



**Association of
Public Pension Fund
Auditors**

**New Orleans, Louisiana
May 1 - 4, 2011**

Earn 17.5 CPE Credits – See Details Inside

**Omni Royal Orleans Hotel
621 St. Louis Street
New Orleans, LA 70140**

**Association of Public Pension Fund Auditors
Professional Development Conference**

Conference Agenda

Sunday, May 1

6:00 pm – 8:30 pm

Welcome Reception

Monday, May 2

7:30 am – 8:30 am

8:30 am – 8:45 am

Breakfast and Registration

Introduction and Logistics

Richard Bendall, APPFA President, LACERA

8:45 am – 9:15 am

Welcome and Opening Comments

Stuart Cagle, Deputy Director, Teachers' Retirement System of Louisiana

9:15 am – 10:00 am

Roll Call of the States

Steve Hayward, APPFA Vice-President, SURS of Illinois

10:00 am – 10:15 am

Break

10:15 am – 12:00 pm

Roll Call of the States (continued)

12:00 pm – 1:15 pm

Lunch

1:15 pm – 2:45 pm

Enterprise Risk Management

Dr. Glenn Sumners, Sumners Audit Services

2:45 pm – 3:00 pm

Break

3:00 pm – 4:45 pm

Analytics

Dr. Glenn Sumners, Sumners Audit Services

6:00 pm – 10:00 pm

Group Dinner and River Cruise on the Creole Queen

Tuesday, May 3

7:30 am – 8:30 am

8:30 am – 10:15 am

Breakfast

Auditing Complex Valuations

Hans Pettit, Horne LLP

10:15 am – 10:30 am

Break

10:30 am – 12:00 pm

Governance, Risk & Controls Over the Fair Value of Investments

Ann Cleland, Horne LLP

12:00 pm – 1:15 pm

Lunch

1:15 pm – 2:45 pm

Fraud Investigations

Allen Brown, Director of Internal Audit, Louisiana Community and Technical College System

2:45 pm – 3:00 pm

Break

3:00 pm – 4:30 pm

Governance Auditing

Ken Kasper, Manager of Internal Audit, New York State Teachers' Retirement System

4:45 pm

Board Meeting

Wednesday, May 4

7:30 am – 8:30 am

8:30 am – 10:00 am

Breakfast

Continuous Auditing: Practical Applications

Ryan Babin, Audit Director, Louisiana State Employees' Retirement System

10:00 am – 10:15 am

Break

10:15 am – 11:30 am

Upcoming IT Audit Trends: The Next 10 Years

Ricky Salmon, IT Management Consultant, Louisiana State Employees' Retirement System

11:30 am

Conference Ends

Session Descriptions and Presenters

Monday, May 2

Introduction and Logistics

Richard Bendall, APPFA President

Richard Bendall is the Chief of Internal Audit for the Los Angeles County Employees' Retirement Association (LACERA). He joined LACERA in 1995 as a Senior Internal Auditor and became active within the Association of Public Pension Fund Auditors (APPFA) shortly thereafter. Before becoming APPFA's current President, he served two terms as Treasurer and one term as Vice President. He is a Certified Public Accountant (CPA) and Certified Information Systems Auditor (CISA).

Welcome Remarks

Stuart Cagle, TRSL Deputy Director

Stuart has been Deputy Director of the Teachers' Retirement System of Louisiana (TRSL) since January 2007. In this role, he functions as the chief operating officer, with direct responsibility over the accounting, information technology, and human resources departments, as well as indirect responsibility for retirement, administrative services, and other areas.

Stuart has been with TRSL since 1999, serving as Audit Director prior to his present position. Before joining TRSL, Stuart worked in the audit department at the Louisiana State Employees Retirement System for 2 years, after 8 years in banking and bank regulation.

During Stuart's tenure as auditor in the retirement systems, he was a member of the Association of Public Pension Fund Auditors and worked with its Best Practices Committee. During that time, Stuart assisted in writing Public Pension Systems – Statements of Key Investment Risks and Common Practices to Address Those Risks and the APPFA Model Ethics Policy.

He is a Certified Public Accountant, and earned a Bachelor of Science degree in accounting from Louisiana State University. Stuart has previously held the Certified Internal Auditor and Certified Investments and Derivatives Auditor designations.

Roll Call of the States

Steve Hayward, APPFA Vice President

A representative from each participating organization will speak to the group about current audit areas, ongoing projects, and recent legislation affecting their pension fund. They will discuss how they get results, overcome obstacles, and prepare for issues in their audit shops. Dialogue will be facilitated to present possible solutions for problems and ongoing issues. The session is designed to prompt networking by identifying peers working on similar projects, and facing similar challenges.

Steve Hayward

Steve Hayward is the Director of Internal Audit for the State Universities Retirement System of Illinois (SURS), which is located in Champaign, Illinois. He has been in this position since 1984. In this capacity he is responsible for directing all internal audits and internal control reviews for all areas of SURS.

Prior to joining SURS in 1984, Steve worked in various auditing and accounting positions for McGladrey & Pullen, CPA's and Growmark. Steve has a Masters degree in Accountancy from the University of Illinois in Champaign and a Bachelors of Science degree in Accounting from Illinois State University in Bloomington.

He is the current Vice-President of the Association of Public Pension Fund Auditors (APPFA) and has previously served as Secretary and Board member for APPFA for over 10 years. Steve is one of four original members that helped form the organization in 1991. In addition, he is a Certified Public Accountant and a member of the Institute of Internal Auditors. He also received the ASLAN Award in 2000 in recognition of his role as "guardian of the public trust" for pension funds.

Enterprise Risk Management

Dr. Glenn E. Sumners, Sumners Audit Services

This seminar will cover enterprise risk management, risk-driven resource allocation, and engagement planning. The session will include an overview of ISO 31000, COSO ERM, and relevant profession surveys and reports. Literature on ERM will be summarized and critiqued.

Dr. Glenn E. Sumners

Glenn is on the faculty of Louisiana State University where he teaches internal auditing in the Center for Internal Auditing. Prior to receiving his DBA at the University of Tennessee, he received a BS and MA from the University of Alabama. Professor Sumners has over ten years professional experience in industry, consulting, and public accounting. This experience includes three years as the Controller of ESP.

Professor Sumners has authored two IIA Monographs, "Developing the Internal Auditor's Leadership Skills" and "Conducting Internal Audit Interviews." In addition, he has authored articles in *Managerial Auditing Journal*, *Auditing: A Journal of Practice and Theory*, *Internal Auditing*, *Internal Auditor* and others. He serves on the Internal Auditor Editorial Advisory Board, AHIA New Perspectives Editorial Committee, the *Managerial Auditing Journal* Editorial Team, and the editorial team of the *International Journal of Auditing*. He serves on the EDPACS Editorial Board and the CAE Bulletin Review Team.

He is the Director of the Louisiana State University Center for Internal Auditing. He was named Educator-of-the-Year in 1987 by the IIA and received the LCPA Lifetime Achievement in Accounting Education Award in 1999. In 2006, Professor Sumners received the Bradford Cadmus Memorial Award from the IIA. Seventeen students from the LSUCIA Program have won international awards for the highest score on the CIA exam. In 2002 an LSUCIA student received the CIA "Gold Medal". He received the 2001 CIA Academic Outreach International Award. In 2003 the LSUCIA received the AHIA Institution Award. He currently serves as the IIA's Consulting Professor for Academic Relations.

In the last 20 years, Professor Sumners has made over 1200 presentations to companies, organizations, and IIA Chapters in 20 countries. This list includes numerous CIA exam reviews. In addition, he provides quality assurance and consulting services to internal audit departments and audit committees.

Analytics

Dr. Glenn E. Sumners, Sumners Audit Services

This session on analytics will include a discussion of the significant benefits of using analytics as an audit tool. Coverage will include the various types of analytics and the advantages and limitations. Analytics can serve as an efficient and effective audit planning tool in resource allocation, and engagement preparation. The session will also include examples of analytics as a risk driver and use in fraud detection. This interactive seminar will integrate analytics into each stage of the audit process and enhance risk analysis and control evaluation.



Dinner and River Cruise

Creole Queen

1 Poydras Street

Riverwalk Market Place, Box 39

New Orleans

Guests will enjoy an evening cruising up and down the Mississippi River on this authentic paddlewheeler which includes a New Orleans style buffet featuring

local dishes. Guests will also enjoy a Dixieland Jazz Trio playing in our private dining room.

The Paddlewheeler Creole Queen was constructed in Moss Point, Mississippi and took her maiden voyage on October 1, 1983. She is an authentic paddlewheeler powered by a 24 foot diameter paddlewheel and the most modern, fuel efficient GE diesel-electric system ever installed in a boat of this class. Ninety tons of air conditioning and heating keep the interior spaces pleasant all year round. Luxurious private rooms, stereo music and sound systems, modern restrooms and handicapped accessible facilities all combine to make the Paddlewheeler Creole Queen a true "floating palace".

Tuesday, May 3

Auditing Complex Valuations

Hans Pettit, Horne LLP

The current economy has presented a lot of challenges to the already complex world of valuations. We have seen over the last several years active markets of both traditional and non-traditional investments come to a standstill or practically dissolve altogether. Impairment has come to the forefront of accounting issues and is one of the most difficult to assess and determine. This has presented a tremendous challenge to both internal and external auditors as they try to understand the complexities of the valuations and assess the reasonableness of the conclusions. This presentation will focus primarily on valuations where there is limited or no market activity and provide you with the tools needed to navigate through these valuations and understand their risks.

Hans Pettit

Hans serves as a Partner in the assurance practice of Horne LLP. He has over 12 years of comprehensive accounting experience in financial reporting, business processes, internal controls and GAAP compliance. His career involves financial executive experience with a top 50 commercial bank and an international accounting firm. Hans has extensive experience with public and private companies in the financial services, telecommunications and energy industries.

He has worked with valuations of both financial and non financial assets throughout his career. This experience comes from both the auditor and industry professional perspective, with a focus on financial presentation, impairment assessment and acquisition valuations.

Hans received his Bachelor's Degree in Accountancy from Auburn University at Montgomery and his Master's Degree in Accountancy from the University of Alabama.

Governance, Risk and Controls over the Fair Value of Investments

Ann Cleland, Horne LLP

In the current environment, many pension funds have drastically changed their investment portfolios. These changes can lead to increased risk associated with these new investments, especially surrounding investments with which the auditor may not be familiar. This presentation discusses some of the risks and best practices surrounding governance and controls over investments and fair value accounting.

Ann Cleland

Ann serves as a partner in assurance services and is the firm wide director of risk management services. Ann joined Horne in 2003 after working seven years with an international accounting firm. Ann serves a variety of clients in both, an external and internal audit capacity, including real estate, healthcare, governmental, not-for-profit, employee benefit plans, retail and manufacturing. Ann earned a Bachelor of Professional Accountancy and a Master of Professional Accountancy from Mississippi State University. She is currently licensed in Mississippi, Tennessee, Alabama and Louisiana. Professional Affiliations include the American Institute of Certified Public Accountants, the Institute of Internal Auditors, the Association of Healthcare Internal Auditors and the Mississippi Society of Certified Public Accountants.

Fraud Investigations

Allen Brown, Director of Internal Audit, LCTCS

This course addresses the: Who, What, Where and When of starting a fraud investigation as well as questions that generally arise when beginning an investigation. Is the information received reliable? Who will I need to interview and how to determine the timing of the interviews? What documents will I need and where are they located? Are there multiple locations that the investigator must take control of during the initial phase of the investigation? What are the rules of engagement? In general, taking the information you have and, based on predication and logic, making decisions related to the use of the investigators tools; interviewing, document examination and observation.

Allen Brown

For the past thirty years Allen has worked in the area of financial audit, fraud investigations, and internal audit and currently serves as the Director of Internal Audit for the Louisiana Community and Technical College System. He served eighteen years in the Louisiana Legislative Auditor's Office and was Assistant Legislative Auditor and Director of Investigative Audit. Allen spent several years with the international firm of Deloitte to serve as Team Leader for Forensic Investigations. While with Deloitte he directed forensic projects in the continental United States, Hawaii, Mexico, Bermuda, Morocco, and the UK. Allen also worked on one of the first major

tobacco litigation cases to ever make it to trial court. He is on the faculty of the Association of Certified Fraud Examiners and has taught classes throughout the United States, Trinidad and the Cayman Islands.

Governance Auditing

Ken Kasper, Manager of Internal Audit, NYSTRS

Good governance is central to the operation of an effective organization. This session will begin with an overview of governance and our requirement to assess the governance process under IIA auditing standard 2110. The presenter, Ken Kasper, will then introduce various governance criteria that should be present in public employee retirement systems (PERS). Ken will then link the criteria to the audit objectives using a model developed by the audit staff at the NYS Teachers' Retirement System (NYSTRS). This model is used to evaluate the fund against the selected criteria and create a scorecard to present to management and the board. As part of the presentation, Ken will demonstrate the CSA voting software used at NYSTRS. Ken will accomplish this by presenting selected criteria, and the audience will anonymously vote on their organization's level of conformance to those criteria using electronic keypads. The results of the poll will be instantly shown on the screen in the form of a bar chart.

The objectives of the presentation are to provide the participants with:

1. An overview of governance and an appreciation for the need to include this topic in the audit plan.
2. An example of one approach to accomplish a governance audit.
3. A demonstration of use of CSA voting software.

Ken Kasper

Ken is the Manager of Internal Audit for the New York State Teachers' Retirement System in Albany, New York. During his tenure there, covering the past 30 years, he has held increasingly responsible positions in finance and internal auditing. Ken has been in his current position for the past 12 years.

Ken received a Master of Science in Accounting and a Bachelor of Science in Business Management from the State University of New York. He is a Certified Public Accountant (CPA), a Certified Internal Auditor (CIA), a Certified Information Systems Auditor (CISA), a Certified Investments and Derivatives Auditor (CIDA) and possesses a Certification in Control Self-Assessment (CCSA).

Ken is the immediate past president of APPFA (2008-09) and is a current board member. He has been the APPFA Webmaster since 1998, and was one of the authors of the Investment Risk Document published by APPFA in July 2000. Ken has also been a member of the Institute of Internal Auditors for the past 27 years, and is a current board member and past-president of the Albany Chapter. He is a two-time recipient of the Martin H. Ives Award, which is

presented annually to chapter member(s) for outstanding service to the Chapter. He also received the LEO Award in recognition of his significant contribution to internal auditing in 2001.

Information Systems Security Professional (CISSP), Certified Information Systems Auditor (CISA) and is an EnCase Certified Examiner (ENCE).

Wednesday, May 4

Continuous Auditing: Practical Applications

Ryan Babin, Audit Director, LASERS

Continuous Auditing has recently become a hot topic among internal audit professionals. Internal Audit departments can face many challenges when implementing a Continuous Auditing program. Ryan will utilize experience and practical suggestions to provide the knowledge necessary to implement a Continuous Auditing program. The session will also cover specific areas that can be part of your pension fund's Continuous Auditing program.

Ryan Babin

Ryan began his career as an Internal Auditor for LASERS in 2003. He earned a Bachelor of Science degree in accounting from Nicholls State University in 2003. He is a Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and Certified Public Accountant (CPA). Ryan is also a member of the APPFA Best Practices Committee along with other internal audit organizations. LASERS successfully implemented a continuous auditing program in 2006 under Ryan's leadership. He has also given presentations to various internal audit organizations on the topic of continuous auditing.

Upcoming IT Audit Trends: The Next 10 Years

Richard Salmon, IT Management Consultant, LASERS

Technology continues to evolve and become more integrated with the simplest functions of every job. As it continues to increase efficiency and accuracy of routine tasks, it can also impact almost every area of compliance. This session will examine how technology has impacted the landscape of legal issues, compliance and internal controls and will attempt to predict how it will impact the future.

Richard Salmon

Richard has worked in both public and private industry in the areas of IT Security, Compliance, Auditing and Management Consulting since 1999. Specializing in regulatory and legal compliance areas, Richard has worked to bridge the gap between Information Technology and Business Intelligence initiatives to create a holistic approach to protecting and safeguarding business information. Richard has a bachelor's degree in Information Technology with a specialization in Information Assurance and Security from Capella University. He is currently completing his Masters of Business Administration with a specialization in Accounting. Richard is a Certified



The Power of Association

About Your Sponsor

The Association of Public Pension Funds Auditors (APPFA) Professional Development Conference is a group-live conference designed to further enhance participants' auditing skills and provide a forum for the exchange of ideas and concepts. Attendees should have a basic knowledge of accounting and auditing procedures, practices, and theory. There is no experience requirement and no advance preparation is needed. Participants attending this seminar will receive an attendance certificate following the completion of this program. Auditing and accounting professionals may qualify for a total of 17.5 hours of Continuing Professional Education (CPE) credits by attending this conference, which is designed to comply with the American Institute of Certified Public Accountants' Statement on CPE Standards.



APPFA is registered with the National Association of State Boards of Accountancy (NASBA), as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417, Web site www.nasba.org



Registration, Hotel, Airport Transportation and Event Information

Registration Information

The conference registration form and fee of \$200.00 should be received by **Friday, April 1, 2011** to reserve your place at the conference. See registration form, which is located on the APPFA website, for details. The registration fee includes all materials, lunches, breaks and the group dinner on Monday evening.

Business casual attire is appropriate. Please be aware that the temperature in the meeting room may be cool so a jacket or sweater is recommended.

Refund Policy

Refunds are available if a written cancellation notice is received 10 days before the conference. Refunds will not be issued after that date. For more information regarding administrative policies, please visit our website at www.appfa.org

Complaint Policy

Complaints regarding conference or other matters must be written and should be sent to APPFA, PO Box 16064, Columbus, OH 43216-6064. Complaints will be forwarded to the President who will decide how to address the complaint. The complaint must contain the name, address, phone number and e-mail address of the person submitting the complaint. All complaints submitted will receive a written response.

Hotel Information

The conference will be held at the Omni Royal Orleans. The hotel is located in the heart of the French Quarter at 621 St. Louis Street, New Orleans, Louisiana 70140.

<http://www.omnihotels.com/FindAHotel/NewOrleansRoyalOrleans.aspx>

The single or double occupancy rate for standard room with a single bed will be the federal government per diem rate of \$131.00. Room rates do not include applicable state and local taxes which are extra. Depending upon the availability, there are some discounts on upgrades.

This rate will also be available for Wednesday, May 4th.

The Omni Hotels & Resorts offers a free complimentary rewards program called Select Guest. Being a member includes perks such as complimentary Wi-Fi and a garment pressing.

Please make your room reservations by 5:00 pm CST on Friday, April 1st, 2011 by calling (504) 529-5333 and request the APPFA discount rate. **Due to events that continuously occur in and around New Orleans, we were only able to secure 70 rooms and the cut-off date for accepting guaranteed reservations at the block rate is April 1st, 2011.**

Airport Transportation

There are various modes of transportation available to and from the airport. Taxi Service is also available from the airport to the hotel for \$33 for the first two people and it is \$14 per person if there are 3 or more people. This guaranteed price is only from the airport to the hotel; the price to return can vary depending upon the local traffic. The pick-up location for taxicabs at the airport is on the lower level outside the baggage claim area. The other common method of transportation is Airport Shuttle. Shuttle Service is available for \$20 per person one way or \$38 per person round trip. Additional information is available at www.airportshuttleneworleans.com.

Events and Attractions

The main event that will be occurring around the time of our conference is the New Orleans Jazz & Heritage Festival. This is one of the largest music festivals around. It takes place this year on April 29th to May 8th, 2011. There are several stages, various types of cuisine, and markets. Visit <http://www.nojazzfest.com/> for further details.

The Audubon Nature Institute is a family of ten museums and parks that are dedicated nature. The popular attractions are the Audubon Zoo, Aquarium, and Insectarium. The Aquarium and Insectarium are within walking distance of the Hotel. Visit <http://www.auduboninstitute.org/> for further details.

There are many family oriented activities available. For more information on entertainment in New Orleans visit <http://www.nola.com/entertainment/>.