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Addressing a Common Challenge for Management and for Internal Audit

A recent article in Computer Business Review referred to a study that surveyed some thousands of CFOs, CIOs and other business executives and professionals about their biggest management information challenge.

The number one challenge was identified as the ability to carry out self-service reporting, followed closely by “the ability to pull together and analyze information from diverse business systems—multiple ERP systems, databases and line-of-business systems.” Hmm...that seems to ring a bell!

Auditors have been saying for a long time that the #1 challenge to the use of analytics in audit is getting the data. This usually also involves getting data from multiple systems, since it is comparing and matching data from across disparate systems that provides some of the most valuable insights from audit analytics.

The managing director from the firm performing the survey, Matillion, is quoted as saying:

“For all the talk of Big Data, Mobile BI, Predictive Analytics and Data Visualization, the evidence is that the real management information needs of most executives are far more down-to-earth: fast, easy, self-service access to data—for the people that need it, and from whichever data sources are relevant.”

All of these comments seem highly relevant to internal audit and their use of data analytics. I certainly think there is value for auditors in visual and predictive analytics, as well as being able to use mobile apps—but they are not solving the fundamental problems that many audit departments still need to overcome.

I see two major challenges for internal audit in their use of audit analytics:

#1 is getting the right data. #2 is knowing how to apply data analysis to meet an audit or risk assessment objective. BI, visual and predictive analytics do not address #1 and do little, on their own, to solve #2.

There are probably at least eight other typical issues that auditors need to address in the overall audit analytics process—but until #1 and #2 are addressed, they are all of lesser importance.
As some of you know, I am now independent of ACL and spend my time looking, hopefully objectively, at what auditors need to do to best obtain value from audit analytics. There are many non-audit data analysis technologies, including BI and specialized visual analytics that can be used by internal auditors, all with varying pros and cons.

As objective and unbiased as I try to be, I still come to the same conclusion that I have for a long time: none of these effectively solve the problems auditors need to solve with data analysis. By combining a selection of these technologies you could probably solve, say, two-thirds of the issues—and even then it is probably going to be a pretty complex and expensive solution.

Which brings me to my second conclusion: that ACL software really does have a remarkable combination of functional capabilities that are unmatched in their ability to address the multiple critical stages in the audit analytic process.

Just to highlight one more major challenge to the use of audit analytics:

I would rank #3 as being: how to integrate the use of analytics into the internal audit (and risk management or compliance) process.

Again, I have to conclude that ACL comes out ahead of any other technology. I cannot think of any other software vendor that supports the close integration of all aspects of the audit analytics process into the audit management process, and combines it with the sort of specific “how-to” content that can be found in ACL’s ScriptHub.

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.
"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."
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).

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

3-March-2016 Ensuring Boards Get Value from Internal Audit (ICD)

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

15-March-2016 Auditing Cybersecurity in an Unsecure World

12-April-2016 IA’s Role in Improving Efficiency in Government Programs and Operations (IIAC)

19-April-2016 Pulse of Internal Audit

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:

Logging in: Auditing Cybersecurity in an Unsecure World
Is your organization prepared in the event of a data breach? The IIA’s new course: Logging In: Auditing Cybersecurity in an Unsecure World, helps you develop an understanding of cybersecurity concepts that can be used to facilitate integrated audit efforts within your organization. Register now for The IIA’s new course, and become better prepared to tackle the threat of cybersecurity gaps.

Dealing with “Generational” Staffing Issues
Generational Staffing is not a new issue but it does seem to mean something different these days. Today’s challenges aren’t those of yesterday. We talked with three leaders at different stages in their careers for their advice on how they deal with these issues in their departments.

Internal Audits Opportunities & Challenges
Sir Gerry Grimstone has some outstanding insights from and advice for internal auditors in this new AuditChannel.tv video, courtesy of our friends from the Chartered Institute of Internal Auditors. As a board member, he views internal audit as the “eyes and ears” of the company and wants their regular objective feedback to help fix what’s wrong and replicate what’s right.
THIS MONTH’S FEATURE:

**Practice Guide: Talent Management** Recruiting, Developing, Motivating, and Retaining Great Team Members

**Effectively Leverage Your Most Valuable Asset**

Regardless of organization size, sector, or industry, people are an organization’s most valuable asset. Ensuring the internal audit activity is adequately staffed is just one piece of the puzzle. It must comprise the right people, who have the right skill sets, and who are afforded the right opportunities for growth and development if internal auditing is to add real value and meet stakeholder expectations.

*Talent Management: Recruiting, Developing, Motivating, and Retaining Great Team Members* outlines best practice recommendations for the various elements — everything from assessing competencies and selecting candidates to training and succession planning — that make up an organization’s talent management strategy.

This report is made possible by contributions to [The IIA Research Foundation](https://www.theiia.org/IIARF).

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**The IIA's 2016 International Conference**

Join us as we celebrate The IIA’s 75th anniversary at the 2016 International Conference, July 17–20, in New York, NY. You'll embark on an educational journey rich with insights for internal auditors at every level.

Expand your network with 2,000+ peers from more than 100 countries, deepen your knowledge of internal auditing, and experience the sights and multicultural offerings of New York City as we celebrate “Internal Audit Rising...75 Years of Progress Through Sharing.”

Additional details will be available soon. In the meantime you are invited to contact us with any questions at [international.conference@theiia.org](mailto:international.conference@theiia.org).
As you may recall from Kelly’s Presidents Message in the June 2015 Newsletter, under academic relations our Chapter has been working closely with Camosun College to support their new local internal audit course offering. Camosun plans to offer both a credit and continuing education internal audit course in the fall of 2016, and we look forward to developing this relationship to enhance the likelihood that the future generation of internal auditors will have the competence to meet the ever increasing demands of this challenging career.

On January 19th, Kelly Dorin and I spoke to students enrolled in the Accounting program at Camosun’s School of Business.

We were joined by our Marketing and Membership director Shaun Price and Steven Taylor, Vice President of the Victoria ISACA Chapter.

We took the opportunity to relate how we got into the field of Internal Audit, as much as possible to demystify what the heck it is that Internal Auditors do anyway., and to talk about future career opportunities in this profession of ours. We hope, along with other professionals from our chapter, to continue to support the Camosun program, including guest lectures at the upcoming course. Do you have experience you might be willing to share with our future internal auditors?
Internal Auditor Magazine Scholarships

Internal Auditor will offer six, $1,000 essay scholarships throughout 2016. Essay questions will be based on the current Internal Auditor issue, and winners will be chosen by a volunteer subcommittee from the Publications Advisory Committee. The students who write the most informative and intuitive essays on internal audit subjects will be selected as the winner. Winning essays will be published on InternalAuditor.org and reference both the chapter and university with which the winner is associated. In addition, the three finalists for each scholarship will be given a free, one-year student membership to The Institute of Internal Auditors. Scholarship winners will be notified within the month following the application period.

Students will download the scholarship application form to get started. Once they have completed their essay, they will submit both the completed application form and their essay to Scholarship@theiia.org.

The scholarship essay topics and submission periods are as follows:

1. February 2016 – 31 March 2016: How does the 2015 International Professional Practices Framework (IPPF) differ from earlier versions? Why are these changes important?

1. April 2016 – 31 May 2016: What are the most important soft skills internal auditors need to develop to be successful in today’s business environment and why?

1. June 2016 – 31 July 2016: How can internal audit functions use analytics to improve efficiency?

1. August 2016 – 30 September 2016: What is the Internet of Things, and what are the risks/opportunities it presents to organizations?

1. October 2016 – 30 November 2016: How can internal auditors work with the second line of defense when conducting compliance risk assessments?

1. December 2016 – 31 January 2017: How can internal auditors best communicate difficult findings/messages to their customers and stakeholders?

The IIA’s Academic Relations Program

For decades, The IIA has been committed to Academic Relations by providing dedicated staffing and volunteer support. As the profession evolved, so did the needs of the academic community for “internal audit-ready” graduates to enter the business arena and meet the demand for graduates with a reduced learning curve.
Welcome New Members!

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

Michael Sy, CIA
Albine Guitard
Yvonne Pratt

Did You File Your CPE Credits By the Dec. 31 Deadline?

If you did not report your CPE/CPD credits before the Dec. 31 deadline, your certification status is now “Inactive-Grace Period.” Report your credits now through the Certification Candidate Management System to restore your status to “Active.” Please note: Due to a recent system outage, it was necessary to reset all user passwords. You will be required to reset your password using the account recovery/forgot password process before logging in if you have not already done so.

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.

IIA VI Chapter Provincial Government Group Membership

Are you a provincial government employee but not part of a group at renewals time (i.e. renewals are not managed by your office - you renew individually and claim for reimbursement, or not)? If so, you may wish to consider joining the IIA Vancouver Island Government Group.

Yes, there is a form to complete, but you benefit from discounted membership fees. Once we get to 25 members in the group, your membership will be reduced by $40USD (close to $60CAN). For more details, please contact our Membership & Marketing Chair at Shaun.Price@forces.gc.ca.
### Professional Development

**FEBRUARY 2016 – May 2016**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Type</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>February 18, 2016</strong></td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td><strong>An Effective Control Environment for Financial Reporting</strong></td>
</tr>
<tr>
<td><strong>March 17, 2016</strong></td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td><strong>Great Expectations – Risk Business (ICD Joint Session)</strong></td>
</tr>
<tr>
<td><strong>April 26-27</strong></td>
<td>2 Day Workshop</td>
<td><strong>Fundamentals of IT Auditing</strong></td>
</tr>
<tr>
<td><strong>May 19</strong></td>
<td>Luncheon (1.5 CPE) (12:00-2:00)</td>
<td>TBD</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.*

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### 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.
Fundamentals of IT Auditing – April 26 and 27, 2016

Presenters: Michael Malcolm, Senior Auditor, Systems at the University of Guelph
When: Tuesday April 26, 2016 and Wednesday, April 27, 2016 (16 CPE hours)
Where: McKenzie Lounge, The Union Club of BC, 805 Gordon Street, Victoria
Price: Early Bird $475 for IIA members and Affiliates; $575 for non-members
       Regular $575 for IIA members and Affiliates; $675 for non-members
Agenda: Workshops start at 8:30 each day and end at 4:30
       Lunch and Coffee Breaks included, Breakfast NOT included

Early Bird Rates will be in effect until NOON, Monday, March 14, 2016, after which regular rates will apply – [https://www.gifttool.com/registrar/ShowEventDetails?ID=1902&EID=21541](https://www.gifttool.com/registrar/ShowEventDetails?ID=1902&EID=21541)

Cancellation: Please note that although we expect to fill this course (only 25 seats available) at the rates offered, refunds will be processed if we are unable to proceed (minimum 12 registrants).

Presentation Overview:

This course will provide attendees with an introduction to IT auditing, emphasizing the concepts through exercises and case studies. Internal audit professionals will develop knowledge of basic IT audit concepts that can be used to facilitate integrated audit efforts within their organization. The course will also provide attendees the opportunity to perform an audit of IT applications supporting key business processes, coordinate the assessment of IT risk with the evaluation of IT general controls, and perform a risk assessment and evaluation of controls over end user computer applications.

This course will cover the following topics:
- Overview of IT Auditing, Concepts and Controls: Why IT Auditing and What Is It?
- Case Study
- General Control: Logical Security
- General Control: Business Continuity Planning (BCP), Disaster Recovery (DR), and Backup Processing
- Application Controls
- General Control: Change and Patch Management
- Cloud Computing and Service Organization Control (SOC) Reports
- General Control: System Development Lifecycle (SDLC)
- End User Computing
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$925* (New!)
• Individual Part, CAD $400* (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.
The IIA Vancouver Island Chapter has

103 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>518.80</td>
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<tr>
<td>Service to the Profession</td>
<td>200</td>
<td>1,286.66</td>
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<tr>
<td>Chapter Administration</td>
<td>160</td>
<td>220.00</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,025.46</strong></td>
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</table>

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.
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.

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.
<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>
<td><a href="mailto:gtranter@uvic.ca">gtranter@uvic.ca</a> (250) 853-3185</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Robert Bowness, CPA, CA</td>
<td>BC Pension Corporation</td>
<td><a href="mailto:robert.bowness@pensionsbc.ca">robert.bowness@pensionsbc.ca</a> (250) 387-4280</td>
</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>
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<tr>
<td>Programs</td>
<td>Sonia Vicente, CPA, CA, PMP, CISA</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>
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<td>Programs</td>
<td>Lyndsay Green, CPA, CA, PMP, CISA</td>
<td>HP Advanced Solutions</td>
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<td>Membership &amp; Marketing,</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:GWoernele@pragroup.ca">GWoernele@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>
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<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.
The Lighter Side

* Friends of Irony

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due to unforeseen circumstances

* Friends of Irony