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4 Tips for Showcasing IA Value

Internal auditors constantly add value to their organizations by providing assurance and recommendations on the effectiveness of risk management, controls and governance processes.

But how much of this contribution is recognized as really being a value-add, and not just a required organizational functional process? How often does the corporate C-suite and board really notice and appreciate internal audit’s contribution?

While internal audit may not have a reputation as being a particularly glamorous and exciting profession, when you think about its role and mandate, internal auditors are in a remarkably unique position in most organizations. What other function has a charter that provides unrestricted access to virtually all data, activities and aspects of an organization?

Perhaps part of the issue is that auditors have traditionally tended to focus on predictable audit areas and at times got into too low a level of detail on risk and control issues. Ask yourself: how often do you deliver audit reports that grab senior management’s attention, addressing topics that are important to their world—and help to turn on that light bulb about the full value of internal auditors?

Here are some observations on what you can do to help showcase your value and contributions:

1. Audit the Unexpected

Many corporate leaders do not expect audit to weigh in on the topics that are at the center of executive attention. Auditors are expected to be involved in risk areas such as regulatory non-compliance, fraud and corruption—all of which certainly have the potential to cause a lot of damage to an organization and the achievement of overall objectives. But what about strategic areas such as global competitiveness, sales and marketing performance, product innovation and development, or talent management?

Many audit teams are reluctant (sometimes with good reason) to venture into these areas. Second-guessing the CEO or one of his/her team on their strategic decisions is probably not a very good idea! But there are various ways in which internal audit can be involved in strategic areas and deliver very credible value.

Just one area to consider is the integrity of the data and reporting mechanisms that underlie strategic areas. What if the reports and dashboards that corporate leaders use to steer the organization contain errors and are misleading? Or, perhaps, the quality of competitive analysis, or market analysis, leaves a lot to be desired—and the CEO and CMO have made decisions based on faulty assumptions?
Almost every strategic corporate decision is made based on some form of internal analysis and system. By providing assurance over these processes and helping to improve them, you can make a realistic contribution to corporate strategic success.

2. Champion collaboration between the “three lines of defense”

The Institute of Internal Auditors’ “Three Lines of Defense” model is a very effective way of defining and communicating the respective roles of responsibilities of (1) front line operational management, (2) those directly involved in a range of risk, control and compliance functions, and (3) internal audit. Often, each function tends to focus on its own role with little time spent on ensuring that activities are coordinated and optimized across the three groups—resulting in the commonplace “silo” effect.

This is where internal audit can play a leadership role in helping to break down the silos and achieve an efficient and integrated approach to managing and assessing the effectiveness of risk management, controls and compliance. After all, it is the internal audit profession that came up with the “Three Lines of Defense” model, so why not put it to good use?

Be the champion of taking an integrated approach, using software technology as the driver for a common and consistent approach to assessing and monitoring risks and controls effectiveness.

3. Deliver unique insights from analytics

How could I not refer to the role of data analysis in all this? It is, of course, a key part of ACL’s heritage and contribution to the audit profession.

I find it very interesting that “Big Data” analysis has gained so much attention in the past few years. Conceptually, it parallels much of what some internal auditors have been doing with data analysis for many years, if not decades.

Although some organizations are investing heavily in massive, often slow-moving, Big Data initiatives, the reality is that internal auditors are already able to achieve remarkable insights from examining data. This is thanks to (a) their experience in gaining access to data from across the organization and (b) applying specialized analysis software. And the bonus is that auditors’ value-added contributions from applying data analysis to any area, strategic or otherwise, are nearly always achieved at a very small fraction of the cost and effort of Big Data and BI projects.
4 Tips for Showcasing IA Value

4. Communicate insights simply and innovatively

A picture is often worth a thousand words—or a hundred rows of numbers. This is partly why visual data analysis and reporting have grabbed so much attention lately. The brains of most people are just not wired to quickly interpret and understand large volumes of words or numbers.

The most impactful reporting is usually that which illustrates something insightful in simple terms, hopefully leading to an “aha!” moment for your audit committee or senior management. There may be a huge amount of effort and analysis underlying an audit finding, but there is no need to reflect the extent of work in the volume and detail of a findings report.

While the term “dashboard” may be often over-used, the principle of clearly illustrating the current state of, say, integrated risk assessment activities in a critical business area, across all three lines of defense—in one simple visual—can be incredibly powerful.

Deliver on any of these four areas and the chances are that your internal audit team will be seen in a new light.

Deliver on all three and internal auditors will really begin to get the recognition they deserve.

John Verver
John Verver, CPA CA, CISA, CMC is an acknowledged thought leader, writer and speaker on the application of data analysis technology in audit, fraud detection, risk management and compliance. He is recognized internationally as a leading innovator in continuous controls monitoring and continuous auditing and as a contributor to professional publications. He is currently a strategic advisor to ACL, where he has also held vice president responsibilities for product strategy, as well as ACL’s professional services organization. Previously, John was a principal with Deloitte in Canada.

Our sponsors have been invited to share thought leadership articles for publication in our newsletter. In response, this article is provided by John Verver, strategic advisor to ACL. We thank ACL for their contribution to our newsletter.

Contact our newsletter team if you have an article or idea to share
Does this sound familiar?

- You spend most of your day managing spreadsheets, shared drives and email.
- You’d rather add value for your organization by showcasing material improvement and risk mitigation opportunities – not chasing after tick marks in e-documents.
- You’d love to easily report on strategic risks, recommendations, and remediation statuses – anytime senior management or the board asks.
- You’d feel much more confident if your recommendations and findings can be backed by quantifiable, data-based evidence.

Your audit management tool should do much more than manage workpapers

ACL GRC is the only solution that integrates robust data analytics with easy-to-use, cloud-based audit management software.

Turn Analysis into Actionable Results - Anytime, Anywhere.
Watch the video on acl.com/a-better-way to see how it works in less than 2 minutes.
IIA Headquarter News and Announcements

IIA HQ provides free monthly webinars. Click here for upcoming sessions or follow the links below to register for IIA HQ or IIA Canada free webinars.

1-October-2015 Financial Services Audit Center Webinar: Auditing the Business Continuity Plan

13-October-2015 Board Oversight of Internal Audit – How to Maximize IA Value (IIAC)


23-October-2015 Cyber Security Understanding 5 Key Challenges to Successful Programs (IIAC)

17-November-2015 Measuring IA Value and Performance (CBOK Report)

8-December-2015 The Key Issues Facing Risk Managers in the Next 5 Years (IIAC)

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

Learn From The World: CBOK 2015 - Technology Trends
CBOK reports share insights on the use and risk of technology around the globe. How does it compare to your organization?

Recruiting New Life Into Internal Auditing, Pt 1
In part 1 of a three-part series, three internal audit leaders discuss the drivers behind today’s need to fill positions in internal auditing with professionals from other business backgrounds.

The Fraudit
Pamela Verick, a director with Protiviti, discusses how to conduct a "fraudit" — an audit to identify indicators of fraud risk.

The Framework for Internal Audit Effectiveness
Changes in today’s business environment and the associated risks are only accelerating. Internal auditing requires commitment and a framework of clearly articulated principles, leading-practice standards, and timely guidance that not only acknowledge but also anticipate these changes. For internal audit to keep up with an ever-changing environment, learn how this new International Professional Practices Framework (IPPF) is evolving to effectively support the profession and meeting the many challenges ahead.
THIS MONTH’S FEATURE:


20% off the Chapter Book of the Month

An organization should periodically audit intellectual property in order to help ensure that its rights are captured, preserved, safeguarded, and properly valued. When performing an audit of the intellectual property process the audit department must ensure that the staff performing the audit is qualified to do so. Additionally, the purpose of the audit should be well articulated prior to embarking on the effort.

The purpose of this book is to provide a guide for auditors to perform an audit of intellectual property. The book is broken down into ten parts, as follows:

- Introduction
- Types of Intellectual Property
- The Audit Staff
- The Purpose of the Audit
- The Scope of the Audit
- The Preliminary Review
- Flowcharting the Process
- Control Testing
- Substantive Testing
- Reporting

Auditing intellectual property is a worthwhile endeavor in today’s world and one which might be new to auditors. With proper planning and the guidance this book offers, such an audit can be time well spent, and may yield significant savings to an organization in protecting a most valued asset.

**Use promotion code CHAPTER when ordering to save 20% on this title through Sept. 30, 2015**

An organization should periodically audit its intellectual property to ensure that its rights are captured, preserved, safeguarded, and properly valued. It is important to ensure the staff performing this type of audit is qualified to do so. And the purpose of the audit should be well articulated prior to embarking on the effort.

This book covers both of those areas and offers internal auditors concepts and steps to consider when auditing their organization’s intellectual property process.
Welcome New Members!

Our Chapter is pleased to welcome the following new or returning members.

Progress Through Sharing

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 (locally or internationally)? Do you just have a great topic that you want to share with members of our profession?

Contact our Newsletter team and find out how easy it is to submit an article for inclusion in our next newsletter. We like to see articles of about 1,000 words, and graphics always help.

If you submit an article that we publish, we will also be happy to offer you free attendance at an upcoming luncheon event.

Remember, developing and publishing an article also earns you CPE in support of your annual certification requirements.
To Audit Emerging Risks, We May Have to Leave Our Comfort Zone

From the very beginning of our careers in internal auditing, most of us are trained to audit a handful of "core" risks. We rapidly become comfortable with traditional financial audits, regulatory compliance audits, and various common operational audits. We look at what was done in the past, and often we decide to audit the same things again in the same way – sometimes without even updating the audit plan.

Occasionally, the repetition is justified. After all, some risks are inherently worthy of internal audit coverage. But we now live in an era when risks are extremely dynamic. It is unlikely that all of last year's risks should be driving this year's audit plan. New risks surface every day, and we need to keep in mind that auditing at the speed of risk often means tackling areas where we may have little experience. Traditional, routine risks are easily identified, well known, and readily assessed; but they are not necessarily the risks that will imperil shareholder value today or tomorrow. Emerging risks, such as cybersecurity, can be more difficult to identify and assess, but that's one of the reasons they often are the risks for which internal audit focus is the most critical.

Our tendency to stick to traditional financial and compliance audits may mean that we are overlooking the most significant risks facing our organizations. As evidence, a 2014 study by CEB indicates that 86 percent of significant declines in market capitalization in the past decade were caused by strategic risks. Operational risks were a distant second at 9 percent, and legal/compliance and financial reporting risks combined accounted for only about 5 percent. By contrast, the Audit Executive Center recently reported that 57 percent of internal audit resources in North America this year are earmarked for financial, compliance, and operational audits, while only 8 percent are focused on strategic business risks. It seems glaringly obvious that, if we are truly risk-based in our approach to internal auditing, we cannot continue to focus only 8 percent of our resources where 86 percent of the risks to our organizations reside.

A sampling of "The Most Important Risks For 2015," recently published by Protiviti, provides strong evidence that our comfort zones must evolve if we are to address them in our internal audit plans. Some of these risks include:

- Economic conditions in current markets may not present significant growth opportunities.
- Cyberthreats could significantly disrupt core operations and/or damage the brand; privacy/identity and information security risks may not be addressed with sufficient resources.
- Succession challenges and the ability to attract and retain top talent may constrain efforts to achieve operational targets.
The organization's culture may not sufficiently encourage the timely identification and escalation of significant risk issues.

- Sustaining customer loyalty and retention may be increasingly difficult due to evolving customer preferences and/or demographic shifts in the existing customer base.
- New technologies may disrupt the organization's business model.

The CEB study noted that, at most companies, assurance functions such as internal audit "consider strategic risks to be out of their scope and instead see them as business owners' responsibility." This is a misconception that could have disastrous results. It's true that strategic risks, such as navigating a landscape of disruptive technologies, are a responsibility of senior management, but management is also responsible for handling operational, financial, and compliance risks, all of which are within our scope – and within our comfort zone. Perhaps it's time to ask ourselves why we would allow such a massive scope limitation to go unchallenged.

Other stakeholders have also expressed a desire for internal auditors to step outside their traditional comfort zones. For example, regulators in the financial services industry are starting to call for assurance regarding organizational culture, which is also on Protiviti's list. But while most of us are comfortable analyzing and reporting on statistics from ethics surveys or hotlines, the more subjective aspects of auditing organizational culture can take many auditors outside their comfort zone. Is this one of the reasons these important audits are often postponed indefinitely?

A willingness to go outside the internal audit "comfort zone" doesn't mean undertaking activities for which internal auditors are not qualified. But our professional standards state that the chief audit executive must establish risk-based plans. Ignorance about new risks is no excuse for failing to audit these risks; neither is a subconscious bias against "uncomfortable" engagements that call for subjective judgment. If the internal audit department does not have the necessary skills to carry out risk-based audit plans appropriately, the chief audit executive simply must find a way to develop or obtain the necessary skills. Perhaps, this will entail calling in an outside expert (as more than 60 percent of Fortune 500 CAEs indicate they do) or ramping up the training program, but it should never entail ignoring significant risks.

As internal auditors, we should follow Edward Whitacre Jr.'s advice: "Be willing to step outside your comfort zone once in a while; take the risks in life that seem worth taking. The ride might not be as predictable if you'd just planted your feet and stayed put, but it will be a heck of a lot more interesting."

Richard Chambers
Richard F. Chambers, CIA, QIAL, CGAP, CCSA, CRMA, is president and CEO of The IIA. In Chambers on the Profession, he shares his personal reflections and insights based on his nearly 40 years of experience in the internal audit profession.
2015 ALL STAR CONFERENCE
Oct. 19-21 / Hollywood, FL

Celebrating 11 years of the best of the best!

Spotlight on Achieving Auditing Excellence

Now in its 11th year, the All Star Conference offers you more by featuring The IIA's highest rated presenters from the past year of conferences, as evaluated by attendees.

Go beyond processes and controls to explore the essential role internal audit can play within the organization by identifying enterprise-wide business efficiencies, providing strategic approaches that improve business performance, and provoking insights that focus on the risks that matter.

Don't miss "the best of the best" at the Diplomat Resort & Spa in Hollywood, Fla. this fall. Register today at www.theiia.org/goto/AllStar. IIA Members, register early to save US$200!

Choose from 32 concurrent sessions in 4 educational tracks and earn up to 18 CPE credits (earn even more with a pre-conference workshop):

- Regulatory & Compliance Governance
- Cyber, Social, & Technology Innovation
- Trends in Risk Management & Fraud Detection
- Leadership Strategies & Resource Management

www.theiia.org/goto/AllStar
October 2015 – February 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Type</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 16, 2015</td>
<td>Full Day Conference</td>
<td>Annual Fraud Awareness Program</td>
</tr>
<tr>
<td>November 12, 2015</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>E-mail malfeasance, misrepresentation and media coverage</td>
</tr>
<tr>
<td>January 21, 2015</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>Topic to be confirmed</td>
</tr>
<tr>
<td>February 18, 2015</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>Topic to be confirmed</td>
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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.

2015 Annual Fraud Awareness Program Details

Agenda
08:45-10:15  Session 1 – Rationalization and Corruption
10:30-12:00  Session 2 - Fraud Risk Assessment / Corruption Risk Assessment
13:00-14:30  Session 3 - Building an Anti-Corruption Data Analytics Program
14:45-16:15  Session 4 - Key Requirements of a Proactive Compliance Program

This year we will not be providing the usual continental breakfast. Past comments indicate that this is not deemed high value and removing allows us to pass the savings along to you.

Early Bird registration is available now and will run until September 18. Registration details can be found at: https://www.gifttool.com/registrar/ShowEventDetails?ID=1902&EID=20692

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 and their topic! Remember, developing and delivering a presentation also earns you CPE in support of your annual certification requirements.
Attention ACL / CaseWare / TeamMate Users

We understand formal vendor product training can be expensive enough without having to add in travel costs and time away from the office. We also appreciate that normally such courses are available only in Eastern Canada or the US Northwest (except for Vancouver based ACL of course).

In June of 2014, we facilitated our sponsor CaseWare in holding a three day Introductory and Intermediate IDEA workshop at UVic eliminating venue and travel costs for our participants.

Would you or your organization be interested in ACL, TeamMate, or CaseWare formal training held here on Vancouver Island?

As a result of meeting with all three of our sponsors at the International Conference, your board is exploring the opportunities to support Advanced IDEA Training and formal ACL and Teammate training as well. We have initiated discussions with our contacts for all three vendors to see if they are interested in reaching out to their customers (you) and potentially partnering with the IIA Vancouver Island chapter to help deliver such local training as a win-win-win solution.

Our chapter will do this as a net zero proposition, meaning the chapter will not subsidize but also seeks to make no profit. Costs will be whatever value the vendor puts on the training and any administrative costs they, or we, incur (e.g. meal provision, any non-included travel, etc.)

If this interests you, share the specifics with us and we will pass that on.

• What type of training?
• How many people would attend?
• What time of year would training be best (may be dependent upon venue availability)?
• How much you are willing to budget?

We will discuss potential group discounts with the vendors. But, if formal courses are just too expensive, even if delivered locally, we will advocate on your behalf for fee reductions as a benefit to you in learning and a benefit to the vendor in having you successfully use their product.

Thought, comments, specific training requirements. Contact us for details or to share specifics via gtranter@uvic.ca.
To achieve new heights, finding the right balance of audit tools is essential. Only TeamMate offers an integrated set of solutions that include the industry’s leading audit management system, an innovative controls management system and powerful data analytics.

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Learn more at: TeamMateSolutions.com
Vancouver Island Chapters Most Recent CIA

Our most recently Certified Internal Auditor (CIA) is Amy Hoggard, instructor at the School of Business at Camosun. We asked Amy to share her story with us.

What certification did you achieve and when? CIA – August 2015

What prompted you to become certified? I am in the process of developing an Internal Audit course at Camosun College and I wanted to go through the certification so I can help my students through the certification process as well.

How did you prepare for the exam? I took the IAA CIA Prep Course for all 3 parts.

How has certification helped your career? It has enriched my knowledge and skills base to be a better instructor for my students.

What advice do you have for others seeking certification? Keep doing questions until you feel comfortable, a big part of any exam success is confidence!

Amy spent 3 years at PricewaterhouseCoopers in the Audit and Assurance department in Vancouver where she earned her CA designation. She also spent a year in Melbourne, Australia working with PwC in Audit and Assurance as well. She transitioned to industry, back in Vancouver, with Mercer International, a pulp company where she prepared consolidated financial statements and foreign currency translations. Amy has been an accounting instructor in the School of Business at Camosun since 2008.

She has Masters of Science from Utica College, focusing on cybersecurity and computer forensics and is interested in cybersecurity awareness across all levels of education. She also holds CPA, CA (Chartered Professional Accountant), CFE (Certified Fraud Examiner) and CIA (Certified Internal Auditor) designations. She instructs financial accounting, audit and fraud awareness courses. In addition to her role in the accounting department, Amy is also one of the faculty advisors for the Camosun DECA chapter, student-led club.
The IIA's Certified Internal Auditor® (CIA®) certification 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.

A French version of the program is also available.

For more information on IIA’s CIA Learning System click on the logo to the bottom left.

But before you purchase, read on…

Your IIA Vancouver Island Chapter is pleased to assist members interested in obtaining the globally recognized CIA designation through providing IIA’s CIA Learning System at significantly lower prices:

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

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

This offer represents significant savings from the regular prices offered directly through the IIA.

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

The IIA's CIA Learning System - Order/Payment Site
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?

Certification Spotlight

Tell us your story on your journey to certification and we will publish it in our next newsletter. Share your experience!

What certification did you achieve and when?
What prompted you to become certified?
How did you prepare for the exam?
How has certification helped your career?
What advice do you have for others seeking certification?

Answer these questions along with a professional bio and picture to The Connector editor at gtranter@uvic.ca to earn your page on our bi-monthly newsletter.

Certifications Questions?

Ask our Certification Chair
Tony Pollard
tpollard@parkerjohnston.com
The IIA Vancouver Island Chapter has
113 Members
Sharing the following certifications

In 2014-2015 we achieved GOLD Status for the 8th consecutive year. We need to do this two more times in the next three years to attain PLATINUM status. Following is our 2015-2016 progress.

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Required CAP Points</th>
<th>Achieved CAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service to Members</td>
<td>325</td>
<td>158.86</td>
</tr>
<tr>
<td>Service to the Profession</td>
<td>200</td>
<td>750.67</td>
</tr>
<tr>
<td>Chapter Administration</td>
<td>160</td>
<td>80.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>989.53</strong></td>
<td></td>
</tr>
</tbody>
</table>

As at the end of August, we are progressing well and are working towards the 1,060 point target for SILVER status. However, we remain well short of the minimums in two categories. We must attain both the minimums in each service category and an overall point total. We can only do this by continuing to strive to bring you events, information, and the support you need or want for your professional growth.

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.
Please feel free to contact our Board members with your questions, concerns, opinions, or even kudo’s at any time. We welcome your feedback in improving our service to you and the profession.
“The Managers in the Finance department were pleasantly surprised at the power and capacity of IDEA®, so much so that they explored using the tool. The software has created a reputation for itself within our organization and helped me to become more of a trusted advisor to the business, which is always my ultimate goal.”
The Lighter Side

http://www.snorgtees.com/t-shirts/geek-nerd - Geek T-Shirts for you and your friends