

The Audit Standard



The Institute of Internal Auditors, Inc.

Dallas Chapter

May, 2000

THE PRESIDENT'S MESSAGE

What a wonderful Chapter year this has been! Thank you for your part in making it a terrific time together. As we wrap up the year, there is more education in store for you. This time we have a program in which your Board members will want to be present at and the good news is that they may attend free of charge. Our chapter is presenting the Dallas Summit, second in the Critical Infrastructure Assurance Conference Series. It will be held on Monday, May 15 at the JCPenney Home Office. We welcome an outstanding line up of national speakers with such well-known leaders as former Texas Governor Ann Richards, Joseph Wells of the Certified Fraud Examiners, and Special Agent Michael Morris of the FBI. Check the latest information and registration at our web site www.dallasiaa.org.



Our May 25th chapter meeting is not to be missed! It will be both educational and fun. We will host our Regional Director-Elect John Markham at our luncheon meeting to present "New Strategies and Best Practices in Internal Audit – An Emerging Model for Building Organizational Value Focusing on Risk." Mr. Markham has most recently served the members in Texas chapters of the IIA as our District Director. Our own member John Morgan will bring the pre-meeting seminar "Updating Your CSA Approach." We welcome him on this important topic. Much of the fun comes in the post-meeting "dessert" slot where there will be an informal time to meet our speaker who is the nominee for Regional Director of the Southern Region. We will also honor those who have served the chapter this year, and to exchange ideas with next year's chapter leaders. We encourage all members and guests to attend this event.

At this year's final meeting, we also wish to thank our 100+ Dallas Chapter members who have worked together with great attitudes, ideas, efforts, enthusiasm, and energy as they devoted their time and talents to The IIA at either the Chapter or International level. A tremendous thank you for a job well done! Also a huge "thank you" goes to the countless others who have worked without official titles or committee assignments, but who have never the less served the chapter. We owe all of them our gratitude for making this a most successful year. I would also like to personally thank those with whom I work every day for your generous support and I must include all the terrific chapter officers who have made this job a pleasure. I look forward to a new role as the nominee for District Representative.

Plan to stay in touch between newsletters by accessing the web site for the latest information on the Dallas Chapter.

Corinne Bryan
President

MAy Meeting

"New Strategies and Best Practices in Internal Audit" John Markham, KPMG

Date: May 25, 2000

Location: CityPlace Conference Center
Southeast Corner of Central
Expressway & Haskell Avenue

Time:

10:30	Pre Meeting
	"Updating Your CSA Approach"
	Speaker: John Morgan, Deloitte & Touche
11:30	Lunch Registration
12:00	Lunch Presentation
	"New Strategies and Best Practices in Internal Audit"
	Speaker: John Markham, KPMG
1:30	Post Meeting
	Dessert Reception

Reservations

Preferred Method

The best method to confirm your reservations is via the website at 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@jcpenney.com

Lori Cannafax

e-mail: lcann3@jcpenney.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,
May 19 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

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Treasurer

David Price, CIA,CPA, CISA 972.431.7123

Secretary

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Committee Chairpersons

Academic Relations

Lynn Allsup, CIA 214.559.1630

Dace Ward 972.605.6128

Advertising

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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

John A. Markham is a Senior Manager in KPMG’s Southwest Management Assurance Services (MAS) Practice. He has over 20 years of experience providing internal audit and consulting services to energy and utility companies. Mr. Markham serves on internal audit engagement teams providing risk assessments,cosourcing/outsourcing, special projects, and other internal audit services.

Clients served include Citizens Utilities Inc., Input/Output, Inc., Koch Industries, Marine Drilling Companies, Montana Power Company, Nuevo Energy Company, PanEnergy Corp., Rutherford-Moran Oil Company, and the US Department of Energy. Mr. Markham has prior consulting and industry experience in internal audit in the utility and energy industry and has been involved with large, multinational companies. Mr. Markham has experience designing controls, best practices, process enhancements and auditing construction projects including joint ventures, contract reviews, and vendor audits. He has prior experience as an information systems audit manager. Mr. Markham has also assisted in the development of internal auditor training courses and has instructed at local and national training programs.

Mr. Markham is a Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA) and a member of the Institute of Internal Auditors (IIA). Mr. Markham is currently a member of the Board of Directors for the IIA, the Southern Region District 1 Director for the IIA, and is a past President of the Houston Chapter of the IIA. Mr. Markham developed and manages the Houston Chapter of The IIA’s web site. He has a MBA from Wayne State University and a BS degree in Computer Science from Michigan State University. He has been affiliated with various other civic and professional organizations.

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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.

John Morgan, our Pre-Meeting speaker, is a Director of Internal Audit Services, working in the Enterprise Risk Services practice in the Dallas, Texas office. John is primarily involved with providing the cosourcing of internal audit services in the Dallas area. He is also supports the national cosourcing efforts regarding the utility/energy industry. Mr. Morgan is a seasoned internal audit professional with over 17 years of utility/energy industry experience, including 13 years in audit management positions. Areas of audit expertise in utility/energy industry include: operations – generation, distribution, transmission; coal mining; gas exploration and processing; transportation; power brokering. He has extensive experience in auditing critical business practices including project management, contract administration, and inventory management and control; as well as with audits of various service, construction and joint venture contract and agreements.

Mr. Morgan is a honor graduate of the University of Florida at Gainesville, Florida, and a Certified Internal Auditor. He is a member of the Institute of Internal Auditors and Vice Chair of the International Editorial Policy Committee which oversees the publication of the CIA’s professional journal and periodicals. Mr. Morgan has taught operational auditing for the institute, has published an article and frequently speaks at professional conferences on the subjects of best practices, COSO, Business Control Education and Ethics, and Control Self-Assessment.

Before joining Deloitte and Touche, Mr. Morgan was the Manager - Operational Audits for Carolina Power & Light Company where his responsibilities included management for all operational audit activities, project manager for Control Self Assessment development, and leadership coordination for of the department’s Rotational Leadership Development Program and the Corporate Ethics Program. Throughout his career, he has successfully used CSA to fulfill his responsibilities regarding operational audit activities and has provided CSA workshops in both industry and professional services environments.

Prior to working with CP&L, Mr. Morgan also worked with TECO Energy for eleven years in auditing, budgeting and business planning. He was also with the City of Tampa, and Arthur Young & Co.

IIA Research Foundation
Update on Research Projects

The following is an update on three Research projects:

- Data Warehousing and Data Mining: Opportunities for Internal Auditors – this report is now available. It can be ordered by calling toll free 1.877.867.4957 (order number A393, price is \$50 for IIA Members and \$55 for nonmembers).
- Corporate Governance and the Board: What Works Best – this is planned for release in June.
- Assurance Services Within the Audit Profession – this has recently gone through the final edit and is scheduled to be printed in May.

Also, if you are interested in participating in a survey for the Foundation’s Value Added Services project, please visit their Website at www.theiia.org/research/rf.htm.



Parson Group L.L.C. is a national accounting and finance professional services firm providing consulting to Fortune 1000 clients. We are seeking experienced individuals for the following engagement:

- Position:** Staff Internal Auditor
- Location:** All audits will be conducted in major markets. All expenses paid.
- Project Length:** At least 3 months.
- Description:** The individual will perform audits under the direction of the client company’s staff and will travel almost 100%. Audits will focus on the operational, compliance, and/or financial aspects of various entities of the company.
- Requirements:** We are seeking professionals with between 4 and 6 years internal audit experience. Experience in construction, engineering, manufacturing, or energy industries is a plus.

Fax resumes to Elise Eubank at 972.774.0080 or e-mail your response to: elise.eubank@parsonsgroup.com

Dallas Summit May 15, 2000

The Dallas Summit is the first of the regional conferences following the Washington Summit held April 18. Register now by accessing the Dallas Chapter web site at www.dallasiaa.org.

The Issues

- Every organization is at risk from threats to information security, and the U.S. government is calling for improved security practices and meaningful assurance.
- Threats may come from anywhere, including inside the organization, through business partners, from terrorists, or even from foreign governments. Such attacks could overwhelm an organization's defenses and recovery efforts to the extent of potentially impacting multiple industries.
- Board members, executives, and auditors have specific roles in providing assurance both for the individual organizations and for their roles within the national infrastructure.

Summit Scope

Board members and senior executives will be informed of business risks and liabilities and challenged to seek meaningful assurance from the organization's management and auditors that information security risks are effectively managed. Auditors will be challenged to explain what information security assurance means to an organization and its stakeholders and how the auditor determines how much security is enough. Board members, auditors, business managers, and information security professionals will be challenged to work cooperatively to provide, explain, and quantify effective information security risk management. Participants will also be challenged to help carry the message forward about the need for improved information security risk management and assurance practices.

Who is Invited

- Board Members
- Auditors
- Information security specialists
- Representatives of professional associations and standards setting bodies
- Representatives of government and regulatory bodies

The organizers are inviting participants with the specific aim of including key leaders from major organizations within each of the critical infrastructure industries. Risk management practitioners will be included from both information security and insurance. Audit leaders will be chosen for their potential ability to influence change as needed within the profession. All-day program will be held in the Conference Center of the JCPenney Home Office.

General Conference Information

Conference Site

The Dallas Summit will be held at the JCPenney Company, 6501 Legacy Drive, Plano, TX 75024-3698. Directions will be provided with the acknowledgement of your registration.

Registration

All attendees are urged to use the registration form available from the web site www.dallasiaa.org. Registering in advance saves conference attendees \$50. A check made payable to The IIA or credit card information must be included with your registration form.

Registration fees are as follows:

	Before May 5, 2000	After May 5, 2000
Attendees	\$150	\$200
Speakers	Free	Free
Board Members and Senior Executives	Free	Free
Members of the Media	Free	Free

Registration includes conference materials, continental breakfast, coffee breaks and lunch.

From the Social Committee

Our May post-meeting is a "Dessert Reception" open to all Chapter members. However, dessert and coffee will be served at the post-meeting. We would like everyone to personally meet our luncheon speaker, John Markham, who is the outgoing District Director and the incoming Regional Director. We also want to honor all who have served on committees this year and encourage more of our membership to be involved in their Chapter. This is a great time to find out more about our committees and how you can serve the Chapter next year. We would like to involve everyone in the Chapter. We plan to provide information about each committee and the responsibilities of that committee. We would like to introduce some of the incoming chairmen. A sign-up sheet will be provided for you to record your preferences and contact information. Please come to thank our outgoing committee chairmen and members and help the Chapter ensure a smooth transition to next year.

If you have attended at least 4 or 5 meetings this year, you are eligible for the Grand Door Prizes! This year promises to have some of the grandest prizes yet, but you must be present to WIN! See you there!

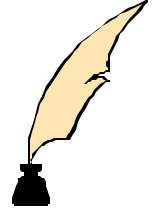
Dallas Summit Conference Schedule

- 8:00 a.m. Registration and Continental Breakfast
- 8:30 a.m. **Introduction: Master of Ceremonies Howard J. Johnson**, *General Chairman*
Recognition of Chapter Presidents of The IIA, ISACA, NACD, and the Texas State Society of CPAs
- 8:35 a.m. **Welcome:** David V. Evans, *Chief Information Officer, JCPenney Company*
The Honorable Sam Johnson (*R-3rd/TX*) *U. S. House of Representatives*
- 8:45 a.m. **Videotape from April 18 Washington Summit**
- 9:00 a.m. **Information Security – A Briefing from the FBI, Michael S. Morris**, *Special Agent, Federal Bureau of Investigation, National Infrastructure Protection Squad*
- 9:15 a.m. **Board Concerns About Business Consequences of Information Security Threats**
Guillermo G. Marmol, *Chief Executive Officer, Luminant Worldwide Corporation*
Thomas R. Horton, *Chairman, National Association of Corporate Directors*
Fred Jones, *Vice President, Associates Information Services, Inc.*
Bruce L. Murphy, *Partner, PricewaterhouseCoopers LLP*
- 10:15 a.m. **Break**
- 10:40 a.m. **Information Security - America's Critical Business, Retired U.S. Air Force Gen. Eugene Habiger**, *Director, Office of Security and Emergency Operations, Department of Energy*
- 11:00 a.m. **Board Level Guidance – Questions to Ask**
Thomas R. Horton, *Chairman, National Association of Corporate Directors*
Nancy J. Wong, *Senior Executive, Critical Infrastructure Assurance Office*
Larry A. Kanter, *Partner, PricewaterhouseCoopers LLP*
Emily Q. Freeman, *National Practice Leader, eBusiness Risk Solutions, Marsh USA*
- 12:00
Lunch
- 1:00 p.m. **The Cooperative Role of Industry Leaders in Improving Information Security**
Philippe Bibi, *Chief Technology Officer, Enron Corporation*
- 1:20 p.m. **The Audit Role in Risk Management and Assurance**
Howard J. Johnson, *Vice President & Director of Internal Auditing, JCPenney Company, and International Chairman of The IIA*
Alan W. Anderson, *Senior Vice President Technical Services, American Institute of Certified Public Accountants*
Joseph T. Wells, *Chairman and Founder, Association of Certified Fraud Examiners*
- 2:00 p.m. **Risk Measurement – How Much Information Security is Enough?**
Moderators: **Charles H. Le Grand**, *Director of Technology Practices, The IIA*
Jean Lovati, *Vice President and Information Security Officer, Federal Reserve Bank of St. Louis*
Danny Harris, *Information Security Specialist, Aon Corporation*
John W. Lindquist, *President and CEO, EWA, Land Information Group Inc.*
- 2:45 p.m. **Closing Remarks, Ann Richards**, *Former Governor of Texas**
- 3:00 p.m. Adjourn

Board of Governors

Joel Aguilar, CIA, CPA, CISA	972.477.8995
Kathryn Barton, CIA, CPA, CISA	214.777.3661
Al Bazis, CPA	972.403.1131
David Brown, CIA	972.308.1337
Ray Clay, CPA	940.565.3093
Al Davis, CIA, CPA	214.792.4385
Gary Jones, CIA, CPA, CBA	817.377.5567
David Kosofsky, CIA, CPA, CMA, CISA	972.341.4721
Vickie Lyng, CIA, CPA	214.969.9733
Dennis McGuffie, CPA	972.789.2767
Robert Melton, CIA, CPA	214.670.3223
Eugene Miller, CIA	214.312.3101
Sharon Mogford, CPA, CIA	214.749.3115
Anna Nicodemus, CIA, CPA, CFE	972.605.3590
Mark Salamasick, CISA, CDP, CSP	214.209.9898
Aaron Saylor, CIA, CFE	214.812.4091
Wendy Smith, CIA	972.917.6963
John Webber	972.751.5292
John Wertz	972.391.3220
Wayne Witemeyer, CIA	972.801.2923

Dates To Remember:



- May 15: Dallas Summit Conference
- May 19: Reservation Deadline
- May 25: IIA Meeting

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 to update your records.



The Institute of Internal Auditors

Terry Eaton
Audit Department
Texas Utilities Company
1601 Bryan Street, #44-026
Dallas, TX 75201