Inside This Issue...
2  The Rockstar Internal Auditor
7  IIA Canada IIA HQ News
10 Membership
12 Professional Development
13 IIA Certifications
15 Chapter Progress Report
16 Chapter Board
18 The Lighter Side
Death of the Tick Mark, Birth of the Rockstar Internal Auditor

The Internal Auditor’s time to shine

In order to deliver greater value and become the organization’s most sought after people, we must step away from the endless detailed, manual audit documentation built on documents, spreadsheets and tick marks. Instead, we must focus on designing a way to leverage technology in building a system that takes the entire environment into account and efficiently produces pieces of insight that support our conclusions in accordance with professional standards.

Using current methods, we cannot synthesize enough information to drive meaningful insight, while simultaneously, we are wasting countless hours compiling reams of documentation that no one will ever review or derive value from.

While the internal auditor can become the rockstar in the organization, nobody has the superhuman capability to do everything. The reality is, if you want to spend time auditing the big-picture issues that have a top-down effect, something has got to give.

In my opinion, painful as it may be, that “something” is the ever-symbolic tick mark.

Where tick marks came from and why they’re not useful in Internal Auditing

Tick marks, in the internal audit context, emerged from use in external financial auditing. In financial statement audits, for which the core goal is to foot, sum, agree, tie, and recalculate until the auditor is, statistically speaking, reasonably sure that the numbers presented are accurate, tick marks, such as the following, are very useful:

- IM: Immaterial
- TB: Agrees to trial balance
- PY: Prior year
- ^: Calculation foots

All of this can be found in the book “Auditing for Dummies.” If one were to round up a bunch of external financial statement auditors and put them into internal audit, we would end up performing audits in fundamentally the same way. No earth-shattering news there.
However, internal audit is charged with a very different task. By definition, directly from The Institute of Internal Auditors:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

So then, why are we spending so much time preparing and reviewing endless detailed documents using the “Auditing for Dummies” approach?

It should be obvious that when charged with the responsibility to “add value and improve an organization’s operations” and “improve the effectiveness of risk management, control and governance processes,” 99% of the tick marking we are doing (and thus by extension, the manual review of detailed, line-item information) is an enormous waste of time.

Wait – If I am reviewing heaps of tick marks, where did I go wrong?

The issue presents itself long before execution of an audit in the field. The CAE should be taking a macro perspective throughout the enterprise risk assessment process. The question arises: are we really looking at the enterprise risks, or are we still leaning toward our natural bias of accounting and finance processes and reporting? Ticking and tying volumes of financial information throughout the year probably signals that the boat was missed quite some time ago.

I recently had a client who identified just over $1 million in payments that were made in error and largely recoverable—a significant win indeed! With great zeal, the organization’s CAE brought the issue to the CFO and COO, prideful in the internal audit team’s work and value realized.

To the CAE’s dismay, he was met with a 10-minute meeting, in which the CFO stated, “Can you please take this to [assistant controller] to handle? The ink is still drying on $600 million worth of contracts this month that we still have to get aligned on, thanks.”

The audit team thought they had hit a home run, but it turned out to be a single at best. In addition, they lost credibility with senior management by assuming it was something worth their time.
Auditing what really matters

During my time spent in client services for the Big Four, essentially every organization I encountered expressed intense concern over the topic of employee retention and loss of top talent. The war for talent is no small matter. Competition for skilled, loyal employees and executives is fierce.

Although senior management at each of these organizations was very well aware of the problem and worried about the negative impact that turnover can have on the bottom line, they didn’t have any concrete data on what the rate of loss was, the risk factors that were causing losses, where the talent was going, or the actual amount damage to the company’s balance sheet.

This prompts the question: why hasn’t anyone in the audit department considered performing an audit on this area of the business? Information outlining the loss of skilled professionals would not only bring the issue to the forefront, but also shed light on why this might be happening and what can be done to mitigate the problem. However, I have never seen “Talent Retention” listed as one of the audits in the annual audit plan.

Other key areas of risk that auditors might focus on, as opposed to mulling over minuscule financial details, include competitive pressure and sales functions. Why not take a look at divisions of the business that aren’t building pipelines fast enough in order to meet sales goals?

I have a legit audit that requires detailed analysis of information. Now I have to tick mark, right?

Completely wrong.

When the time comes to analyze, there are numerous tools available that elevate internal auditors’ performance. By using data analysis, as opposed to starting out with a sample of information and then ticking and tying, the auditor can obtain the entire population of data relevant to the risk or control under review and massage it down to a specific answer that cuts through the clutter, directly highlighting the root of the issue.

As an analogy, if a marine biologist is faced with a near-extinct species of fish, why spend precious, limited time counting how many individual fish have expired when you could focus on finding out what’s causing the crisis in the first place?
Typically, if you are looking at something that requires manual inspection of a sample of items, there is a better way to get to that answer by analyzing trends and variances. It simply takes the creativity and curiosity to better define the question that really needs to be answered, and to then design new approaches that provide a solution by using objective information that is hidden in plain sight.

Eradicating the tick mark and what it symbolizes is just the first step in making groundbreaking progress toward industry-wide transformation.

Dan Zitting

Dan Zitting is Vice President, Product Management & Design at ACL. Dan has extensive experience in the audit, risk, and assurance industry, upon working for several years at Ernst & Young and co-founding the CPA firm, Linford & Company LLP. He is a four-time winner of the CPA Practice Advisor Magazine’s 40 under 40 award, a Certified Public Accountant, Certified Information System Auditor, and Certified Information Technology Professional.

Our sponsors have been invited to share thought leadership articles for publication in our newsletter. In response, this article is provided by Dan Zitting, VP product Management and Design at ACL. We thank ACL for their contribution to our newsletter.

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


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

2-November-2015 Board Oversight of Internal Audit – How to Maximize IA Value (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:

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.

IA’s Reputation: From “Gotcha!” to “We’ve Got You”
Carmen Abela describes the transformation she’s seen of an internal audit function going from a police-like “Gotcha!” enforcer to more of a trusted advisor and strategic partner whose message now is more like, “We’re with you – you’re safe.” How do your clients view your team?

When the Whistle Is Blown, All Lines of Defense Have Failed
In this InternalAuditorOnline.org video blog, IIA President and CEO Richard F. Chambers discusses the ramifications of the SEC’s whistleblower program. When federal whistleblowers rules were enacted, it was understood that even internal auditors could be eligible under certain conditions. But the first payout ever – $300,000 in this case – to a whistleblower who performs an audit or compliance function at a company still leaves Chambers with mixed emotions.
THIS MONTH’S FEATURE:

**Staying A Step Ahead: Internal Audit’s Use of Technology**

*New!! From The IIA Research Foundation*

The use of technology by internal audit continues to expand, as organizations have continued to embrace the possibilities that technology affords them to conduct business and thrive in today’s society. But has internal audit’s acceptance of technology kept pace with those organizations or lagged behind?

The 2015 Global Internal Audit Common Body of Knowledge (CBOK) Practitioner Survey shines new light on the use of technology by internal audit and the related skills that internal auditors have acquired.

Staying a Step Ahead will help readers benchmark their department’s activities and team skill levels with those of other organizations in their region and around the world.

This report is part of the 2015 Global Internal Audit Common Body of Knowledge (CBOK) Practitioner Study series currently in development. The survey drew more than 14,500 responses from internal audit practitioners and those involved in the profession around the world. Approximately two dozen reports are planned, organized into eight knowledge tracks focusing on the profession’s emerging issues in areas that include the future of internal auditing, governance, global perspective, management, risk, standards, talent, and technology.

**Your Donation Dollars at Work**

CBOK reports are available free to the public thanks to generous contributions from individuals, organizations, and IIA chapters and institutes around the world.

*This report is generously sponsored by TeamMate*
Special Delivery!

The IIA Research Foundation has redesigned how it delivers content, servicing The IIARF’s mission of being the preferred global provider of internal audit research and knowledge. Access internal audit tools at your fingertips, where you need them, when you need them, and carry your audit library in the palm of your hand.

Chapter members can save the entire month of October on every eBook published by The IIARF. Place your order online and receive your book in seconds, anywhere in the world!

Visit www.theiia.org/bookstore to browse these titles; look for the eBook logo.
Welcome New Members!

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

Catherine Arber
Tracy Gillis

Calling All Certified Internal Auditors. Earn and Report Your CPEs

31 December is just around the corner. Don’t let the end-of-year rush sneak up on you when it comes to earning and reporting your CPE credits. Comply with your CPE requirements to continue enjoying the benefits of your certified status. Earn the CPE credits you need with qualifying educational opportunities offered by The IIA:

Calendar of Events: Visit the global calendar of events page for CPE opportunities. Start your search by visiting the calendar page.

International Conference: Attend the International Conference and earn up to 18 CPE credits. Earn more with optional pre- or post-conference sessions.

IIA Institutes: Many IIA Institutes offer programs on audit-related issues for which attendees can earn CPE credit. Check with your Institute or find an Institute near you.

Internal Auditor Magazine: Earn 3 CPE credits with every issue by reading Internal Auditor magazine articles and answering questions about them here.

Other CPE Opportunities: Did you know you can earn CPE credits for other events and projects related to internal auditing? For example, you can earn credit by speaking on relevant topics at events; researching and authoring topical articles; serving in a volunteer capacity with The IIA on the local, regional, national, or international level, and more.
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.

TeamMate AM | TeamMate CM | TeamMate Analytics
### October 2015 – February 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Type</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 12, 2015</td>
<td>Luncheon (1.5 CPE)</td>
<td>E-mail malfeasance, misrepresentation and media coverage</td>
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<tr>
<td></td>
<td>(12:00-2:00)</td>
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<tr>
<td>January 21, 2016</td>
<td>Luncheon (1.5 CPE)</td>
<td>Topic to be confirmed</td>
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<td></td>
<td>(12:00-2:00)</td>
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<tr>
<td>February 18, 2016</td>
<td>Luncheon (1.5 CPE)</td>
<td>An Effective Control Environment for Financial Reporting</td>
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<td></td>
<td>(12:00-2:00)</td>
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<tr>
<td>March 17, 2016</td>
<td>Luncheon (1.5 CPE)</td>
<td>Great Expectations – Risk Business (ICD Joint Session)</td>
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<tr>
<td></td>
<td>(12:00-2:00)</td>
<td></td>
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<tr>
<td>April 26-27</td>
<td>2 Day Workshop</td>
<td>IT Fundamentals for Internal Auditors (Planning)</td>
</tr>
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</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](#).

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**October 16th 2015 Fraud Awareness Program**

Thanks to all of our members and affiliates who came out to our 8th annual 2015 Fraud Awareness Program day on October 16th.

We had a full house with 44 attendee’s, including three students from Vancouver Island University, attending as part of our expanding academic outreach initiatives.

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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.
IIA 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

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™.
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.

CGAP Application Fee Waiver in October

Coming in October 2015, The IIA is waiving the application fee (up to a US$200 value) for the Certified Government Auditing Professional® (CGAP®).

The CGAP designation was established for auditors working in the public sector at all levels. Whether you are seeking a promotion or simply pursuing professional development, this credential will demonstrate your preparation for the many distinct challenges you will face in this demanding environment. Learn more about CGAP.
Your Chapter Report

The IIA Vancouver Island Chapter has

115 Members
Sharing the following certifications

<table>
<thead>
<tr>
<th>Certification</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Internal Auditor (CIA)</td>
<td>43</td>
</tr>
<tr>
<td>Certified Government Auditing Professional (CGAP)</td>
<td>2</td>
</tr>
<tr>
<td>Certified Financial Services Auditor (CFSA)</td>
<td>0</td>
</tr>
<tr>
<td>Certification in Control Self-Assessment (CCSA)</td>
<td>3</td>
</tr>
<tr>
<td>Certification in Risk Management Assurance (CRMA)</td>
<td>9</td>
</tr>
<tr>
<td>Qualification in Internal Audit Leadership (QIAL)</td>
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</tr>
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</table>

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>
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<tbody>
<tr>
<td>Service to Members</td>
<td>325</td>
<td>158.86</td>
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<tr>
<td>Service to the Profession</td>
<td>200</td>
<td>815.07</td>
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<tr>
<td>Chapter Administration</td>
<td>160</td>
<td>124.00</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1,097.93</strong></td>
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</table>

As at the end of September, we are progressing well and are now working towards the 1,560 point target for GOLD 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.
<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Organization</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Programs</td>
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<td>HP Advanced Solutions</td>
<td></td>
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<tr>
<td>Programs</td>
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<tr>
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<td>BC Investment Management Corporation</td>
<td><a href="mailto:teeravit.chintawongvanich@bcimc.com">teeravit.chintawongvanich@bcimc.com</a> (778) 410-7107</td>
</tr>
<tr>
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</tr>
</tbody>
</table>

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.”
"You have enemies? Good. That means you've stood up for something, sometime in your life."

Winston Churchill