The 2015 International Conference, July 5–8, 2015 in Vancouver, promises to be another record-breaking success, and we’re pleased to announce that IIA–Canada members have the flexibility to plan their conference experience to suit their needs. Select the option of attending only the educational portions of the conference, or add in one or both social events — the Sunday night Welcome Reception at the Vancouver Aquarium and the Tuesday evening Gala. Details on the social events will be available soon. In the meantime, register for the conference now and save! EARLY BIRD still open!

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Check These Out!

IIA Canada provides regular, free webinars and e-learning courses. Click the icon above for the scheduled events and details.

IIA International Conference will be in Vancouver in 2015. Check the program details and registration info via the above banner links.

IIA HQ also provides free monthly webinars. Click here for upcoming sessions.

Chapter Sponsors

Our Chapter's Official Website

IIA Vancouver Island Chapter – "We are blogging too."
IIA Canada News and Announcements

The November Issue of @IIACanada is now available. Click here for instant access to the issue:

Keynote Speaker

Colonel Chris Hadfield
Astronaut / First Canadian Commander of the International Space Station (2013)
An astronaut of more than two decades with three spaceflights under his belt, Col. Chris Hadfield is a pioneer of many historic Canadian "firsts," including having been selected as Canada's first fully qualified Space Shuttle crew member.

Keynote Speaker
Theresa Payton
Founder, Fortalice, LLC
Former White House CIO
One of America's most respected authorities on Internet security, net crime, fraud mitigation, and technology implementation. As White House Chief Information Officer from 2006 to 2008 — the first woman ever to hold that position — Theresa Payton administered the information technology expertise for the President and 3,000 staff members.

Keynote Speaker
Yuwa Hedrick-Wong, Ph.D.
Distinguished Visiting Professor, University of British Columbia
Global Economic Advisor, MasterCard Worldwide
Yuwa Hedrick-Wong is an economist and business strategist with 25 years of experience gained in more than 30 countries. Originally from Canada, he has spent the last 20 years working around the world, and has served as strategy advisor to more than 50 leading multinational companies.

Keynote Speaker
Lawrence J. Harrington, CIA, QIAL, CRMA
Vice President, Internal Audit
Raytheon Company
With more than 25 years of experience in auditing and finance, Larry Harrington started his career in public accounting and has served in a variety of Industries and in key leadership roles over finance, human resources, and operations, as well as chief audit executive for several Fortune 500 companies. He currently serves as senior vice chair of The IIA’s Global Board of Directors.

The 2015 International Conference, July 5–8, 2015 in Vancouver, promises to be another record-breaking success, with an inspiring line-up of keynote speakers

Register for the conference now and save!
How to Assess the Effectiveness of Internal Audit

There are some interesting discussions on LinkedIn and elsewhere about the value of internal audit and even calculating a return on investment in internal audit.

As you might expect from me, I don't like the traditional measures or KPI that many use. I just don't see them as indicators of effectiveness. I believe that in order to establish how we measure the effectiveness of internal audit, you have to start with agreement among the head of the function (CAE) and his stakeholders (primarily the audit committee) on the role and the objectives of the activity.

As explained in the IIA's definition of internal auditing, the role — and therefore the objective — of the activity should be as "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."

Internal auditing is effective if it provides the audit committee and executive management with the assurance they need, namely that they can rely on the organization's processes and systems to manage risks to the achievement of the organization's objectives. That means providing assurance on the risks that matter to the organization today, in a form and timeframe that is useful.

Additional value is provided through the role of internal audit as a change agent, making recommendations for improvement that are embraced and acted on by management.

How do you put a value on assurance? You don't worry about the quality of the water you drink (at least where I live) because you know that the company providing the water has to comply with strict regulations, and the water is tested frequently to ensure it is safe and to standards.

How much would you then pay, as a board member or top executive, for assurance that the processes and systems that you rely on to run the business are working properly? Assurance that is so reliable that you don't even think about it?

It's hard to put a value on "peace of mind," but in my mind (pun intended) that is the greatest value an effective internal audit function can provide.

I believe that the only way to determine whether internal audit is effective is to ask the stakeholders whether they are comfortable that they are receiving the assurance they need, when they need it, and in a useful form on the risks that matter to them and to the organization. Only then do you start looking at additional value that is provided.
For a moment, let's examine some traditional measures and discuss their value and relevance. The table below is for a hypothetical organization. At first glance, this looks like an effective internal audit department.

This department completed 98% of the engagements in its audit plan. But, if that was (as most are) an annual audit plan then this may be an indication that they continued to remain glued to their plan even when risks changed. They failed to audit what matters now; instead they blindly continued to audit what used to matter. When you have a flexible audit planning process that adjusts to changes in the organization's risk profile, percentage completion is meaningless.

An increase in audit "findings" does not indicate productivity. If the audit department has been around for a while, this is an indication that they haven't been getting their message across, addressing the root causes of issues and effecting lasting change. An effective internal audit department will, over time, contribute to the improved maturity of governance, risk management, and internal control systems — such that, in time, exceptions and so-called "findings" will diminish.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of audit plan completed</td>
<td>98%</td>
</tr>
<tr>
<td>Number of audit findings</td>
<td>Up 10%</td>
</tr>
<tr>
<td>Recommendations accepted and implemented</td>
<td>90%</td>
</tr>
<tr>
<td>Auditee survey results (average from 0 to 5)</td>
<td>4.3</td>
</tr>
<tr>
<td>Cost savings (duplicate payments, vendor overcharges)</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Internal audit budget</td>
<td>2% below budget</td>
</tr>
<tr>
<td>IIA Quality Assurance Review</td>
<td>Generally complies</td>
</tr>
</tbody>
</table>

When 90% of recommendations are accepted and implemented, 10% are not. A 10% defect rate is abysmal. Was internal audit getting the recommendations wrong? Were they not accepted because they didn't make good business sense? Or was internal audit not able to persuade management to effect the change? When you have a defect rate of 10%, the quality of the audits and reports are called into question. Frankly, the acceptance rate should be above 99%.

Cost savings of $3,000,000 are excellent, but only if they are not delivered by diverting resources from essential assurance activities to efforts to demonstrate that internal audit "adds value." Too many organizations have focused on the latter but failed to address critical risk areas such as ineffective risk management, poor information to support decision-making, and governance issues.

Staying within budget is, at least on the surface, very good. But, internal audit should be prepared to go to the audit committee for additional funds if new or changed risks emerge. Budget limitations are not a valid excuse for failing to engage and address unanticipated high risk areas.
Passing the IIA's quality assurance review (QAR) is all well and good, but it is not a guarantee that the department has delivered the necessary assurance and consulting services. Many departments have passed the QAR but failed to audit risk management, or to report the lack of risk management to the audit committee.

Where does this all leave us?

Going back to the objectives of providing assurance that matters on what matters, the CAE should propose measures and metrics that support an assessment by the audit committee and top management that internal audit has been effective.

I would ask these questions of my stakeholders at least annually:

• Do you believe internal audit has provided you with the assurance you need, in a useful way, when you need it, on what matters?
• Do you have the assurance you need that management has effective and efficient processes and systems to manage the more significant risks to the success of the organization and the achievement of its goals and strategies?
• Has internal audit been sufficiently responsive to changes in risk, ensuring it remains relevant and on point?
• Has internal audit been an effective agent for change, improving business efficiency and effectiveness?
• Are you satisfied that the cost of internal audit is less than the value of the assurance and consulting services it provides?
• Are there activities that internal audit should stop performing? Have there been activities you would have preferred not to pay for?
• How can internal audit improve its services to the audit committee, management, and the organization as a whole?

Norman Marks

Norman Marks, CRMA, CPA, was a chief audit executive and chief risk officer at major global corporations for more than 20 years. The views expressed in Marks on Governance are his personal views and may not represent those of The IIA.
To Our Readers

Getting Involved

**Have you written an article of paper internally that you think is relevant to other members of our profession? Do you have a great topic or work experience that you want to share? Do you just have a notion which could lead to a great idea?**

You, our readers, are a vast resource of knowledge, experience and ideas. The Connector would love to provide a forum for you to share some of these with one another. These items may be of a serious or humorous nature, or both! Your fellow internal auditors are certain to enjoy reading them.

Submit an article to The Connector and if we publish it, you will get a free attendance to a luncheon presentation of your choice and you will earn CPE.

If you would like to submit your story about any internal audit related topic, or for further details, please contact our Newsletter Chair.

The Connector

**Are you a local expert in a given area? Have you just finished a project with lessons to share? Is there some area of Internal Audit you are passionate about sharing with your colleagues? Do you see trends heading our profession in new directions (at least locally)? Do you just have a have a great topic that you want to share with members of our profession, and with our affiliates who attend our events?**

Do you know a speaker who could share impactful insights? Let us know and help establish contact and if they end up speaking, you will get a free attendance at their presentation, or one of your choice.

Contact our programs team for further details on how you can become one of our future speakers, or on to nominate a speaker you know!

Remember, developing and delivering a presentation also earns you CPE in support of your annual certification requirements.

The Connector
IT Governance Auditing for Non-IT Professionals

The Chapters March 2014 event explored the differences between governance and IT governance and outlined a number of elements an auditor might want to review in an IT governance audit. The key elements and a checklist of items for review are below for those who missed this event.

What is the difference between governance and IT governance? Really?

The IIA defines governance as the combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. The IIA standards outline Internal Audits responsibility for governance.

**Standard 2110** – Governance: The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organization
- Ensuring effective organizational performance management and accountability
- Communicating risk and control information to appropriate areas of the organization
- Coordinating the activities of and communicating information among the board, external and internal auditors, and management

Gartner defines IT governance as the processes that ensure effective and efficient use of IT in enabling an organization to achieve its goals. Gartner separates IT Governance into IT demand governance (ITDG) and IT supply-side governance (ITSG).

- ITDG is the process by which organizations ensure the effective evaluation, selection, prioritization, and funding of competing IT investments; oversee their implementation; and extract (measurable) business benefits. ITDG is a business investment decision-making and oversight process and is a **business management responsibility**.
- ITSG is concerned with ensuring that IT organization operates in an effective, efficient and compliant fashion, and is primarily a **CIO responsibility**.

**ISACA’s COBIT Framework** also defines IT governance: IT governance ensures that enterprise objectives are achieved through optimizing IT enabled investments by **Evaluating** stakeholder needs, conditions and options; setting **Direction** through prioritisation and decision making; and **Monitoring** performance, compliance and progress against agreed direction and objectives.

Governance might be considered a signpost as to who does what, where, when, why, how and what is the feedback (question and answer) mechanism. IT Governance might be considered a similar signpost applied to the businesses IT Investment. Other than scope, both appear identical.

IT Governance is **not** a technical issue. It helps to understand the IT management environment, but governance is still about business frameworks and controls.
Why is Internal Audit interested in IT governance?
According to ISACA, recent studies show:
• Effective assurance programs help enterprises remain compliant, keep pace with change and ensure the IT environment is managed effectively
• CAE’s rank securing the IT environment as #1 on their priority list
• 38% of fortune 500 CAE plan to increase their focus on IT
• IT Audit is identified as the skill that auditors most need to improve

I’m convinced, what is involved in auditing IT Governance?
An audit of IT governance will focus on three activities (evaluate, direct, monitor) across each of five processes:
• Ensure Governance Framework Set and Maintained
• Ensure Benefits Realization
• Ensure Risk Optimization
• Ensure Resource Optimization
• Ensure Stakeholder Transparency

Governance Framework:
IT Strategic/Business Plan
• Vision, mission, guiding principles for IT
• Documented alignment with organization (mapping)
• IT architecture for information management
• Major IT enabling investment projects (3 – 5 year)
• Roles, responsibilities, authorities of IT organization
• Standards frameworks used (CobiT, COSO, ITIL, ISO, PMI)
• Performance and quality measures
• Defined risk appetite
• Defined IT governance areas
IT Steering Committee
• CIO, IT Directors, Business Directors, Executive
IT Governance Committee
• Committee of the Board, CIO, VP
Communications
• Published strategy, performance goals, expectations
• Codified in supporting policy, procedures, frameworks
Performance/Quality Reporting
• Performance metrics (commitment progress)
• Updated (rolling) plan
• Published achievements
• Surveys, internal self-assessments
• Internal/External Audit Assurance reports

Benefits Delivery
Business Case
• For IT enabling investments
• Alignment with organization goals (strategic roadmap)
• ROI expectations
  • Tangible Benefits
  • Intangible Benefits need to be quantified/measurable
  • Defined timeframe to realize benefits
Investment Project Prioritization
• Maximum return to organization
• Ties into Resource Optimization
• Strong business cases get selected
• Transparent prioritization process
Published Project Portfolio
• Sharing priorities with IT and the business community
• Scheduled stage-gate reviews
Status Reporting / Project Dashboard
• Stage Gate Results, Project Health
Post-Implementation Review
• Not a Post-Project Review
• Benefit achievement measures and metrics
IT Governance Auditing

Risk Optimization
IT Risk Register
• Links to corporate register, IT strategic plan
• Updated as changes occur due to risk realization, mitigation
• Communications when risk levels change
• Periodic (annual) full review and re-assessment
• Includes opportunities (positive risk)
IT Governance Committee Minutes
• Reporting to the board of high risk / opportunity / results
• Action / guidance received from the board
IT Steering Committee Minutes
• Reporting of medium+ risk / opportunity / results
• New, emerging, decreasing risks a standing agenda item
• Projects to mitigate, reduce high risk
• Communication to staff on risk appetite / decision points
Project Charters / Change Requests / Dashboards
• Proof of risk consideration AND risk response
• Opportunities included

Resource Optimization
Staffing Plans
• Key skills needed to support future architecture
• Retraining for staff with declining value skills
• Prioritized allocation of scarce resources
• Directly supporting IT strategic plan / architecture
Technological Retirement Plan
• End of life cycle planning for technological components

- Product retirement projects
- Directly supporting IT strategic plan / architecture
- Communications and change management plans
Information Management Policy / Procedure
- Safeguarding existing assets from loss or harm
IT Steering Committee Minutes
- Reporting of discontinued technology
Performance Reporting / Dashboards
- Reporting of skills shortages, gaps
- KPI reporting of staff allocation to business priorities
- Resource consumption by service area

Stakeholder Transparency
Communications plan
- Aligned with IT strategic plan
- Internal and External reporting needs
- Methods, Frequency for communication
Key Performance Indicators
- Establish smart objectives with clear expectations, measurable targets, and accountability
(evidence of) Shared Direction
- Published Project prioritization lists, business cases
- Resource prioritization and prioritization process
- IT risk register
- Architecture standards
- IT strategic/business plan
Performance Reporting/Dashboards
- KPI reporting
- Assurance Reporting
- Internal/external audit engagement results, follow-up on actions

Graham Tranter
Graham Tranter, CIA, CFE, CRMA, CISA, CCSA, PMP is currently a Senior IT/Internal Auditor, with a long history of risk management, project management and IT management, including the establishment of security and records management offices and programs.

Contact our newsletter team if you have an article or idea to share
IIA Headquarter News and Announcements

28-January-2105, Board Oversight of Internal Audit – How to Maximize Internal Audit Value. Click on the following link for Registration details.

10-February-2105, Managing Risks Related to Contaminated Sites. Register now for this free members-only Webinar

11-February-2105, Lean Six Sigma for IA Fieldwork. Click on the following link for Registration details.

10-March-2015, Interview Tips and Techniques for Internal Auditors. Register now for this free members-only Webinar

11-March-2015, General Audit Management Conference. ARIA, Las Vegas, NV, USA

See more at theiia.org

Click on AUDIT CHANNEL.tv above, relax and enjoy some quality and empowering TV, including:

**Becoming a More Efficient Internal Audit Function**
Richard Chambers, President and CEO of The IIA, provides tips in making your internal audit function more efficient. In today's environment of doing more with less, internal audit functions need to be agile, strategic, and innovative in their operations and activities.

**The Top Skill Sets Required for Today's Internal Auditor**
Jeff Browning, Chief Audit Executive for Duke Energy, talks about the skill sets required of today's internal auditors. Are you looking for the right skills...the right people?

**IA & Audit Committees: Together We’re Better**
Audit Committee Chair Olivia Kirtley has great respect for internal audit and works to ensure the committees she chairs support and advocate for internal audit. As the "eyes and ears of the Audit Committee," she challenges internal audit functions to be courageous, candid, and provide effective assurance and communication so the committee may carry out its governance responsibilities.
THIS MONTH’S FEATURE:

Emerging Strategies for Performance Auditing: Insights from City Auditors in Major Cities in the U.S. and Canada

In an era of increasing public expectations for improved government services—particularly when budgets are constrained—performance auditing is a useful tool to enhance decision-making at the local government level. Performance auditing can lead to more efficient, effective, and economical program delivery; stronger controls; and improved compliance with laws and policies.

Many audit functions within local governments in the United States and Canada have embraced performance audits with the support of council and staff. Others, however, are still conducting few or no performance audits. The objectives of this study were to determine the percentage of time allocated to performance audits by internal auditors in major cities in the United States and Canada, identify factors that discourage performance auditing, and identify best practices for conducting performance audits.

This report will help public sector audit leaders, audit committees, and government leaders to understand:

- The barriers to performance auditing that are causing the most impact in the United States and Canada
- Twelve best practices for mitigating the barriers to performance auditing
- Suggested funding levels for audit functions
- Unique challenges experienced by public sector internal auditors in Canada
- Ways that public sector audit leaders and external stakeholders can collaborate to address systemic barriers

Download your free copy today.
Unlocking the Value of Audit Analytics – Is it all about technology?

I recently spoke at an Institute of Internal Auditors (IIA) General Audit Management Conference on the topic of integrating data analytics in risk based audits and was lucky enough to be asked to present again at a local chapter event in the same week. In fact, I was delighted to participate in an interview on the topic before the conference that appeared on the IIA’s Audit Channel. The presentations at the conference went well and have certainly focused my sights on what auditors think are important in data analytics.

Let’s face it, auditors have been using data analytics in one way or another for over a decade and yet most struggle to maximize the value. We have seen audit departments that have matured over the years and gained tremendous value from using data analytics while others struggle to have a consistently positive impact. Many audit departments also witness a major slump in performance after losing key employees that have become experts. What drives these variations in results?

After having discussions and workshops with a number of customers over the past year, there appears to be consensus on the factors that drive value from using data analytics in an audit department. They include:

1. **Visionary Leadership**
The role of the Chief Audit Executive is to be an advocate for their vision by enrolling key team members to share in the same vision, a topic discussed in our white paper, *An Active Fight Against Fraud*. The best performing departments have a leader that is very clear of what role data analytics will play in their success.

2. **A Focus on Stakeholder Satisfaction**
Many internal auditors still do not recognize stakeholder needs and how critical it is to manage and satisfy their expectations. With many businesses so invested in analytics there is an expectation for internal audit to do likewise.

3. **Risk Based Audits**
Maximizing the value of the investment in data analytics for internal audit drives a more focused approach based on the organization’s risk framework. Using audit resources optimally by focusing on the areas of greatest need is again consistent with how businesses operate in general and internal audit should follow suite.

4. **Best Practices and an Obsession with Efficiency**
As auditors we document and standardize everything done in an engagement but many do not do the same with data analytics. There are tremendous efficiencies to be gained from sharing, reusing and making analytics repeatable.

5. **Results Focused Data Analytics**
Great auditors always demonstrate superb discipline and validate their findings and the same principle should be adhered to when using analytics during the audit process. Avoiding the “data chase” is critical.

6. **Commitment to Staff Development**
The most effective data analysts are those that demonstrate critical thinking, not those that are best at using software. Gaining value from an investment in people and technology lies in a focus on the contextual use of analytics software.
Over the next few months, I will expand on the various building blocks that enables internal audit to maximize its value from using data analytics and how this brings us closer creating key insights into an organization’s risk and controls environment.

Andrew Simpson

Andrew Simpson has close to two decades of experience in the information systems audit and security business; specifically data analytics, interrogation and forensics. He is a regular contributor to various auditing conferences and is acknowledged as an expert on continuous controls monitoring and revenue assurance.

Connect: @CW_Simpson  Andrew Simpson

Our sponsors have been invited to share thought leadership articles for publication in our newsletter. In response, the above is the first of six in a series from Andrew Simpson, COO of CaseWare RCM Inc. We thank CaseWare for their contribution to our newsletter.

Keep reading to see what this means

Be sure to review future issues of the newsletter to hear more from both CaseWare and TeamMate
Welcome New Members!

Our Chapter is pleased to welcome three new or returning members.
• Serena Deciantis
• Michael McStravick
• Keyvan Rafiei, CIA

Membership Renewal Time

It’s that time of year when many members renew...

Why renew your membership?
• Monthly Members-only Webinars (12+ Free CPE’s per year)
• Members-only newsletter / subscription to IA magazine
• Access the IIA’s Global Technology Audit Guides (GTAG’s)
• Special rates on training opportunities including Canadian National Conference

Why should you join the IIA VI chapter?
• Chapter discounts on certification resources
• Network and interact with local colleagues
• Local guidance and support for certification

How do you renew
• Visit https://na.theiia.org/membership/Pages/Membership.aspx

Contact our Memberships chair if you have any questions

Coming Soon! - Expect to hear some exciting news about chapter support for members attending the International Conference.
Continuing Professional Education (CPE) Requirements

It’s also that time of the year when CPE’s need to be formally submitted for maintenance of your certifications. The reporting deadline is December 31 each year (but there is a grace period) CPE reporting by IIA members is free;* non-members will be subject to a processing fee for the CIA and specialty certifications.

IIA-certified professionals who fail to meet their CPE requirements by the reporting deadline will automatically be placed in inactive status and may not use their designation.

As an IIA certified professional, you are responsible for ensuring that the CPE information in your report is accurate. You must include your membership or customer identification number when reporting your CPE.

Get more information on CPE reporting steps for current and inactive certificants.

Log in to the Certification Candidate Management System (CCMS) to complete the CPE Reporting Form.

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IIA Career Map™, a free online tool that will provide members with a powerful means of evaluating their professional competencies and creating a robust plan to reach their career goals.

The tool debuted at The IIA’s All Star Conference in Las Vegas, as well as online at www.theiia.org/careermap.

To learn more, go to www.theiia.org/careermap and access the following resources:

IIA Career Map tool
Competency Framework Alignment Overview
Featured article on the latest issue of Career Compass
Video tutorial
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Type</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 12, 2015</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>Institute of Corporate Directors Joint Session on Internal Audit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Client Relationships</td>
</tr>
<tr>
<td>March 12, 2015</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>Business Continuity Planning</td>
</tr>
<tr>
<td>April 9, 2015</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>Enterprise Risk Management</td>
</tr>
<tr>
<td>May 6, 2015</td>
<td>TBA</td>
<td>Event Still in Planning</td>
</tr>
<tr>
<td>June 18, 2015</td>
<td>Luncheon (1.5 CPE) and Annual General Meeting</td>
<td>Ethics or Leadership Related Topic</td>
</tr>
<tr>
<td></td>
<td>(12:00 – 3:00)</td>
<td></td>
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</tbody>
</table>

All events are held at the Union Club of BC, 805 Gordon Street
For registration to any of the above, or more information on upcoming events
Go to Institute of Internal Auditors Vancouver Island Chapter.

Welcome New (Program Team) Board Members
Our call for help in our December Newsletter did not go unnoticed. We thank those members that answered that call and welcome to our board:

- Lyndsay Green, Director of Internal Audit, HP Advanced Solutions.
- Sonia Vicente, Auditor, Ministry of Finance – Internal Audit & Advisory Services.

Lyndsay and Sonia join the programs team and are looking forward to continuing our passion for developing and delivery high quality professional development programs.

Contact our programs team for further details on how you can become one of our future speakers, or on to nominate a speaker you know! Remember, developing and delivering a presentation also earns you CPE in support of your annual certification requirements.
Recap from the December 1\textsuperscript{st} 2014 Annual Fraud Awareness Program

This year we welcomed 28.6 attendees (it’s complex) to our annual fraud program. Attendee’s heard about:

- **Social Assistance Fraud: Strategy, Response and Tools**
- **Profiling the Fraudster**
- **Dismantling the Fraud Triangle using Analytics**
- **Your Fraud Response Plan**
- **Investigative Interviewing in Canada, “The Times They Are A-Changing”**

We felt that the topics blended well together providing insight into topic we hadn’t really heard about before (Social Assistance Fraud), showing us what today’s fraudster looks like, and informing us about the future of investigative interviewing, and to some extent dispelling the myths (myth or history) largely induced by American TV. As always we thank our presenters for their time and contributions to the day and out members and affiliates for coming out and supporting our annual program.

We Listen: What Your Survey Results Told Us!

This year marked, sadly, the lowest attendance at our Annual Fraud Program since before 2010 (we started tracking attendance in 2010). However, aside from the room temperature anomaly, it was rated higher than the 2013 fraud program (we have tracked ratings for the past two years).

We suspected that low attendance was due to other programs put on earlier in the year (our Fraud Primer and facilitation and support of the How to Investigate workshop with Gareth Jones). We believe we found ourselves competing with ... ourselves ... for the precious training dollars and time available to our members and affiliates.

To be sure though, in our survey we asked attendees if they would like to see a change in the annual program. Here are their answers and what we believe that means:

<table>
<thead>
<tr>
<th>From a professional development perspective</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did this event meet your expectations?</td>
<td>88%</td>
<td>12%</td>
<td>0%</td>
</tr>
<tr>
<td>Was this event relevant to your needs?</td>
<td>88%</td>
<td>12%</td>
<td>0%</td>
</tr>
<tr>
<td>Would you like luncheons on fraud during the year in ADDITION to our annual full day event?</td>
<td>47%</td>
<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>Would you like luncheons on fraud during the year INSTEAD of our annual full day event?</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Are you happy with our annual fraud program just the way it is?</td>
<td>88%</td>
<td>13%</td>
<td>0%</td>
</tr>
</tbody>
</table>

The results suggest that we might add a fraud luncheon during the year, but that in general, our members are happy with our annual fraud program as it is. Thus, we will chalk up the low attendance to just a shortage of available budget in a year full of educational opportunities, which is fine by us – service to members and delivering on educational needs is our primary focus.
We also reviewed (as we always do) our standard survey questions to find out about any changes we should apply to the focus of fraud related educational opportunities.

General Comments:

The speakers were all good - my feeling is that their presentations generally were geared to those who are doing investigations all the time as their normal business whereas my feeling about the audience with a couple of exceptions is that we may do one or two investigations a year and therefore there is a bit of a gap between the presentations / "training" aspect and the ability to use the information provided not that it wasn’t interesting - in fact there was a lot of good stuff to be aware of even if not applicable in our normal business. I would have liked a presenter to be able to talk in more practical terms on the investigative process vis a vis the audit process (and when the "hat" changes; and what you need to think about and be aware of in that case so that it helps to bridge gap.

We will keep this in mind for next year and try to focus more on transitioning from audit to investigation and how to maintain investigative integrity.

Enjoyed the guest speakers giving real life situations

Recommendations / Needs for Future Programs:

Good job selecting and attracting a variety of speakers. don't feel like you have to have a lunch speaker. This could be more networking time.

More on Fraud Theory, more on the specifics of investigations - I understand that investigators must keep identities and organizational names confidential, but it would be great to see inside of major investigations, even if identities must be changed.

I would like to know more about gathering and analyzing large amounts of data, particularly the technical and legal aspects of gathering emails. I would also like to learn more about the specifics of interacting with law enforcement on potential fraud / criminal cases.

Round table - fraud stories of our own

Lunch time session took over the entirety of the break and didn’t allow us to reset our brain for more learning.

All great ideas for next year. We will cut out the lunch time presentations and allow for more networking time and a bit of a rest. We will also see if we can find anyone local willing to share a real life fraud story, understanding and respecting of course the legal or organizational ramifications and limitations involved.
The IIA's Certified Internal Auditor® (CIA®) designation is the only globally accepted designation for internal auditors. It is a four-part exam that remains the standard by which individuals demonstrate their comprehensive competence and professionalism in the internal auditing field.

In response to market demand for premier quality global CIA exam preparation, The IIA has developed The IIA's CIA Learning System™. The IIA's CIA Learning System is a comprehensive print and online CIA review program that will prepare you to pass the CIA exam. In 2011, The IIA updated topics to align with 2011 IPPF. A French version of the program is also available. For more information on IIA's CIA Learning System click on the logo below.

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Paul Fournier, ACCA

Jean Baptiste, MA
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Pierre Francois, BA
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Louis Roy, P. Eng.
Alexis Morin, PMP

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Exclusive Offer to Members

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- Full Kit: 3-Part Exam, CAD$650* (New!)
- Individual Part, CAD $285* (New!)
- Full Kit: 4-Part Exam, CAD$625*
- Individual parts CAD$275*

Note: * All inclusive. Subject to change without notice. Prices for non-members are also available.

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For more information and to purchase your IIA’s CIA Learning System, please go to the following link.

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IIA Certification: Financial Support

To support our chapter members in their pursuit of IIA Certification(s), the chapter will provide financial support to the successful candidates who meet the following criteria.

1. All exam and application fees were personally funded.
2. All eligibility requirements were met and passed the exam(s).
3. Be a good standing member when the certification is awarded.

Each successful candidate will receive $100. A limit of 5 successful candidates has been set up for each fiscal year.

Gleim CIA Study Material Discount

In addition to the discounts on IIA’s CIA Learning System, we are proud to offer significant discounts on Gleim’s CIA Study Materials for our chapter members.

As a chapter member, you can get a 20% discount on Gleim’s CIA exam prep products. Please visit the Members Only section of the IIA Vancouver Island website.

We would like to hear from you. Any comment or suggestion on how we can support you for earning IIA Certifications?

► CPE REPORTING REMINDER ◄

All IIA certified individuals must report the appropriate number of CPE credits for the certification(s) they hold by 31 December 2014. Log into Certification Candidate Management System (CCMS) when you are ready to report your earned credits.

The IIA and IIA–Canada have many options for those who have not met their 2014 CPE requirements to acquire needed credits — through webinars offered by IIA–Canada or the training and education programs offered by chapters and Institutes around the world.

To learn more about your CPE requirements, click here.

► Certifications Questions? ◄

Ask our Certification Chair, Michael Zwicker
michael.zwicker7@gmail.com

CIA Exam Review Program by Mount Royal University (Online Course)

Click here for more info.
The IIA Vancouver Island Chapter has

112 Members

Sharing the following certifications

In 2013-2014 we achieved GOLD Status for the 7th consecutive year. We need to do this three more times in the next four years to attain PLATINUM status. Following is our 2014-2015 progress.

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Required CAP Points</th>
<th>Achieved CAP</th>
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<tbody>
<tr>
<td>Service to Members</td>
<td>325</td>
<td>911.77</td>
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<tr>
<td>Service to the Profession</td>
<td>200</td>
<td>1,078.26</td>
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<tr>
<td>Chapter Administration</td>
<td>160</td>
<td>161.00</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>2,151.03</strong></td>
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</table>

As at the end of December, we achieved the minimum CAP requirements in Chapter administration. Thus, we are eligible for our 8th consecutive GOLD status.

Thank you to all our members who support the Chapter through attending events, suggesting topics and speakers, contributing newsletter articles, presenting to the chapter, answering our surveys, and supporting the Internal Audit Profession.
"With IDEA®, we substantially increased our audit coverage by joining databases from different platforms in a standardized format to perform detailed analyses."

Tim McNeil  
Former Manager, Enterprise Risk and Compliance  
Jazz Air LP  
Canada
## Chapter Board for 2014-2015

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Organization</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>President, Membership, Marketing</td>
<td>Kelly Dorin, CPA, CA, CIA, CCSA, CRMA</td>
<td>University of Victoria</td>
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<tr>
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<tr>
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<td>BC Investment Management Corporation</td>
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</tr>
<tr>
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</tbody>
</table>
Kelly Dorin, CPA, CA, CIA, CCSA, CRMA

My career path was not your traditional career path. Shortly after graduating from high school, I attended the University of Victoria with a plan to become a Forensic Scientist. After 3 semesters, I realized that I really wasn't all that passionate about studying science, and I was more passionate about a career in the hospitality business. I had the opportunity to meet an accommodation inspector from the Ministry of Tourism, and I asked him what qualifications I would need to become an accommodation inspector. I was informed that I would need a Diploma in Hotel/Restaurant Administration, so I immediately signed up for the program, and after attaining my Diploma, I approached the Ministry of Tourism to see if there were any job openings. The Ministry informed me that the qualifications had increased, and I would now also require a Marketing Diploma before they would consider hiring me. One of the assignments in the marketing program required students to research a business opportunity. I researched opening a Baskin-Robbins franchise in Victoria. I was so excited about the opportunity that I opened Victoria's first Baskin-Robbins prior to graduating from the marketing program. The store was one of Canada's top stores due to Victoria's mild climate, and I was able to open a second store a year later. I owned and operated the two stores for 5 years, and I sold them both when it became clear that the fitness movement was going to gradually diminish the profitability of my stores.

After selling my Baskin-Robbins stores, I approached my former accounting instructor and asked him if he had any suggestions for what I should do next. He suggested completing the Chartered Accounting Designation, so I enrolled in the Accounting Program, and applied to the Victoria accounting firms for an articling position. I was hired by KPMG, and I gained valuable audit and consulting experience. I left KPMG about four years later shortly after I received my CA Designation. I joined the Office of the Comptroller General as a senior internal auditor, and I was with them for about 10 years. During this time I was responsible for the internal audit portfolios at the Ministries of Children & Family Development, Transportation, Economic Development, Forests and Range, Environment, and Agriculture. I left the Office of the Comptroller General to establish the Internal Audit Department at BC Assessment. After setting up the internal Audit department and completing 33 audits, I joined the University of Victoria as the Manager of Internal Audit, where I remain today.

I am the current President of the Vancouver Island Chapter of the Institute of Internal Auditors, and past President of the Victoria Chapter of the Chartered Accountant's Association. I am very passionate about the internal audit profession, and I would highly recommend internal auditing to anyone considering entering the profession.
I am not an auditor! OK, maybe I am, but I didn’t start out that way. My career started with the Alberta Government in 1982 as a Programmer Analyst, drafted straight out of the Northern Alberta Institute of Technology to work on the in-house redevelopment of the Alberta Pension System – a system that stayed in service until the early 2000’s.

Since then I have held 29 or 30 positions in 15 or 16 distinct companies in B.C., Alberta and Saskatchewan. I have managed or led over 60 IT projects for government, health care, the phone company (AGT – the original Telus), consultants (CGI and ISM Alberta – the original ISM), and various crown corporations such as BC Systems and the BC Pension Corporation.

Along the way I have used, to varying depths, about 140 now mostly irrelevant or dead computer languages. I still program in a few.

I’m not even close to a specialist and tend to refer to myself as a business generalist in the IT sense, having had exposure to just about all aspects of IT that one could encounter: Systems Development and Maintenance, Workstation Services (Help Desk), Data Centre Operations, Project Management, Business Continuity and Disaster Recovery, Records Management, Privacy and Freedom of Information, Middleware (Databases / Application Servers), Migration Management (Change Control), Architecture, Quality Management (ISO9001 Audit), and somewhere in there, 5 years leading Information Security for the BC Pension Corporation.

Having determined after 28 years that enough was enough, I swapped professions instead of employers and entered the field of Internal Audit at the University of Victoria where I currently enjoy my second appearance interrupted only by a brief stint in Saskatchewan. Possibly naturally, much of my audit work revolves around IT. Oddly, most of my colleagues in the 90’s feared I might one day migrate to the audit field.

I am the current Vice President \\ Programs Chair \\ Newsletter Chair of the IIA Vancouver Island Chapter, having been on the board for the past 4 years and I am in my second term as Secretary of the ISACA Victoria Chapter. Can one over-volunteer?

Meet two more members of the board in our next newsletter
Internal Audit Haikus

The numbers don't add
Leading to questions and fear
No fraud – bad audit

A.1.1.b.2
See B.1.5.c.c.6
Reference nightmare

The lines turn blurry
Checking ticking and tieing
Supervising sucks

Audit tears flow down
Full days work - ten hours - poof
Should have saved files

Criteria, Cause,
Condition, Effect, Action.
What was the question?

Matching ruby red
Pillars flow line after line.
Not a good heat map

Good fieldwork planning
Tests. Samples. More important
Find the closest bar.

Single drop spills
Starting a flow. Water. Words.
Fraudster confession

Leaves drift in water.
Glaciers creep. Shadows grow long.
Will this meeting end?

Management argues
Internal Auditors sigh
Must grin and bear it.

Internal Audit Jokes

Auditor #1: My auditee is an angel.
Auditor #2: You're lucky. Mine's still alive

An auditor did an audit of the corner shop. He reported, "It has four."

A Chief Audit Executive, a Chief Risk Officer, and a Chief Compliance Officer walk into a bar. The Barman says, "Is this some kind of joke?"

How many auditors does it take to change a light bulb? How many did it take last year?

What did the internal auditor do to liven up the office party? He didn't show up.

What happens when you lock a wild hyena in a room with an internal auditor? The hyena stops laughing.