My Year as IIA North American Board Chairman

Update on the State of the Profession

Carolyn D. Saint
Vice President, Internal Audit
7-Eleven, Inc.
Topics

• Trends in the Profession: Pulse of the Profession 2014
• Strategic Initiatives
• A Global Footprint: 2014 Global Council
• 2013 Review & 2014 Initiatives
• New Ventures: ACGA Launch
Sweet corn ice cream with bourbon caramel sauce and candied bacon is a thing

If you ever get to Des Moines in the summer, go to 801 Chophouse and get this.

Seriously.

One of the highlights of my year was keynoting the Iowa District Workshop in Des Moines in August.
Trends in the Profession
CONTINUALLY EVOLVING TO ACHIEVE STAKEHOLDER EXPECTATIONS

Overview

- The 2014 *Pulse of the Profession* Results
  - Three Lines of Defense: Distinctions are Blurred
  - Following The Risks Drives Alignment With Stakeholders’ Expectations
  - Core Competencies And Career Paths Are Continuing to Evolve for CAE’s and Staff
  - Information Security Risks: Board Concerns are on The Rise
  - Sustained Levels of Resources Reflect Stakeholder Support

- Key Imperatives for 2014
Survey Demographics

Conducted Jan. 2014
- 7th consecutive year
- 68% Public/private companies

476 Responses From North America
- 95% internal audit managers or above
- 76% CAEs

Key Industries
- 23% financial services or real estate
- 9% manufacturing
- 6% educational
- 6% insurance carriers/agents

Large Companies
- 90 F500
- 53% $1B or more revenue
THREE LINES OF DEFENSE GAINING TRACTION

But distinctions are still blurred
Three Lines of Defense: Distinction Between Lines of Defense

Percentage of North American CAE respondents who report that their organization has only moderately, somewhat, or not clearly defined lines of defense.

This figure reflects data from the North American CAE respondents of the global survey.
### Three Lines of Defense

#### Additional Perspectives

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Does internal audit coordinate with the organization’s risk, compliance, or other related control functions on an enterprise-wide risk assessment?</strong></td>
<td>Extensively 38% All 52% F500</td>
</tr>
<tr>
<td><strong>Degree to which your internal audit coordinates with organization’s risk, compliance, or other related control functions to assess and monitor the ongoing management of risk areas?</strong></td>
<td>Extensively 31% All 39% F500</td>
</tr>
<tr>
<td><strong>Is the internal audit expected to provide independent assurance regarding the activities of risk management, compliance, and other assurance functions?</strong></td>
<td>Yes 74% All 74% F500</td>
</tr>
</tbody>
</table>
Challenges and Opportunities:
The Blurring Lines of Defense

- “Three Lines of Defense” has helped articulate internal audit’s role/value.
- Encroachment between 2\textsuperscript{nd} and 3\textsuperscript{rd} lines of defense is occurring.
- Audit/oversight fatigue presents challenges and opportunities.
- Internal audit can be a leader in coordinating key players.
Risk-Based Planning:

A vehicle toward better alignment with stakeholder top risks
2014 Audit Plans Continue to Refocus Away From a Financial Control Focus

This figure reflects data from the North American CAE respondents of the global survey.
### Top Risks for Stakeholders

Survey respondents indicate that the top risks which audit committees and executive management are focusing on are...

<table>
<thead>
<tr>
<th>Rank</th>
<th>Audit Committees</th>
<th>Executive Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strategic Business Risks</td>
<td>Strategic Business Risks</td>
</tr>
<tr>
<td>2</td>
<td>Operational</td>
<td>Operational</td>
</tr>
<tr>
<td>3</td>
<td>Compliance/Regulatory</td>
<td>Compliance/Regulatory</td>
</tr>
<tr>
<td>4</td>
<td>Information Technology</td>
<td>Information Technology</td>
</tr>
<tr>
<td>5</td>
<td>Risk Management Effectiveness</td>
<td>Cost/Expense Reduction</td>
</tr>
</tbody>
</table>

Survey respondents reported that strategic business risks are the top priority for audit committees (28%) and executive management (46%).

*Source: The Pulse of the Profession Survey: © 2014 The IIA Audit Executive Center. This figure reflects data from the North American CAE respondents of the global survey.*
Based on published responses from the United States and Canada:

• More than **62 percent** reported that internal audit’s role should extend beyond **financial reporting** and controls.

• Only **40 percent** believe that internal audit currently has the skills and resources to be effective in the role they envision.

• Which areas would you like internal audit to devote more time in the year ahead:

<table>
<thead>
<tr>
<th>Coverage Areas</th>
<th>NA Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk management process</td>
<td>60%</td>
</tr>
<tr>
<td>IT and data management</td>
<td>68%</td>
</tr>
<tr>
<td>Operational risks</td>
<td>50%</td>
</tr>
<tr>
<td>Compliance and regulation</td>
<td>41%</td>
</tr>
<tr>
<td>Corruption and fraud</td>
<td>30%</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: 2014 Global Audit Committee Survey © 2014 KPMG
Based on published responses for United States and Canada.
Challenges and Opportunities: Stakeholder Expectations

• Continue to evolve
• Are influenced by their:
  – Strategic needs
  – Perspectives and experiences
  – Emerging risks
• Internal auditors must:
  – Continuously assess and align
  – Secure resources, talent, and trust
CORE COMPETENCIES AND CAREER PATHS CONTINUE TO EVOLVE

The CAE Career Path “Isn’t What it Used to Be”
The CAE Career Path: “Isn’t What it Used to Be”

DESCRIPTION OF ROLE PRIOR TO CURRENT ROLE AS CAE – NORTH AMERICA

42% of CAEs in North America held a position outside of internal audit immediately prior to becoming CAE.

Source: The Pulse of the Profession Survey: © 2014 The IIA Audit Executive Center. This figure reflects data from the North American CAE respondents of the global survey.
CAE Career Path

DESCRIPTION OF ROLE PRIOR TO CURRENT ROLE AS CAE – NORTH AMERICA

ALL CAES

Outside of Internal Audit, 42%
Within Internal Audit, 58%

FORTUNE 500

Outside of Internal Audit, 44%
Within Internal Audit, 56%

This figure reflects data from the North American CAE respondents of the global survey.
CAE Career Path

DESCRIPTION OF ROLE PRIOR TO CURRENT ROLE AS CAE – BY TOP INDUSTRIES

Educational Services

<table>
<thead>
<tr>
<th></th>
<th>Within Internal Audit</th>
<th>Outside of Internal Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Internal Audit</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Outside of Internal Audit</td>
<td>28%</td>
<td>72%</td>
</tr>
</tbody>
</table>

Energy/oil & gas

<table>
<thead>
<tr>
<th></th>
<th>Within Internal Audit</th>
<th>Outside of Internal Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Internal Audit</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>Outside of Internal Audit</td>
<td>28%</td>
<td>72%</td>
</tr>
</tbody>
</table>

Financial Services

<table>
<thead>
<tr>
<th></th>
<th>Within Internal Audit</th>
<th>Outside of Internal Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Internal Audit</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Outside of Internal Audit</td>
<td>34%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Health Services

<table>
<thead>
<tr>
<th></th>
<th>Within Internal Audit</th>
<th>Outside of Internal Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Internal Audit</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>Outside of Internal Audit</td>
<td>42%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Insurance Carriers

<table>
<thead>
<tr>
<th></th>
<th>Within Internal Audit</th>
<th>Outside of Internal Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Internal Audit</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>Outside of Internal Audit</td>
<td>44%</td>
<td>56%</td>
</tr>
</tbody>
</table>

Manufacturing

<table>
<thead>
<tr>
<th></th>
<th>Within Internal Audit</th>
<th>Outside of Internal Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Internal Audit</td>
<td>47%</td>
<td>53%</td>
</tr>
<tr>
<td>Outside of Internal Audit</td>
<td>53%</td>
<td>47%</td>
</tr>
</tbody>
</table>

This figure reflects data from the North American CAE respondents of the global survey.
What skills are you recruiting or building the most in your internal audit function?

<table>
<thead>
<tr>
<th>SKILLS BEING RECRUITED</th>
<th>RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Analytical/critical thinking</td>
<td>81%</td>
</tr>
<tr>
<td>2 Communication</td>
<td>61%</td>
</tr>
<tr>
<td>3 Data Mining and Analysis</td>
<td>51%</td>
</tr>
<tr>
<td>4 IT General</td>
<td>45%</td>
</tr>
<tr>
<td>5 Business Acumen</td>
<td>43%</td>
</tr>
<tr>
<td>6 Industry Specific Knowledge</td>
<td>40%</td>
</tr>
<tr>
<td>7 Risk Management Assurance</td>
<td>30%</td>
</tr>
<tr>
<td>8 Accounting</td>
<td>25%</td>
</tr>
</tbody>
</table>
Challenges and Opportunities:
Evolving Career Paths

• **Emerging emphasis on operational and strategic business risks are:**
  – Driving different skill requirements.
  – Impacting the sources for CAE talent.
  – Resulting in new skills being recruited.

• **The cumulative effect is an emerging strategic risk for the internal audit profession.**
INFORMATION SECURITY RISKS

Board concerns on the rise
HOW WOULD YOU CHARACTERIZE THE BOARD’S PERCEPTION OF CYBERSECURITY RISKS OVER THE LAST ONE TO TWO YEARS?

- Increased or Increased Significantly: 64%
- Has been at a high level: 13%
- Decreased or decreased significantly: 1%
- No Change: 22%

Source: The Pulse of the Profession Survey: © 2014 The IIA Audit Executive Center. This figure reflects data from the North American CAE respondents of the global survey.
SUSTAINED LEVELS OF RESOURCES REFLECT STAKEHOLDER SUPPORT
The Outlook for Internal Audit Resources in 2014 Remains Strong

• **Budgets:**

<table>
<thead>
<tr>
<th>Change from 2013-2014</th>
<th>Increase</th>
<th>Stable</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>41%</td>
<td>44%</td>
<td>15%</td>
</tr>
<tr>
<td>F500</td>
<td>46%</td>
<td>33%</td>
<td>20%</td>
</tr>
</tbody>
</table>

• **Staffing:**

<table>
<thead>
<tr>
<th>Change from 2013-2014</th>
<th>Increase</th>
<th>Stable</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>26%</td>
<td>66%</td>
<td>8%</td>
</tr>
<tr>
<td>F500</td>
<td>33%</td>
<td>54%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: “The Pulse of the Profession: © 2014 The IIA Audit Executive Center”
Preliminary Outlook for 2014: Impacts on Internal Audit Budgets by Industry From 2013-2014

<table>
<thead>
<tr>
<th>CAEs</th>
<th>Increase</th>
<th>Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>All CAE’s</td>
<td>41%</td>
<td>15%</td>
</tr>
<tr>
<td>Energy</td>
<td>61%</td>
<td>11%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>27%</td>
<td>23%</td>
</tr>
<tr>
<td>Health Services</td>
<td>42%</td>
<td>32%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>46%</td>
<td>7%</td>
</tr>
<tr>
<td>Insurance</td>
<td>72%</td>
<td>12%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>38%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: The Pulse of the Profession Survey. © 2014 The IIA Audit Executive Center. This figure reflects data from the North American CAE respondents of the global survey.
North American Strategic Plan

The IIA’s Core Purpose in North America

- To advance the internal audit profession and serve our members.
NA Strategy Refresh

"I think you should be more explicit here in step two."
We refreshed our strategic plan using a Business Model Canvas

<table>
<thead>
<tr>
<th>KEY PARTNERS</th>
<th>KEY ACTIVITIES</th>
<th>VALUE PROPOSITIONS</th>
<th>CUSTOMER RELATIONSHIPS</th>
<th>CUSTOMER SEGMENTS</th>
<th>CHANNELS</th>
<th>COST STRUCTURE</th>
<th>REVENUE STREAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are our key partners?</td>
<td>What key activities do our value propositions require?</td>
<td>What value do we deliver to the customer?</td>
<td>How do we get, keep, and grow customers?</td>
<td>For whom are we creating value?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who are our key suppliers?</td>
<td>Our distribution channels?</td>
<td>Which one of our customers' problems are we helping to solve?</td>
<td>How are our most important customers?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Which key resources are we acquiring from our partners?</td>
<td>Customer relationships?</td>
<td>Which customer relationships have we established?</td>
<td>What are the customer archetypes?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Which key activities do partners perform?</td>
<td>Revenue streams?</td>
<td>Which customer needs are we satisfying?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>What is the minimum viable product?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

http://Businessmodelgeneration.com
Previously, our #1 Goal A was stated as a single goal:
To be an indispensable resource to our chapters and members.

Updated Goal A:
The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves.
Goal A1: One IIA

The IIA, through its headquarters staff and volunteer leaders at all levels, will partner to be viewed as “One IIA” to effectively and efficiently deliver products and services to the profession and its stakeholders.

- KEY new initiatives:
  - Define unified brand message, taxonomy, standards, guidelines and issue platforms
  - Centralize and integrate communications
  - Develop tools and capabilities to collect member data and develop robust member profiles and preferences.
Strategic Goals Refresh: 2014

Goal A2: Membership Recruitment & Retention

The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves.

- KEY new initiatives:

Develop a plan to engage cross-section of chapters to participate in the development and execution of chapter-based membership recruitment campaigns.
Goal A3: Training & Professional Development

The IIA will develop partnership opportunities to work with its chapters to deliver training to benefit members locally. This will include having a staff resource primarily focused on chapter training and programming.

- KEY new initiatives:
  - Identify and onboard a **staff resource focused on developing and executing chapter programming**
  - Achieve **satisfactory or higher scores on quarterly member satisfaction surveys on training and development programs**
  - Achieve **satisfactory or higher responses from chapter leaders on the services and support provided** to them by the Membership Staff and Chapter Relations Committee. **Report to North American Board.**
Strategic Goals Refresh: 2014

Goal A4: Certifications

_The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves._

- KEY new initiatives:
  - Develop a plan to better engage chapters in promoting The IIA’s various certification programs
  - In conjunction with the CRC, redesign the CAP or other programs to provide meaningful recognition opportunities to encourage chapters to promote certification.
  - Headquarters staff to conduct quarterly conference calls with chapter certification chairs.
  - At 2014 Leadership Academy, conduct specialty sessions focused on helping leaders increase certification participation.
Strategic Goals Refresh: 2014

Goal A5: Chapter Servicing

The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves.

- KEY new initiatives:

The IIA will ensure that consistent, high quality district workshops are planned for 2014 to serve all 32 regions in US, Canada and Caribbean.
Goal A6: Chapter Profiles

The IIA and our chapters, as partners, will be an indispensable resource for our members.

KEY new initiatives:

By 12/31/2014, The IIA will report out to each chapter basic information as to the profile of the members of that chapter (industry, certification, stats, etc.) as derived from the member profile data captured by The IIA.
Strategic Goals Refresh: 2013

Goal A7: IIA Canada

The IIA will work to develop a strong collaboration between IIA NA, IIA Canada, including Head Office and the Chapters, to serve IIA members in Canada.

KEY new initiatives:

• Update the Memorandum of Understanding between IIA Canada and IIA HQ for services provided to Canadian members by IIA HQ.

• Produce updated IIA Canada virtual financial statements
Goal A8: Business Intelligence

*Develop a robust business intelligence program, including enhanced member profiles, to report on the engagement level of IIA members, available to audit group leads and those who deliver IIA services.*

- KEY new initiatives:
  - Launch *quarterly chapter survey program* to better access member needs and wants
  - Develop *tools and capabilities to collect member data*, including robust member profiles and preferences portal
Strategic Goals Refresh: 2014

Goal A9: CAE Welcome Wagon

The IIA will welcome new CAE’s, develop awareness of the products and services offered by The IIA, and engage them as active participants in the internal audit community.

KEY new initiatives:

When a new CAE is identified and becomes known to The IIA, the CAE Services department will reach out, welcoming them to their new role and beginning a dialog about their needs.
Strategic Goals Refresh: 2014

Goal A10: Industry Groups
Establish a strategy to better serve IA professionals in various industries

- KEY new initiatives:

  Develop a plan to **build closer relations with various industry groups** within the United States serving internal auditors.
Strategic Goals Refresh: 2014

Goal B: Advocating the Profession

Raise awareness and enhance the image of the internal audit profession with regulators, legislators, management and boards.

KEY new initiatives:

• **Trusted Advisor** – meet with relevant legislators and regulators, with efforts being guided by the North American Advocacy Committee

• **Stakeholder Value** – update NA Board on activities with organizations representing key internal audit stakeholders, such as NACD and FEI

• **Grassroots Network** – develop a system to engage chapters in building a grassroots network aimed at supporting The IIA’s NA advocacy objectives.
Strategic Goals Refresh: 2014

Goal C: Commitment to Diversity

The IIA will proactively recruit, encourage and assist in developing a diverse cross-section of its membership in leadership roles at the board and committee level.

- **KEY new initiatives:**
  - **Rising Stars** - establish an advisory council of emerging talent to better engage young professionals
  - **Mentoring** – develop mentoring program that pairs experienced IA professionals with diverse and emerging talent.
  - **Succession Planning** – update and communicate succession planning tools to help chapters in recruiting and incorporating more diversity among their leadership ranks.
Strategic Goals Refresh: 2014

Goal D: Public Sector Support
The IIA will be the preferred resource for government sector auditors.

- KEY new initiatives:
  - Build and launch awareness campaign for the ACGA.
  - Establish and market a comprehensive ACGA website for Government Auditors. Develop and implement an ACGA member satisfaction process to determine the level of satisfaction members have with ACGA products and services.
Strategic Goals Refresh: 2014

Goal E: Financial Stability

The IIA will be financially secure and stable in order to meet its mission and carry out its strategic goals.

KEY new initiatives:

- **The IIA North America Dues Sufficiency** – Ensure that membership dues are established at a level that effectively covers core services, with reserves built to cover future contingencies and strategic priorities.

- **The IIA North America Financial Performance** – Monitor The IIA’s financial performance to ensure financial operations are effective and efficient, meeting budget expectations.

- **The IIA North America Risk Mitigation** - Continuously assess, monitor and report key risks faced by The IIA, with strategies identified to mitigate those risks.

- **The IIA North America Accountability for Capital & Operation Initiatives** – Establish appropriate success indicators for strategic investments as they come online.
The Global IIA in 2014

- 180,000 Members
- 190 Countries
- 108 Institutes
- 157 Chapters

Financials:
- $120.6 Million Revenue
- 118.5k CIAs
- 13.4k CRMAs
Members By Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>14,480</td>
<td>16,855</td>
<td>16,811</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>36,261</td>
<td>34,853</td>
<td>35,533</td>
</tr>
<tr>
<td>Central/South America</td>
<td>12,459</td>
<td>12,091</td>
<td>12,080</td>
</tr>
<tr>
<td>Europe</td>
<td>40,424</td>
<td>43,445</td>
<td>46,724</td>
</tr>
<tr>
<td>Middle East</td>
<td>1,598</td>
<td>2,006</td>
<td>4,113</td>
</tr>
<tr>
<td>North America</td>
<td>68,754</td>
<td>66,740</td>
<td>68,363</td>
</tr>
<tr>
<td>Members at Large</td>
<td>3,632</td>
<td>4,054</td>
<td>3,812</td>
</tr>
<tr>
<td>Worldwide Total</td>
<td>177,608</td>
<td>180,044</td>
<td>187,436</td>
</tr>
</tbody>
</table>

* North America includes US, Canada and chapters in Caribbean
The IIA’s Global Governance Structure

Over 180,000 Members in 190 Countries

BOARD OF DIRECTORS

Executive Committee
NA Directors
Institute Directors
Directors at Large
Chairman, Audit Committee
IIA President & CEO

The Executive Committee

Chairman of the Board
Senior Vice Chairman
Vice Chairmen (5)*
Secretary
Past Chairmen (2)

Global Council

Audit Committee

IPPF Oversight Council

14 Global Committees Via EC VCs

The North American Board

IIA Research Foundation

GLOBAL NOMINATING COMMITTEE

*VC-Global Services, VC-Professional Guidance, VC-Professional Certifications, VC-Research, VC-Finance
Strategic questions in front of the Council in Dubai

1. Does the current IIA Global Strategic Plan properly frame where The IIA should be in 2015-2020 to advance the profession and serve our global membership?

2. What trends do you see on the horizon for internal auditing that The IIA can address through its strategic plan?

3. What are the top 5 obstacles that The IIA will face through 2020? Top 5 obstacles that internal auditing might face through 2020?

4. What opportunities exist for The IIA to advance the profession and serve our members (current and future) through 2020? For internal auditing, as a profession?
Global advocacy questions for the Council

1. **Who are your Institute’s key external stakeholders (advocacy targets) and what are their needs/expectations?**

3. What are the **key advocacy messages** that your Institute uses when advocating on behalf of the internal audit profession?

4. What are the **advocacy initiatives that have had positive impact**, what was the impact, how have you conducted follow-up with the advocacy target, and what constituted success?

5. What impact has your Institute’s advocacy initiatives had on **advancing the internal profession in your country**?
Expanded Services for Risk Management, Internal Control, and Compliance Professionals
(aka Project Umbrella)

Council will discuss trends related to the expanded role of internal audit in areas of the world and the challenges it faces in three areas:

- risk management
- internal control
- compliance
Reassessing the IPPF

1. What is the current adoption rate of the *Standards* in your area of the world?
2. What are the strengths and weaknesses of the current IPPF structure?
3. Are you aware of any areas where government agencies have regulated, codified, or adopted any part of the IPPF into regulation, statute or law?
   - What regulatory agencies should we consider targeting to advocate the incorporation of the Standards into regulations?
4. Are you aware of specific guidance that has been published that goes beyond the *Standards or the IPPF* that impact how internal auditing is to be conducted?
   - How should The IIA address these situations?
5. Based on your experience, are those charged with governance (i.e. Audit Committee) knowledgeable of the *Standards*?
6. If the Definition of Internal Audit and/or the structure of the IPPF were changed, how much of an impact (positive or negative), if any, would that create in your country? Why?
Proposed New Definition

• Current Definition:
  - Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. (45 words)

• Proposed Definition:
  - Internal auditing is an objective assurance activity that benefits an organization by providing independent evaluations, advice, and insight on governance, risk management and internal control. (25 words)
You probably shouldn’t try to outrun the police in Dubai
An impressive assemblage!
IIA Dubai, UAE hosted a great event!
The IIA: 2013 Highlights

• New version of IPPF launched in January
• Guidance Webinar in Spanish – February
• Secured seat on the IIRC
• First digital books launched
• Three-part CIA exam launched
• International Conference held in Orlando
• CRMA exam launched
• IPPF Relook Task Force Launched
• Project Umbrella Study Launched
The IIA: What’s on The Agenda for 2014

✓ Launched American Center for Government Auditing in Q1
  • Global Task Force in completion of the “IPPF Relook”
  • “Umbrella” Project” – Phase 1
✓ Launched IIA Smartbriefs
  • Launch Certification Suite and Leadership Qualification
  • Seek Financial Stability Board recognition of The IIA Standards
  • London International Conference – July
  • 2015-2019 Global Strategic Planning Initiative
North American Advocacy in 2013: Key Accomplishments

- Capitol Hill
  - October Fly-in with 12 CAEs
  - Meeting with CPA Caucus
  - Continued engagement with members/staff of House Financial Services Committee, Senate Banking Committee, Senate/House Leadership

- NACD, FEI, CAQ
  - Continued participation in anti-fraud collaboration
  - Hosted “Expectation Gap” roundtable in NYC
  - Running series of “advertorials” in NACD Directorship magazine
  - MoU with NACD in Q1, 2014

- PCAOB/SEC
  - Continue to develop/enhance relationships with key members
New Ventures
Excerpt from Richard Chambers’ blog:

Government auditors often don’t get the respect they deserve. Not only do they contend with notoriously tight budgets and limited staff, but they also work in a politically charged environment where policies and procedures often are anchored in the shifting sands of political will, rather than in best practices. Doing the right thing can be especially difficult when it runs counter to a popularly held opinion.

As I have noted before, we all have an interest in their success, because they are “the guardians of public trust.”
Government Auditor Needs

- Collective voice and advocacy
- Separate and distinct from current IIA offerings
- Dedicated resources
- Public sector focused education
- Separate membership model
- Promote certifications and incorporate into the program
- Research, guidance, and thought leadership
- Affordable - sensitive to travel restrictions and training budgets
- Online center (website)
ACGA Mission & Objectives

MISSION: To advance the professional practice of auditing in the public sector by advocating its value through timely and relevant thought leadership, communication, collaboration, and education.

The mission will be accomplished by meeting the following objectives for government auditors:

• Delivering a program that is relevant to their specific needs and preferences
• Advocating the professional practice of auditing in the public sector
• Providing low-cost, high-quality professional development opportunities
• Facilitating ongoing networking for knowledge sharing
• Improving communications with them
• Providing ongoing, timely, and relevant reporting on trends, benchmarking, and thought leadership
It’s All About Serving You, Our Members
Oh the places I’ve been
In 2013…and 2014

- Lima, Peru: Global Council 2013
- Orlando, FL (again and again and again)
- Anaheim, CA
- Des Moines, Iowa: District Workshop
- Columbus OH: Central Regional
- Winnipeg, CAN: IIA Canada Board meeting and strategy session
- Minneapolis, MN: Midwestern Regional Conference
- Dubai: Global Council 2014
- Charlotte, NC
- London (UK): International Conf
- Did I mention Orlando?
My unofficial theme for my year as chairman…

Serving the members of The IIA in North America has been one of the highlights of my life…

It has been a blast!
Thank You!

The Institute of Internal Auditors

Carolyn D. Saint
Chairman, The IIA North American Board of Directors
carolyn.saint@7-11.com
Blog: Saint on Getting Stuff Done
https://www.theiia.org/blogs/saint/
Twitter: @dvinestreet
Sharing with the profession
<table>
<thead>
<tr>
<th>Key Partnerships (KP)</th>
<th>Key Activities (KA)</th>
<th>Value Proposition (VP)</th>
<th>Customer Relationships (CR)</th>
<th>Customer Segments (CS)</th>
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<tbody>
<tr>
<td>• Chief of Staff</td>
<td>• Audits</td>
<td>Because Internal Audit has:</td>
<td>• Assurance Provider</td>
<td>• CEO</td>
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<td>• Controller</td>
<td>• SOX</td>
<td>• Charter-Defined Mission,</td>
<td>• Internal Consultant</td>
<td>• CFO</td>
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<td>• External Auditors</td>
<td>• Project Health Checks</td>
<td>Scope, Objectives,</td>
<td>• Exporter of Talent</td>
<td>• EC</td>
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<td>• Co-sourcing Partners</td>
<td>• Pre/Post Implementation Reviews</td>
<td>Professional Standards, and Organizational Independence</td>
<td>• Advisor on strategy execution</td>
<td>• Audit Committee</td>
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<td>2nd Line of Defense:</td>
<td>• Current Situation Assessment/Risk Assessment</td>
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<td>• Parent Co.</td>
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<td>• HR</td>
<td>• Process Mapping</td>
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<td>• Auditees</td>
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<td>• Legal</td>
<td>• Controls Consulting</td>
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<td>• Controller</td>
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<td>• Strategy PMO</td>
<td>• Myth Busting</td>
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<td>• External Auditor (SOX)</td>
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<td>• IT PMO</td>
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<td>We can deliver:</td>
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<td>• Project Teams</td>
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<td>• Asset Protection</td>
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<td>• Governance, Risk and Controls Assurance</td>
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<td>• Exec Sponsors</td>
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<td>• Verification Functions</td>
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<td>• Objective Internal Consultation</td>
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<td>• Steering Committees</td>
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<td>• Compliance (Finance and IT)</td>
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<td>• Process Owners</td>
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<th>Key Resources (KR)</th>
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<td>• Sponsorship from EC, Portfolio Review Comm</td>
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<td>• Talent Development (via training and exposure to key business initiatives)</td>
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<td>• Audit Work Paper Tool</td>
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<td>• Data-Mining Tools</td>
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<th>Cost Structure (C$)</th>
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<td>• Salaries</td>
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<td>• Travel</td>
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<td>• Professional Licenses</td>
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<td>• Co-sourcing</td>
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<td>• Fraud Mitigation</td>
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<td>• External Audit fees reduction (SOX)</td>
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<td>• Cost avoidance (Consultants, Process Efficiency, Regulatory Compliance, Rework to Add in Controls Post-Project Completion)</td>
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<td>• Contingency Audits/Contract Compliance</td>
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*Start with what the customer needs*

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**Company Internal Audit Business Model Canvas**

Legend: Assurance Activities (COSO, SOX, GAAP, Company Policies) Consulting Activities Relevant to Both Activities

*Business Model Generation, by Alexander Osterwalder and Yves Pigneur, Wiley 2010*