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Slowly, but Surely... Internal Audit Is Transforming According to IIA Report, but Is It Fast Enough?

The IIA’s recent publication on the 2015 Common Body of Knowledge (CBOK) global survey is entitled “Driving Success in a Changing World: 10 Imperatives for Internal Audit.”

Compared to what similar surveys and reports over the past decade have found, it now shows that the internal audit profession is making substantial progress in making itself relevant to the business overall.

There is still repeated reference to the expectation gap between what stakeholders consider to be of value and what the internal audit function is delivering. But more than half of respondents now state that their activities are fully or mostly aligned with the strategic plan of their business. CAEs also state that they will focus almost as much on strategic business risks (70%) as operational risks (72%). This seems to reflect a fundamental shift away from the more traditional approach of focusing on financial and operational internal controls, outside of the context of the organization’s primary objectives.

The first three “imperatives” in the report refer to anticipating stakeholder needs, developing forward-looking risk management practices and continually advising the board and audit committee. Not so long ago the concept of being so forward-looking would have seemed somewhat idealistic, but not exactly realistic, for many audit teams. Other imperatives refer to supporting business objectives, going beyond the IIA standards and investing in excellence – all clearly good things for the profession.

But it is the seventh imperative that really struck a loud chord for me:

“Enhance audit findings though greater use of data analytics.”

Of course, survey results have been talking about the need for greater use of data analytics for years. But to have it singled out for inclusion among a list of fundamental and big picture audit issues really seems to indicate that the profession accepts that audit data analysis is not just a good practice, but a fundamental and critical requirement. It’s about time!

“Internal auditors must continue to improve their data analysis skills and techniques to enhance audit findings. In addition to being able to analyze complete data sets (rather than samples), such technologies enable auditors to improve efficiency and audit data-rich areas in more sophisticated ways.”
“About half of survey respondents say they use data mining or data analytics in fraud identification (49%), to investigate issues raised through risk or control monitoring (47%), and to test entire data populations (47%), with little variation among global regions (Q96). This suggests that a much broader adoption of these techniques is needed.”

OK...I guess we’re not there yet. But somewhere around 50% usage is certainly better than it used to be and the implication of the report suggests the goal needs to be far beyond this.

Continuous auditing (another of my evangelizing topics) also has its own call-out in the report, stating “a little less than half of respondents (44%) report moderate or extensive activity for continuous/real-time auditing.” These numbers are significantly beyond the typical implementation of continuous auditing, which often hovered around the 10-15% mark.

Internal audit is not exactly renowned for being fast moving, which is certainly true compared to some business practices and innovations.

But compared to many traditional professions, the CBOK survey report indicates that audit is continuing to transform itself at a pretty healthy rate.

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.

Watch a short 3 min customer video (http://www.acl.com/portfolio-items/technology-drives-state-government-audit-modernization/) featuring Barbara Owens, a state government audit leader, which speaks to how she was able to modernize and increase the value of her state department by utilizing audit management and analytics technology.

"It’s really simplified everything when it comes to reviewing work papers and what’s expected of the auditors... The best thing it’s done for us is the consistency component." - Barbara Owens, State Government Audit Leader
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.
Volunteer Board Member Opportunity

Do you like hockey and would you like to give back to the community?

BC Hockey is the provincial branch of Hockey Canada in British Columbia and the Yukon and oversees all amateur hockey (both youth and adult recreational) in BC and the Yukon. It has a budget of $8 to $10 million per year and a staff operating out of its offices in Saanichton, near Victoria.

BC Hockey is looking to fill one or two positions on its Risk Management Committee, a new standing committee created when the governance structure of BC Hockey was updated last June.

The Risk Management Committee (of five to seven members) is responsible for ensuring the development and implementation of a comprehensive risk management program and for monitoring compliance with program standards and objectives.

It is charged with the consideration of operational/program risks, compliance risks, communications risks, external risks, governance risks and financial risks.

The committee must meet in person at least once per year and by video conference at the request of the Committee Chair. While this is a volunteer position with no remuneration attached, all costs of attending meetings will be reimbursed by BC Hockey.

Administrative support is provided by the BC Hockey Office.

(As the current committee members are from the Lower Mainland, we would prefer to add members from other parts of the province. Hockey experience is an asset but experience in any medium to large sized sports organization or other not-for-profit organization would also be helpful.)

Anyone who wishes to apply or seeks additional information should Chuck Campbell by email at ccampbell@bchockey.net or by telephone at 604-521-1516.

Chuck Campbell
Director
BC Hockey

(and, incidentally, past president of the Vancouver Chapter of the IIA)
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 (many are Members Only).

20-January – 2016 2016 Industry Outlook (Richard Chambers)

9-February-2016 The Alignment between Corporate Sustainability and Internal Audit Function (IIAC)

11-February-2016 Getting to Know the Proposed Changes to the Standards

16-February-2016 Filling the Void: Addressing Today’s Skills Gaps in Internal Audit

8-March-2016 The Role of Internal Audit in Implementing a Corporate ERM Program (IIAC)

Don’t Forget! One benefit of being an IIA member is having access to an extensive library of archived webinars. NOTE: On-demand webinars do not qualify for NASBA CPEs.

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

Overcoming Stereotypes and Stigma’s

We’re not bean counters or box checkers. IIA President and CEO Richard Chambers tells practitioners it's past time to break the stereotypes about internal auditors.

A Board Member’s View of Internal Audit’s’ Role

Carol Sergeant, CBE, is a non-executive director and chair at Public Concern at Work, a non-profit organization in the UK that seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace. In this video from the Chartered Institute of Internal Auditors she address internal audit’s value in many areas, including managing whistleblowing systems.
THIS MONTH’S FEATURE:

**Internal Audit Capabilities and Performance Levels in the Public Sector**

This study is built on the Internal Audit Capability Model for the Public Sector, which was developed in 2009 as a joint project between the World Bank and The IIARF. The model was the first of its kind to create measurable capability levels specifically for the public sector, and it was validated globally through on-site feedback from multiple volunteer organizations.

The Internal Audit Capability Model for the Public Sector was benchmarked against findings from The IIA’s Global Internal Audit Survey, which included 2,284 responses from public sector practitioners out of a total of 13,500 responses from 107 countries. The IIA conducts this global survey of internal audit practitioners as part of The IIA’s Global Internal Audit Common Body of Knowledge (CBOK).

The study sought to answer the following questions:

- What are the most developed capabilities of public sector internal auditors around the world?
- What areas are in most need of further development?
- What are the main regional differences?

This process created a global picture of the capability levels of public sector internal auditing for the first time.

Internal auditors and their stakeholders can use the results of this study to identify areas of strength and areas that need improvement in order to increase the effectiveness of their internal audit function.

To take full advantage of the findings from this study, the reader is encouraged to obtain *The Internal Audit Capability Model (IA-CM) for the Public Sector*.

This report is made possible by contributions to *The IIA Research Foundation* (IIARF).
Welcome New Members!

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

Calling All Certified Internal Auditors. Earn and Report Your CPEs

31 December has passed, but there is a grace period!

Click the buttons below to access additional information regarding compliance with IIA CPE requirements:

- EARN CPE
- REPORT CPE

IIA Membership Benefits for Certified Individuals

- Free CPE reporting for IIA members in North America.
- Discounted member-pricing for all IIA training opportunities.
- Up to 12 complimentary CPE credits annually by attending our monthly Members-only Webinars.
- Discounted certification fees.
- Complimentary subscription to *Internal Auditor* magazine, which offers 3 CPEs per issue upon successful completion of a quiz.

Learn more about all your [IIA Membership Benefits](#).

Don’t Forget to Report your CPE!

Your designations disappear from the international rosters if you don’t report, so please logon to the IIA CCMS and submit your annual CPE reports as soon as possible.
### JANUARY 2016 – April 2016

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Type</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 21, 2016</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>IA Capability Model (IA-CM) for the Public Sector</td>
</tr>
<tr>
<td>February 18, 2016</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>An Effective Control Environment for Financial Reporting</td>
</tr>
<tr>
<td>March 17, 2016</td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>Great Expectations – Risk Business (ICD Joint Session)</td>
</tr>
<tr>
<td>April 26-27</td>
<td>2 Day Workshop</td>
<td>Fundamentals of IT Auditing</td>
</tr>
</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.

### 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.

And if you want to practice your presentation skill, what better audience than your very own local IIA Vancouver Island chapter. 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.
“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 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

Certifications Questions? Ask our Certification Chair Tony Pollard at tpollard@parkerjohnston.com
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.

This year, your Vancouver Island Chapter was awarded the 2015 IIA Chapter of Excellence, through the chapter’s support of the CIA designation, including access to reduced costs for the IIA’s CIA Learning System program.
Board of Environmental, Health & Safety Auditor Certifications® (BEAC®)

Demonstrating competency, commitment, and ability in environmental, health, and safety auditing is a key component in today’s business environment. By earning the Certified Professional Environmental Auditor (CPEA®) and Certified Process Safety Auditor™ (CPSA™) designations, you and your team will represent the exceptional knowledge, integrity, skill, and understanding of highly effective and fully qualified environmental, health, and safety auditing professionals.

There are five CPEA and CPSA specialties:
• Environmental Compliance
• Health & Safety
• Management System
• Responsible Care
• Process Safety

BEAC services are now administered online through The IIA's Certification Candidate Management System and includes:
• Program applications.
• Exam registrations.
• Continuing Professional Development (CPD) reporting.
• Secure credit card payments.
• Annual renewal processing.

The CPEA designation is fully accredited by the Council on Engineering and Scientific Specialty Boards (CESB). BEAC CPEAs qualify for Professional Membership status with the American Society of Safety Engineers (ASSE).

With ever-growing demands on environmental, health, and safety for organizations large and small, having the expertise to manage expectations of regulators, senior leadership, boards, and audit committees is critical. Certified Professional Environmental Auditor (CPEA) and Certified Process Safety Auditor (CPSA) join the suite of IIA supported and administered specialty certifications that provide you with the opportunity to demonstrate your deep understanding of the issues and the knowledge to address them.

For more details, visit the IIA at https://na.theiia.org/certification/beac/Pages/Get-Started.aspx.
The IIA Vancouver Island Chapter has

**112 Members**

Sharing the following certifications

<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>473.72</td>
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<tr>
<td>Service to the Profession</td>
<td>200</td>
<td>1,192.20</td>
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<tr>
<td>Chapter Administration</td>
<td>160</td>
<td>184.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,849.92</strong></td>
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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.

As at the end of November, we **passed** the 1,560 point target for GOLD status. Additionally, we **attained** the minimum required CAP points in each service category. We must attain both the minimums in each service category and an overall point total. We were only able to do this by continuously striving 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.
## Chapter Board for 2015-2016

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Organization</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Kelly Dorin, CPA, CA, CIA, CCSA, CRMA</td>
<td>University of Victoria</td>
<td><a href="mailto:kdorin@uvic.ca">kdorin@uvic.ca</a> (250) 853-3184</td>
</tr>
<tr>
<td>Vice President, Communications, Programs</td>
<td>Graham Tranter, CIA, CFE, CRMA, CISA, CCSA, PMP</td>
<td>University of Victoria</td>
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</tr>
<tr>
<td>Treasurer</td>
<td>Robert Bowness, CPA, CA</td>
<td>BC Pension Corporation</td>
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</tr>
<tr>
<td>Secretary, Programs</td>
<td>Lisa deWit, CPA, CGA, CIA, HBCom</td>
<td>Department of National Defence</td>
<td><a href="mailto:Lisa.deWit@forces.gc.ca">Lisa.deWit@forces.gc.ca</a> (250) 363-5631</td>
</tr>
<tr>
<td>Programs</td>
<td>Sonia Vicente</td>
<td>Ministry of Finance – IAAS</td>
<td><a href="mailto:Sonia.Vicente@gov.bc.ca">Sonia.Vicente@gov.bc.ca</a> (250) 356-5765</td>
</tr>
<tr>
<td>Programs</td>
<td>Lyndsay Green, CPA, CA, PMP, CISA</td>
<td>HP Advanced Solutions</td>
<td></td>
</tr>
<tr>
<td>Membership &amp; Marketing, Programs</td>
<td>Shaun Price, CPA, CA, CIA, CGAP, CRMA</td>
<td>Department of National Defence</td>
<td><a href="mailto:Shaun.Price@forces.gc.ca">Shaun.Price@forces.gc.ca</a></td>
</tr>
<tr>
<td>Certifications</td>
<td>Tony Pollard, CPA, CA, CFP</td>
<td>Parker Johnson</td>
<td><a href="mailto:tpollard@parkerjohnston.com">tpollard@parkerjohnston.com</a> (250) 888-6571</td>
</tr>
<tr>
<td>Member at Large</td>
<td>Georg Woernle, CPA, CA, CIA</td>
<td>PRAGroup</td>
<td><a href="mailto:GWoernle@pragroup.ca">GWoernle@pragroup.ca</a> (250) 802-5646</td>
</tr>
<tr>
<td>Member at Large</td>
<td>Jackie Bruneau, CPA, CA, CIA</td>
<td>BC Ministry of Finance</td>
<td><a href="mailto:Jackie.bruneau@gov.bc.ca">Jackie.bruneau@gov.bc.ca</a> (250) 356-2522</td>
</tr>
<tr>
<td>Past President</td>
<td>Teeravit Chintawongvanich, CPA, CMA, CIA, CFE, CRMA</td>
<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>
<td>Governor</td>
<td>Stephen Ward, CPA, CA, CIA</td>
<td>Ministry of Finance – IAAS</td>
<td><a href="mailto:Stephen.Ward@gov.bc.ca">Stephen.Ward@gov.bc.ca</a> (250) 387-0283</td>
</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.
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

Learn more at: TeamMateSolutions.com
The Lighter Side


MR. BOOKKEEPER,

do you know what the Comptometer is? It costs you nothing to find out. It will help you out on that trial balance. It insures accuracy, is twice as rapid as the best accountant and relieves all nervous and mental strain.

Write for Pamphlet.
FELT & TARRANT MFG CO.
62-56 Illinois St., Chicago.

Central Computing Bureau, Peoples Gas Light & Coke Co., Chicago