger McDaniel will teach parts III & IV. Eight hours of continuing professional education (CPE) will be given for each full day session. The course will be taught in the bottom floor (Rm. 1) of the JC Penney low rise building near Coit Rd. and I-635. See directions and map below.

Cost for the courses are \$50 for each part if you are a member of the Dallas IIA, \$75 for each part for non-members. To register, go to the Chapter Web page at [www.dallasiia.org](http://www.dallasiia.org), click on the *CIA Review Course* icon and complete the registration form.

**Note: The registration fee must be received by David Jarnagin at the address below in order to reserve your place at the course. If you need additional information, please contact David.**

David Jarnagin  
Alcatel USA  
1000 Coit Road  
Plano, TX 75075  
M/S IGAS 1  
david.jarnagin@usa.alcatel.com  
972.477.8789

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### Directions to the JC Penney Lowrise Bldg.

**Traveling East on 635/LBJ Freeway:** Take Coit Road exit and go about 1/2 block past Sheraton Hotel (large blue sign). Turn right at street at the large white flagpoles (name of street is Merit Drive, but it is not marked at this corner). Go about 2 blocks to Banner Drive (Benihana Steakhouse on your right). Turn right on Banner Drive and proceed west. **See Once on Banner Drive Below.**

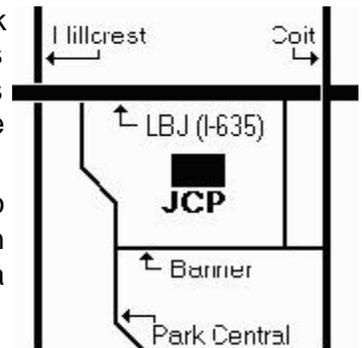
**Traveling West on 635/LBJ Freeway:** take Coit Road exit. Turn left on Coit and go to Banner Drive, which is the 1st light after you clear the 635/LBJ intersection. Turn right on Banner Drive and proceed west. Proceed west after stop sign (Benihana Steakhouse on your right). **See Once on Banner Drive Below.**

**Traveling North on 75/Central Expressway:** take Coit Road exit and proceed north on Coit Road through several lights. Turn left on Banner Drive (Banner Drive is one light after Churchill) and proceed west. Proceed west after stop sign (Benihana Steakhouse on your right). **See Once on Banner Drive Below.**

**Traveling South on 75/Central Expressway:** exit at Coit (one exit after Midpark) and stay on service road as it curves to the right (one stop sign before the curve). Turn left on Coit and go to Banner Drive, which is the 1st light after you clear the 635/LBJ intersection. Turn right on Banner Drive and proceed west. Proceed west after stop sign (Benihana Steakhouse on your right). **See Once on Banner Drive Below.**

**Once on Banner Drive:** Proceed west through the "S" curve. Very soon after the "S" curve will be the parking lot entrance on your right. Park in this lot. If you get to Park Central Drive, you've gone too far! The JC Penney lowrise is the unmarked building, West of the taller building (Park Central III). The receptionist/security guard at the desk just inside the entrance will direct you down one floor to meeting room #1.

**If you become lost, you may call the security guard inside the low-rise building for directions at 972.591.7855. They are on duty around the clock.**



## Happy Anniversary Dallas IIA Members!

Congratulations to the following members of the Dallas Chapter who have reached their ten, fifteen, twenty, and twenty-five year anniversaries with the Institute of Internal Auditors between January 1 and March 31, 2000:

### 25 Years

Dennis K. Beran, CPA, CFE, CIA

### 20 Years

David W. Gotthardt, CISA, CFE, CIA

Douglas M. Starnes, CPA, CIA

Carl K. Metzler, CPA, CMA, FLMI, CIA

### 15 Years

Carla D. Cashio, CFSA, CIA

Bart T. Edwards, CIA

John Brian Patrick

Janece C. Streig, CIA

### 10 Years

Shawna L. Molinar, CPA, CIA

Keith P. Moore, CPA

Brent W. Romney, CPA

Robert P. Smith, CFE

Gary Dean McMahon, CPA

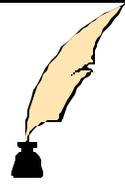
Glenda Smith Balfantz, CPA, CIA

Frank William Goodloe, CIA

Linda Hogan, CIA

Anthony H. Mueller, CPA, CISA, CIA

### Dates To Remember:



Mar. 10: Reservation Deadline

Mar. 10-13: CIA Review Course

Mar. 16: IIA Meeting

Mar. 24: April Newsletter Deadline

### Special Note:

Do you want your Newsletter sent to a different address? Have you changed your name or obtained a new certification? Please call 407.830.7600, extension 1, or send it via the web site, [www.theiia.org/membership](http://www.theiia.org/membership) to update your records.



### The Institute of Internal Auditors

Terry Eaton

Audit Department

Texas Utilities Company

1601 Bryan Street, #44-026

Dallas, TX 75201