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President's Message...

The process for IIA Canada to be approved by IIA Global and operational in January 2013 continues. Recently, the IIA Canada Foundation was created and registered as a non-profit corporation in Canada. It is the foundation for creating IIA Canada.

As part of the process:

1. a multi-year business plan has been developed and negotiations with IIA global continue. The negotiation will determine what services IIA Global will provide to IIA Canada and at what price. The Interim Canadian Board (ICB) is looking at all services and pricing and determining what can be done by IIA Canada staff, what can be tendered to Canadian vendors and what should still be done by IIA Global. For instance, staff have gone out to tender for a membership database and event registration system. IIA Global has been asked to submit a proposal as well;
2. many committees have been created to help create policies, guidelines, marketing plans and a Service & Accountability Framework; and
3. it was determined that about \$750,000 was needed as an operating reserve. To reach that goal, the ICB targeted three sources of funding:
 - The ICB is developing a marketing plan to have Founding partners donate money for the reserve.
 - Each chapter has agreed to provide funding that must be returned with interest after 5 years.
 - IIA Global has been asked to provide some base funding for the operating reserve.



President's Message...continued

Also, inside this month's newsletter is an interesting article on Earned Value Management, which is used in managing and controlling projects.

Finally, our AGM will be held in June; we are looking to recruit new Board members for the June 2012 to May 2013 year. If you are interested, please contact any of the current Board at the contact numbers provided in the newsletter.

All the best.

Steve Ward, CA-CIA
President



Photo: Empress by Teeravit Chintawongvanich

Leader's Corner

Earned Value Management for Internal Auditors

By Graham Tranter
CISA, CCSA, PMP, ITIL
Internal Auditor, UVIC

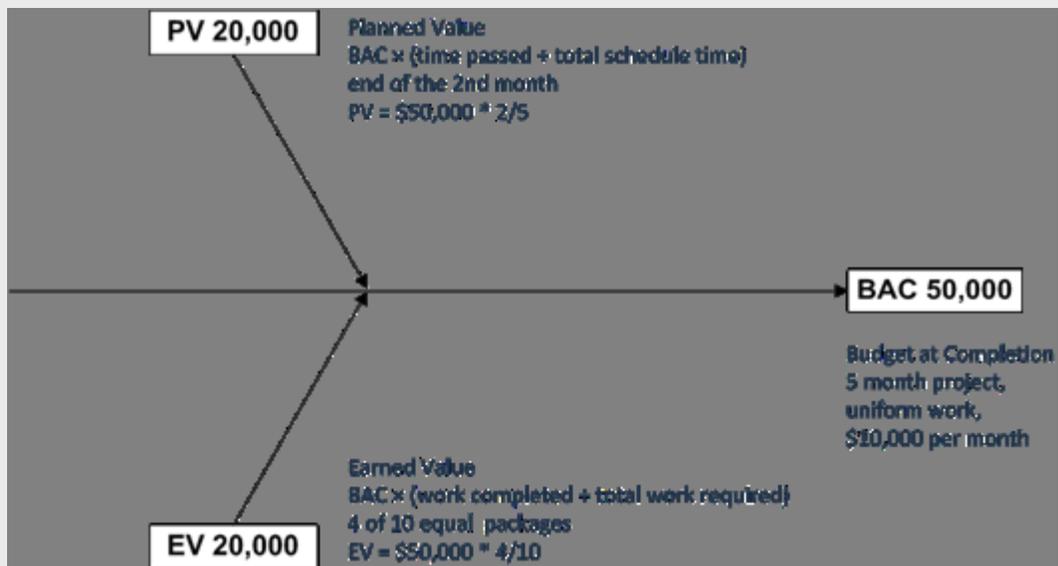
A recent IIA event on Auditing Project Management identified many best practices an Internal Auditor can look for when performing a mid-project audit. One of the best indicators of whether a project is on track or in trouble is found in ongoing status reports. Status reports should clearly demonstrate where a project is; assurance is best provided when Earned Value Management (EVM) is used.

What is Earned Value Management?

According to the Project Management Body of Knowledge (PMBOK®), EVM is a broad term for a set of calculations around *where a project would expect to be assuming planned progression versus where it is from a work completion perspective*. EVM can also confirm expected project completion and cost, if progress remains equal.

EVM terms and sample:

- BAC (Budget at Completion) - total authorized budget for the project.
- PV (Planned Value) - budgeted amounts assigned to work scheduled for completion.
- EV (Earned Value) - value of completed work, expressed in terms of the budget assigned to that work.



Leader's Corner...continued

In the above project with uniform progress, we are 40% through so our PV is \$20,000 and with four completed items our EV is \$20,000. This suggests we are on schedule and will complete on budget. However; projects are rarely this simple. They may have hundreds of activities, and rarely have uniform effort and resources across the project. PV may shift weekly as resources join the project and workload changes. EV is often based on partial deliverables, front end, or back end loaded deliverables.

In a consulting environment, EV may be used to reflect progress, which could be different than actual costs incurred or billed. Consultants don't want to wait until the end of a project to get paid; they want payment as work progresses. Instead of realizing EV only at completion, a scheme might be employed where EV is:

- 0% when not started;
- 25% when started (even if only minor work);
- 50% when half done;
- 75% done when done, except for signoff; and
- 100% when fully, completely done.

This approach can have issues; value may be earned before any substantial work is done and EV can sit at 75% for long periods, waiting for client sign-off.

But, we have started towards a scheme that is more reflective of progress than the absolutes of "done" and "not-done".

How does this help us see if a project is on schedule and within expected costs?

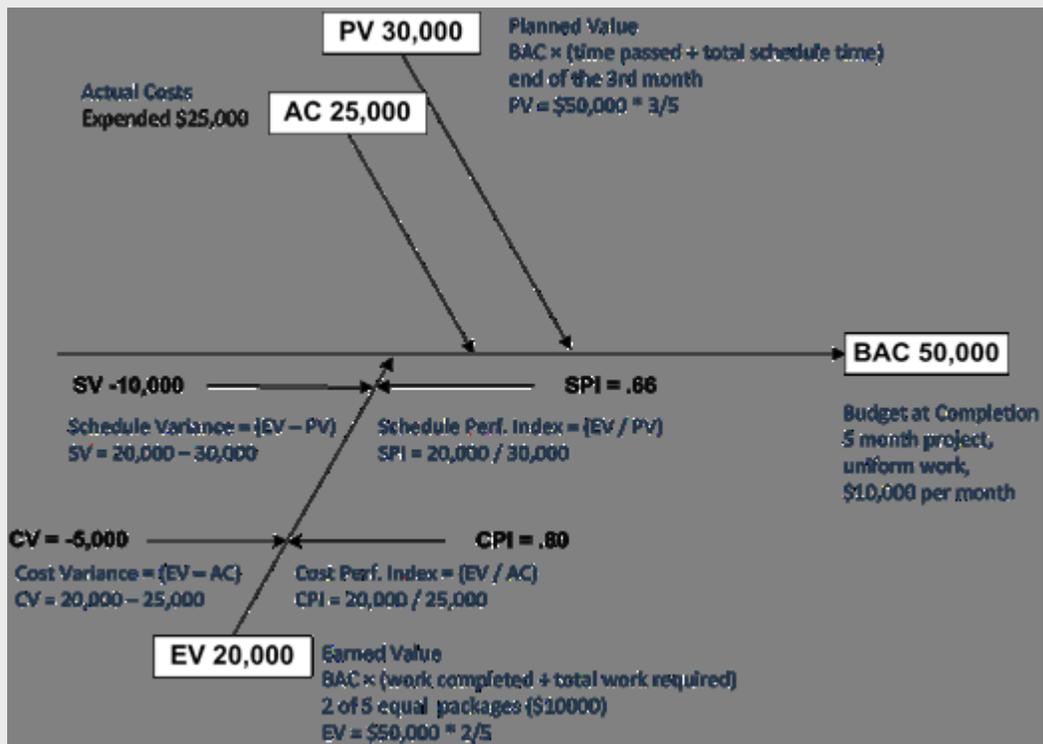
With a consistent method used to establish EV, we can look at variances between where we planned to be and where we really are in a project. Let's look at more EVM terms and a new sample:

- AC (Actual Costs) - actual resource costs incurred through work performed to date
- SV (Schedule Variance) - difference between the EV and PV
- CV (Cost Variance) - difference between EV and AC
- SPI (Schedule Performance Index) - ratio between EV and PV
- CPI (Cost Performance Index) - ratio between EV and AC

Negative variances or indices < 1.0 suggest the project is in trouble. Indices tend to be more relevant than variances as they give a weighting / percentage context to the dollar figure variances.

Leader's Corner...continued

In the following project, we have earned 80 cents for each dollar spent and are lagging 1/3rd behind where we should be. On the face of it, we will finish the project late and over budget.



So, it's just about statistics?

Mark Twain attributed a phrase to the 19th-century British Prime Minister Benjamin Disraeli (1804–1881): "There are lies, damn lies and statistics" – More simply put, numbers can be misleading without context.

Leader's Corner...continued

We really need to talk to the project manager, who should be able to explain how (if) the schedule and costs will get back on track. We might hear:

- the project doesn't consist of uniform work;
- work consists of five similar components that build on each other;
- the first item took seven weeks to complete and cost \$15,000 (not \$10,000);
- the second took five weeks / \$10,000 involved rework for new business conditions; and
- the next three items are each expected to take two to three weeks using the refined second package at a cost of \$5,000

Although EVM suggests the project may be in trouble, the project manager explains how schedule and costs will get back on track and how the project is expected to be on time at \$10,000 less than budgeted.

We should find that status reports reflect the above deviation and explanation as of the first month reporting, with updates each reporting period. We might also check back in three weeks to see if status reports show gains on the schedule and costs.

► Attention all audit leaders ◀

Do you have anything you would like to share with your local IIA members? Here is *your space!*

To contribute to our chapter's newsletter (plus you also earn CPE hours), please contact me [here](#). You will also receive a free lunch training event.

Is there a visual means of seeing this over time?

Although rare with internally run projects; schedule and cost performance indices can easily be graphed.



So, EVM just may be important to Internal Auditors?

EVM is a typical term to a project manager, and from a PMI perspective is mandatory.

In auditing a project, I would always want to talk about EVM with the project manager and expect them to have it. I would want them to be able to explain how the project is tracking and where it is going. This provides some assurance (and comfort) the project is being monitored and controlled. Or I have more tangible evidence things are not going well.

If the project manager doesn't understand EVM and isn't using some aspect of it, that's a serious warning sign. After all, how can they know how the project is going if they are not tracking it? ■

IIA Canada News

For more information, go to the [IIA Canada Website](#)

ANNOUNCEMENT: IIA 2015 INTERNATIONAL CONFERENCE

I am excited to announce to our Canadian members that The IIA's 2015 International Conference is coming to Canada and specifically to the beautiful city of Vancouver! Vancouver has an outstanding recent track record for hosting major events, including the Olympics and The IIA Canadian Conference in 2010, so we know the city will do a great job showing off Canada to the world! Mark your calendars for July 5–8, 2015, as you will not want to miss this opportunity to welcome the global internal audit community to Canada.

Venues are currently being finalized and will be announced when confirmed. The Conference governance and committee structure will be developed over the next year but so far, we are pleased to announce that Brett Naiden of Calgary and Jeremy Picco of Vancouver will be serving as the Canadian co-chairs who will work closely with IIA Global Headquarters. Many thanks to them for volunteering for these roles.

Some interesting facts:

- The last IIA International Conference hosted in Canada was 1999 in Montreal.
- In 2015, IIA–Canada will not be staging our annual Canadian Conference.
- Paid attendance at recent IIA International Conferences: 2,031 (Malaysia 2011); 2,199 (Atlanta 2010); 1,529 (South Africa 2009).

The next three years are going to be very exciting for Canadian IIA members. In that time, we will be establishing our own Canadian IIA Institute, introducing new Canadian-oriented programs, hosting national conferences in Montreal (2012), Winnipeg (2013) and at a location yet to be determined (2014), and the International Conference in 2015.

What a great time to be an internal auditor in Canada!

Brian Brown

Chair - Interim Canadian Board

Chapter's Social Media



What's New?

In addition to our existing website, we have recently created a Facebook account and a Blog to gain the potential benefits of social media.

Why Social Media?

Simply, we would like to have a 2-way-instant communication channel geared for the online community (Facebook users) who may not necessarily be our members.

We think that someone in Generation X, or more likely Y and Z may want to know about our internal audit profession and may be interested in learning about IIA and local events.

Why a Blog Too?

Primarily, the Blog shares stories and activities around the chapter i.e. volunteer experiences and other thoughts on internal audit related topics. If you wonder what we are doing behind the scenes, this is the place to go.

<http://iiavancouverislandchapter.wordpress.com>

IIA Vancouver Island Chapter – "We are blogging too".

Interesting things about and around the chapter

HOME ABOUT BLOG DISCLAIMER

Our strategy is to keep our Facebook account relevant and rich in IA information. Please share your trending info!

You can help us. Here is how?

(1) Visit our Facebook account and provide feedback on the look and feel and IA items of interest <http://www.facebook.com/IIA336>

(2) Click "Liked" if you do like what you see. This will help us reach out to the world. Otherwise, please let us know your thoughts.

Chapter Events

June 2012

June 28 **AGM & Comptrollership Leadership
in Turbulent Economic Times**

Presenter:

Bruce Nelms
Senior Staff Officer Finance and
Comptroller for Maritime Forces
Pacific / Joint Task Force Pacific,
Royal Canadian Navy, DND

For registration, visit [click here...](#)

The need to understand leadership from a Comptroller's perspective becomes more important as economies fracture and uncertainty increases. Whereas the tendency might be to circle the wagons and hunker down, Leadership demands a risk management approach that leverages a programme to achieve much, while yet staying within the confines of prudent accounting principles.

DND has recently undergone a significant Strategic Review and Deficit Reduction Action Plan that have challenged the Leadership to find innovative ways to manage those reductions while still maintaining core capabilities. This presentation talks about some of those challenges and how Leadership by the Comptroller shaped the response and ultimate outcome of those reductions for the Navy.



IIA Canada Educational Events

National and International Conferences

July 8 – 11

2012 IIA International Conference – Boston, Massachusetts
World-class keynote speakers include a U.S. astronaut, a tenured Harvard professor, and a world-renowned global futurist; inspiring concurrent sessions feature best practices and lessons learned around the world.

For more information, visit the [International Conference Website](#)

September 23 – 26

2012 IIA Canada National Conference - Montreal, Quebec.
Keynote speakers include:
- Michael Ferguson, Auditor General of Canada
- Randy Park, B.SC., M.Eng, Founder Decision Advancement
- Danielle Sauvageau, Coach of the victorious 2002 Olympic Canadian Women's Hockey Team and retired 24 year police / RCMP veteran.

For more information, visit the [Conference Website](#)

2012 Seminar Week

November

Calgary, Alberta
Details to come...

For more information, go to the [IIA Canada Website](#)

2012 Webinars

June 12

Value-Added Internal Audits to
Improve Business Operations
and Team Performance

Lourdes Gant, Professional Auditor
and Human Relations specialist

Joyce Smith, CGA, CFP
JA Smith Business Solutions Group

For more information, go to the [IIA Canada Website](#)

IIA Headquarter News and Audit

May 29, 2012: [New Sarbanes-Oxley \(SOX\) Guidance Delivers Practical, Relevant, and Ready-to-Use Insight for Management and Practitioners Alike](#)

May 17, 2012: [IIA Announces Closing Date for CRMA® Professional Experience Recognition in North America](#)

May 14, 2012: [Sawyer's 6th Edition Now Available for Pre-Order through The IIA Research Foundation Bookstore](#)

AuditChannel.tv



[The Sometimes Hidden Legal Risks of Social Media](#)

04:16

Description: Daliah Saper, Principal Attorney, discusses the top risks internal auditors should be aware of when auditing and reviewing social media.

[Leveraging Quality Assessments to Add Value](#)

02:12

Basil Woller, Principal and Owner of Basil Woller & Associates, discusses how internal audit can leverage quality assessments to add value to the organization.

[6 Strategies to Strengthen Audit Committee Relations](#)

04:00

Richard Chambers, President and CEO of The IIA, shares the six proven strategies for strengthening relationships with the audit committee.

[Roadmap to Value](#)

04:57

Rick Wardrip, CAE for Salt River Project, outlines a roadmap to value for CAEs and practitioners. Do you truly know what it takes to add value in your organization?

IIA Publications

Internal Auditor

IIA *Internal Auditor* is a leading publication covering the profession. *Internal Auditor* magazine shares timely, indispensable information for professionals who want to keep up-to-date...

For the online version, please visit [Click here...](#)

Featured Online Articles

[Fly-by-Night CAE](#) - A chief auditor fails to disclose that a new budget-oriented travel policy applies to everyone in the department but himself.

[Ethics Beyond Borders](#) – For international companies, doing the right thing often involves navigating a complex web of regulatory and ethical requirements.

[Example of an Opinion on Governance, Risk Management, and Internal Control](#) – Today's formal reports to the audit committee should go beyond an assessment of internal control to include content related to governance and risk management processes as well as an overall corporate-level opinion.



Quick links.....



[Like us on Facebook](#)



[Blog with us](#)



Professional Standards & Guidance

IPPF - The International Professional Practices Framework (IPPF) is the conceptual framework that organizes authoritative guidance promulgated by The Institute of Internal Auditors. [Click here to visit the bookstore resource.](#)



Recently Released Guidance from IIA

Practice Guides — General

[GTAG 2: Change and Patch Management Controls: Critical for Organizational Success, 2nd Edition](#)

[GTAG 1: Information Technology Risk and Controls, 2nd Edition](#)

[Quality Assurance and Improvement Program](#)

[Coordinating Risk Management and Assurance](#)

► Attention all members ◀

Promotions? Moves? Retirement?

Share your significant news with us and we will be happy to share it with the rest of the members.

[Email here.](#)

IIA Certifications

NEW TO IIA CERTIFICATIONS?

Why Become Certified?

There are many reasons to obtain an official IIA certification designation. Whether it's the hallmark designation of internal audit, the Certified Internal Auditor® (CIA) designation, or one of our three specialty industry certifications – obtaining a certification helps to define professionalism.

Six Steps to Certification

Not sure where to begin? Read through these six steps on how to start off on your trail to certifications with The IIA.

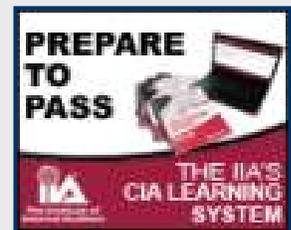
Certification Frequently Asked Questions (FAQs)

Read some of the frequently asked questions we receive about IIA certifications and exams. These valuable questions and answers can also help those auditors looking for a little more information on a specific area.

The Various Certifications

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.

The IIA also offers four specialty certifications: 1. [Certification in Control Self-Assessment®](#) (CCSA®); 2. [Certified Government Auditing Professional®](#) (CGAP®); 3. [Certified Financial Services Auditor®](#) (CFSA®); and 4. [Certification in Risk Management Assurance®](#) (CRMA®). Individuals may choose to take a specialty exam as credit for Part IV of the CIA exam or individuals who do not meet the CIA program education and experience eligibility requirements may wish to take one of the specialty certifications, which are one-part exams.



Click each tile for more information:



Photo Corner – Recent Events

IT AUDIT Workshop



The Board's own Graham Tranter presenting on "Auditing Project Management" to a full house.



Chapter – Board of Directors for 2011-2012

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Past President	Tom Peerless, MBA, CMA	HP Advanced Solutions Inc.	(250) 532-0307 Tom.Peerless@hpadvancedsolutions.com
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