



The Institute of Internal Auditors
L'Institut des auditeurs internes
Canada

Successful Mid-Year Meetings

November 29 and 30th were notable dates in the progression of IIA Canada's transition to its own institute. A Canadian delegation consisting of Brian Brown (IIA Canada Board Chair), Jeff Erdman (Canadian representative on the North American Board (NAB)) and Yaro Zajac (Executive Director IIA Canada) were in Orlando to present the draft Canadian Institute (CI) Business Plan to both the NAB and the Global Executive Committee. During several public sessions the Chairs of the Global Board and NAB continually affirmed their belief that Canada needs and deserves its own institute and emphasized their commitment to making that happen. *And good news* - both governing bodies gave IIA Canada support to continue with implementation of our transition plan.

As a team, the Interim Canadian Board (ICB) and IIA Canada staff now turn their attention to finalizing and executing the CI Implementation Plan. With one year to be in full operation and key approval steps during 2012, time is of the essence. In addition to our own defined implementation milestones, certain expectations have been established for the next step in the approval process – the GAM meetings in March 2012. As a result, the first quarter will be very busy for the Board and Staff, focusing on the following items:

- IT System – we are short-listing potential vendors in preparation for negotiations on pricing. The system will deliver on four key components: member management; event management; CPD tracking and reporting; and website hosting. Upon implementation members will notice improvements that will allow maintenance of their own profiles, dues renewal in Canadian funds, on-line event registration and payment for Canadian education offerings, ability to track their own CPD and, best of all, a redesigned website for improved communications. The team will also be considering options for a financial software package suitable for an organization of our size.
- Service Delivery Methodology – now that preliminary assessments have been completed for the business plan, the team will be reviewing options and finalizing decisions on how best to deliver each service (i.e. through HQ, IIA Canada or via a third-party) and pricing structure. Included in these services will be development of a model for both Quality Assurance Reviews and On-site Training.
- Chapter/IIA Canada Service Delivery Framework – there is a need for the roles and relationships within Canada to be clearly defined prior to going live as an Institute. As discussed in the Canadian Institute Proposal and in recent sessions with your chapter leaders, we consider this an essential step to the future success of the institute. Although most of the work on this initiative will be undertaken in the second and third quarters, the initial terms of reference, team leadership, and project plan will be developed in Q1. It should be noted that this initiative is not required for approval by NAB or Global. However, a stable well-coordinated future Canadian operation maximizing the efforts of both parties in a clearly articulated document is a must. A project team of representatives from both chapters and IIA Canada is being established so stay tuned for further communication on the progress of this project in the near future.

- Education – the Committee is now finalizing the 2012 schedule for seminars, conferences, webinars etc. The plan will also detail development of the Audit Leadership program as a service to Chief Audit Executives. Members will be interested in the committee’s research into new options to deliver educational products enabling us to fulfill our guiding principle of providing educational opportunities with Canadian content to all members regardless of their physical location. Also, in the first quarter, a longer-term Education Strategy will be developed in conjunction with our chapters. This Strategy will then drive the education program being developed for 2013, 2014, and beyond.
- National Conference – although not directly part of the transition, it is interesting to note the Canadian Conference Advisory Committee’s initiative to improve upon the process for national conferences. They are in the process of redesigning the model in which we deliver the National Conference providing more consistency and better control over the event while striving to increase attendance each year.
- Marketing program – to facilitate the transition and ensure that IIA Canada will be viable, it must solicit and consolidate support from a diverse group of stakeholders. The sponsorship program takes into consideration such factors as: limitations on the yield of the Canadian market; the availability of marketing assets and marketing reach; and as a new institute, IIA Canada requires a significant marketing effort to sustain sponsor interest and create long-term value. We have contracted the services of Electric Strategies to assist in development of a strategy to fulfill these requirements. Now staff must hire appropriate resources and begin execution on this program.
- Reserves – the ICB recognizes the need to establish a contingency fund to ensure the entity remains a going-concern. This fund may be needed in the event that the organization experiences a short term period of negative contribution. Best practices indicate this contingency should equate to three to six months operating expenses, which in the case of IIA Canada amounts to approximately \$750,000. Our reserve strategy is divided into three parts:
 - Founding Partner Program – part of the Marketing Program above, addresses this component of the reserve strategy. It is a one-time opportunity to participate as a “Founding Partner” of IIA Canada. All the funds generated through this program will be directed exclusively to the establishment of a reserve. Preliminary market analysis indicates interest in a program of this nature in Canada. The next most important step is to complete Founding Partner marketing materials and launch the program with prospective partners.
 - Canadian Chapter Support – each chapter manages its own funds per guidelines for Chapter Funds Management. For chapters that have sufficient asset bases to cover their year-to-year cash flow requirements, restricted and unallocated funds are typically invested to garner a modest, low risk return. IIA Canada has initiated negotiations with chapter leaders to designate a portion of their unallocated chapter funds to the IIA Canada Reserve. The concept is that these “restricted” funds will be placed in a financial instrument, under IIA Canada control, that will continue to enjoy a modest, low risk return for the chapter yet be available to IIA Canada in the unlikely event of a negative net contribution. An appropriate governance and accountability framework would be established with the chapters to oversee the reserve fund activity. Those chapters that have been approached have responded positively subject to some expected caveats (e.g. a thorough review of the Business Plan).
 - IIA Headquarters - Canadian members have had a significant impact in building the assets of The IIA and in doing so have a “stake” in those assets. The ICB

plans to identify a small group of individuals to continue to research and develop "options" for use during negotiations with HQ.

- Staffing – we have approval to proceed with staffing for 2012. It will be the responsibility of the Executive Director to progressively staff the office as needed to assist in not only service delivery, but also for internal processes that will be required to support the institute.
- Business Plan – the document will be shared with a number of stakeholders to “reality test” the assumptions that have been used. Included in this audience will be all chapter leaders within Canada for their assessment and comment. Finally, the Pro Forma financial statements will be re-challenged and subjected to an “audit” by the IIA’s Internal Auditor.

As you can see it will be a very busy first quarter of 2012. We will keep everyone updated along the way – so stay tuned.