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President’s Message...

Dear Members,

I hope you had a relaxing and fun-filled summer. After a slow start we were greeted with spectacular weather!

As fall approaches, I am excited to attend the 3rd annual IIA Canada Conference http://iia2010bc.com/. This year the committee members, let by our own Vice President, Steve Ward, have compiled a fantastic group of presenters, many of whom we have brought to the Island over the past 3 years. Some of the key speakers are Lisa Dorian and Ross McGowan, both favourites from past events at our chapter.

The conference will be an excellent opportunity to promote our chapter, the IIA and Vancouver Island! I hope to see many of you in attendance on the 26th of September.

Best,

Tom Peerless
President,
tpeerless@pragroup.ca
IIA Vancouver Island Chapter
After many months of in-depth discussions, meetings, and planning; and countless hours of analyzing, researching, and compiling recommendations, an important milestone is here. As of September 20th, the GAIN voting portal in Canada will be open and individuals may begin casting their votes for or against the establishment of a Canadian Institute. The official voting window will remain open through October 20.

“We have done everything possible to make sure our members are fully informed about the significance and importance of voting,” says Canadian Council Chair Todd Horbasenko, CIA, CCSA, “and the Canadian Council is excited to have reached this milestone. Now, it is totally in the hands of the members.”

Among the many efforts to which the chairman refers has been the extensive communications campaign involving representatives from all 12 Canadian chapters and including twice-monthly newsletters, presentations, resources, testimonials, and comprehensive information on both IIA Canada French and English websites.

“We have left no stone unturned,” says Horbasenko, “and have encouraged members to carefully consider the broad range of benefits a Canadian institute will bring to us as practitioners, as well as to the future of the profession in Canada.”

The Council encourages members to visit IIA Canada’s website.

Click on each button under the “What if” icon, and read the information provided. After becoming thoroughly informed, if you still are not convinced of the merits of establishing a Canadian institute, the Council invites you to step forward and express your concerns by sending an email to IIACanada@TheIIA.org. A member of the Council will personally respond to you.

“Please do not remain silent,” says Horbasenko, “if you do not understand how you or your IIA membership will be affected. The Canadian Council has brought this to a vote on your behalf with the approval of all 12 chapters, and we are committed to ensuring clarity and transparency every step of the way!” he concludes.
As a Canadian member of The IIA, you play an important role in whether or not a Canadian institute will be established. It is your responsibility to vote...

Ideally, the Canadian Council would like for all 7,000 Canadian members to vote. However, IIA Canada approval requires at least 1,000 YES votes, and that at least two-thirds of the total votes are favourable.

Everyone is especially busy this time of year. To ensure that all Canadian members have an opportunity to indicate their preference, the voting will remain open for a period of 31 days.

Remember, you can vote anywhere at anytime, as long as you have Internet access. Please refer to the FAQ section of IIA Canada’s website for more information about the benefits of having our own Canadian institute.

To vote, please click on the VOTE HERE icon on IIA Canada’s website. Enter your name, IIA chapter, e-mail (optional), and IIA member number; choose YES or NO; and submit your response.

Individual votes will be electronically recorded and tabulated and results will be made available in October at the close of the voting period.

For the convenience of Canadian members attending the National Conference, a voting booth will be on site.
Most internal auditors recognize they can no longer maintain the status quo if they are providing the audit committee those data points with which the function has long been comfortable. The challenge lies in building consensus for internal audit’s expanded role and then delivering upon those higher expectations. To meet the need for increased scope and improved execution, auditors of the future must be able to enhance their capabilities and processes.

Enter the notion of internal audit 2.0, a concept that reflects an ideal—not the state of the profession as we surveyed it at the end of a turbulent decade, but the expectation and anticipation of an internal audit function that improves its game to meet a higher standard through alignment, collaboration, and acceleration.

The crux of the situation is this: Auditors must do better at monitoring and managing risks that matter—the make-or-break risks that can spell fortune or failure for even the most powerful enterprises. In 2010’s business environment, company leaders must understand the events and shortcomings that drive risk, the effects risks may have on their organization’s strategies and objectives, and the capabilities required to manage and mitigate the key risks. To do this effectively, they must have actionable business intelligence, rather than a sea of unconnected data points.

In a recent publication, Maximizing Internal Audit, we introduced the concept of eight key attributes shared by high-performing internal audit functions, regardless of their scope of work. The 2010 survey asked participants to rate the importance and current performance gap of the eight attributes, which are summarized in Figure 1.
The results point to a consistent acknowledgement that a focus on critical risks and issues, aligning internal audit’s value proposition with stakeholder expectations, and matching the talent model to the value proposition are at the same time critically important and the areas that have the most room for improvement from a performance perspective.

The biggest surprise was the low emphasis placed on enabling a client service culture, given the priority that audit leaders have indicated they will place on improving their teams’ softer skills. Those survey results are discussed later in this document.

For internal audit, addressing these gaps hinges on leveraging the governance opportunity, continuing to elevate risk assessment, integrating further with other risk and compliance functions, enhancing scope toward more value, closing the skills gap, responding to ongoing cost pressures, and using technology more productively.

That is the challenge and opportunity in front of internal audit today (See Figure 2)

Figure 02. Eight attributes of a maximized internal audit function

![Eight attributes of a maximized internal audit function](image)

Source: PricewaterhouseCoopers, Maximizing Internal Audit: A 10-Step Imperative for Thriving in a Challenging Economy
We introduced the concept of an internal audit 2.0 to start organizations thinking about change. As internal audit confronts new needs and expectations, it must take the initiative to redefine its role, expand its skill sets, and prepare to take the lead in meeting the challenges of today’s ever-changing business environment.

**What this means**
As a profession, internal audit is in an enviable position. Needs and expectations are at an all-time high with the increasing call to provide insight across a broad range of critical business risks. It is also clear that internal audit organizations in aggregate still have a performance gap related to their most important attributes. Without delivering on its promise, internal audit organizations are at risk of losing the stature gained through their leadership during the Sarbanes-Oxley years, and could once again be perceived as a controls and compliance monitoring function.

With these new challenges in mind, internal audit must take a more radical approach to change than it has in the past and rethink and redefine its capabilities and the way it works. We describe this approach as a move to internal audit 2.0, and the need to define the future of the profession.

**Start with a plan**
How to get started? Defining and executing on a strategic plan supported by and aligned with management and the audit committee is a good place to begin. In doing so, internal audit itself needs to define its vision with clarity and build the business case to support it. Some stakeholders may continue to gravitate to familiar models and tendencies but the environment is different, and old prescriptions no longer have the same relevance or impact. Slow growth, globalization, technology and volatility are among the forces here to stay. They have and will continue to radically reshape the business environment, creating challenges for enterprises large and small. Depending on the starting point, this may require internal audit leaders to take a hard look at all aspects of their scope, people, processes and technologies, and really challenge whether they have the right strategy and capabilities in place. It is hard to bring about significant change without a plan. Internal audit organizations that break down their vision and goals into key initiatives that can be tackled logically and systematically are also the ones most likely to succeed in driving value in their organizations.

**Rethink risk assessment practices**
Next, internal audit must rethink how it conducts risk assessments to more clearly demonstrate to management the link between what they are focused on and the organization’s critical risks. It is far more powerful to ask managers to share their specific concerns about growing revenue or delivering unique value to customers rather than approaching them with the generic and overused “What keeps you up at night?”

By making an effort to fully understand and focus on the main business drivers, internal audit organizations can craft an audit plan that delivers value to the business. Many organizations are uncomfortable with breaking free of their bottom-up risk assessment practices. If that approach is effective and truly helps allocate resources in a risk-oriented way, then a powerful solution can be to supplement the existing approach by layering on a strategic risk profile that enables the identification of strategic audit projects.

The message from regulators and others is that risk management needs to improve. Internal audit should take the lead in making that happen by refining the risk assessment process and laying the groundwork for defining a more value-enhancing scope of work.
Fill the skills and capabilities gap
According to our 2010 CEO survey, developing talent stands near the top of the list of CEO priorities and challenges. From an internal audit perspective, it is no different. When looking out three years, internal audit leaders recognize the importance of continuing to improve their teams’ softer skills in areas such as critical thinking and analysis, communications, and understanding strategy and business models. In many cases, training focused on these issues is the best route to pursue. From a knowledge perspective, the internal audit leaders also recognize the growing importance of risk management and the need for improved knowledge of different risk management approaches. They also foresee the need for more specific technology experience, which is not surprising, given the continuing importance and dependence enterprises have on IT.

Align with other assurance functions
Improving the alignment of internal audit, with the various risk management, compliance, and internal control functions to ensure optimal assurance levels should be a fundamental objective in any complex organization. It is a trend that is evident in the survey data, though much of the integration work to date relates to financial reporting-related work. Some leading Auditors have gone through the exercise of mapping the sources of assurance against the key risks and compliance requirements of the organization. The next step along the maturity curve is to determine an audit strategy with respect to the other nonfinancial assurance functions, taking into account the degree of independence in each function together with an assessment of the risks being addressed and the competence of the function. Internal audit is well positioned to develop the concept and drive the execution of aligned assurance activities and by doing so further improve its position and value within the organization.

Focus on obtaining Return on Investment (ROI) from technology
The use of technology is almost universally seen as a driver of both efficiency and effectiveness, yet in practice that has been hard to achieve and even harder to clearly demonstrate. The survey data points to the use of technology as being the number one efficiency initiative when looking ahead. Leveraging technology should be directed at solving a business problem or issue rather than acquiring technology for technology’s sake. This requires a clear assessment of the audit life cycle to find ways to use technology to enable measurable efficiency. The survey revealed that approximately 50 percent of internal audit functions have typically not used an ROI mindset in deploying technology tools. It also showed that most internal auditing organizations believe they lack the skills, access, and methodologies needed to effectively use technology.

Significant progress in leveraging technology starts with a clear vision and then takes a disciplined business-oriented approach that considers required skills and a number of other factors.

For the full copy of the survey A future rich in opportunity – PricewaterhouseCoopers 2010 State of the internal audit profession study, please visit www.pwc.com/ca/publications.

Jane Butterfield, CA, CIA, CBV – jane.butterfield@ca.pwc.com
Wayne Thompson, CA, CIA – wayne.a.thompson@ca.pw.com
Upcoming Professional Development Programs

Speaking Event

**Wednesday, September 22, 2010**
QUADRA HORNBY ROOM
4th FL, 617 GOVERNMENT STREET
Ministry of Finance, Victoria

Doors open at 12:15 PM
Presentation begins at 12:30 PM
End by 1:30 PM

**REGISTER BY September 17, 2010**
FREE FOR MEMBERS
FREE FOR NON-MEMBERS
(Only snack and refreshment will be provided.)
SEATING IS LIMITED SO REGISTER TODAY!

**Chapter Site**
http://www.theia.org/chapters/index.cfm?act=home.page&cid=336

For more information or to register, please contact Leslie Watt or Tanya Barrett by email at: register@ia-van-isl.org

**About the presenter**

Jeremy Picco, CA* CIA, CFA joined the PRA Group in 2003 and has lead Treasury Risk Services for PRA Group. He became a Partner at PRA Group in 2006.

Jeremy has served on the IIA Vancouver Chapter Board from 2005 to 2010 as Programs Chair, Vice President, President and Governor. Jeremy was instrumental in the formation of the Vancouver Island Chapter. He also currently serves as the Vice-President on the Board of the Stroke Recovery Association of British Columbia.

Jeremy joined the IIA Canada Council in 2009. His main focus has been the 2010 Canadian Conference of which he co-chairs with Steve Ward. His involvement with the Canada Council has been a valuable experience and he continues to be involved with key projects including the Canadian Institute Project which he believes to be a very valuable step in the evolution of the IIA in Canada. He believes that Member input and acceptance of this proposal has been an important driver in its development. As a recent Chapter Board member, his insights and close ties to the Membership has allowed him to provide useful input into the proposal process.

Jeremy will discuss the Canadian Institute Project and will be available to answer any questions that Members may have specific to the Canadian Institute Project or Canada Council.

IIA Members are asked to cast their votes in Fall!

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Upcoming Professional Development Programs

FREE IIA Members-Only Webinar

Auditing Systems Development Projects and Providing Advice to Management

September 30, 2010  10:00AM-12:00PM PT
Steve Mar, CFSA, CISA
Member, The IIA’s Advanced Technology Committee
IT Auditor Within the Retail Industry
Click here for more information and to register

October 21, 2010
Integrity ..the Eternal Auditor
Luncheon Presentation
Paul Fraser Q.C.,
BC’s Conflict of Interest Commissioner

November 19, 2010
Fraud Conference
One-day Workshop
More details coming soon!
Why Become Certified?
There are many reasons to obtain an official IIA certification designation. Whether it's the hallmark designation of internal audit – the Certified Internal Auditor® (CIA) designation - or one of our three specialty industry certifications, obtaining a certification is professionalism defined.

Six Steps to Certification
Not sure where to begin? Read through these six steps on how to start off on your trail to certifications with The IIA.

Certification Frequently Asked Questions (FAQs)
Read some of the frequently asked questions we receive about IIA certifications and exams. These valuable questions and answers can also help those auditors looking for a little more information on a specific area.

Dear CIA Candidates,

We are pleased to announce that a CIA Exam Site is now available at Camosun College, Lansdowne Campus, Victoria.

To register your exams, go to http://wsvprd1b.pearsonvue.com/ [Pearson Vue Website]. Select “Locate a test centre”. Select “Financial Services” for Category and IIA for “Testing Program” Then complete the process for registration. If you have any questions, feel free to contact me or any of board members. [Chapter Contact is listed at the end of this newsletter.]

We look forward to your success on CIA exams.

Stuart Newton
Certification Chair
Stuart.Newton@gov.bc.ca

CIA Candidates
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