My Year as IIA North American Board Chairman

Update on the State of the Profession

Carolyn D. Saint
Vice President, Internal Audit
7-Eleven, Inc.
Today’s Conversation
Topics

• About The IIA
• Trends in the Profession
• Strategic Initiatives
• A Global Footprint : 2014 Global Council
• 2013 Review & 2014 Preview
• Advocating for the Profession
• New Ventures: ACGA Launch
Sweet corn ice cream with bourbon caramel sauce and candied bacon is a thing

If you ever get to Des Moines in the summer, go to 801 Chophouse and get this.

Seriously.

One of the highlights of my year was keynoting the Iowa District Workshop in Des Moines in August.
About The IIA
The Global IIA

- Established in 1941
- Global Headquarters in Altamonte Springs, Florida USA
- Internal Audit Profession’s:
  - Acknowledged Leader,
  - Chief Advocate, and
  - Principle Educator
The IIA’s Mission

To advance the internal auditing profession and its value around the world by:

• Promulgating global standards and guidance
• Developing and delivering global certifications
• Offering professional educational and development opportunities
• Researching, disseminating and promoting best practices in internal auditing
• Advocating and promoting internal audit’s value to key stakeholders
Global Strategic Plan

The IIA’s Core Purpose

• To advance the profession and its value around the world.

The IIA’s Big Audacious Goal

• Internal audit professionals will be universally recognized as indispensable to effective governance, risk management, and control.
Key Elements of The IIA Service Model

- **Standards & Guidance**: International Professional Practices Framework (IPPF)
- **Knowledge & Research**: Internal Auditor, CAE Resources, Tone at The Top CBOK, IIA RF
- **Certifications**: CIA, CCSA, CGAP, CFSA, CRMA
- **Professional Development**: Conferences, Seminars, Webinars
International Professional Practices Framework (IPPF)

Comprehensive Guidance for the Profession

- Speak the same professional language.
- Accountable to a common set of standards and guidance.
- Formally adopted as part of several industry and country specific regulations.
- Translated into 28 languages.
The IIA’s Global Governance Structure

Over 180,000 Members in 190 Countries

BOARD OF DIRECTORS
- Executive Committee
- NA Directors
- Institute Directors
- Directors at Large
- Chairman, Audit Committee
- IIA President & CEO

The North American Board

IIA Research Foundation

The Executive Committee
- Chairman of the Board
- Senior Vice Chairman
- Vice Chairmen (5)*
- Secretary
- Past Chairmen (2)

Global Council

14 Global Committees Via EC VCs

GLOBAL NOMINATING COMMITTEE

Audit Committee

IPPF Oversight Council

*VC-Global Services, VC-Professional Guidance, VC-Professional Certifications, VC-Research, VC-Finance
Supporting Internal Audit as a Third Line of Defense

1st Line of Defense
- Management Controls
- Internal Control Measures

2nd Line of Defense
- Financial Control
- Security
- Risk Management
- Quality
- Inspection
- Compliance

3rd Line of Defense
- Internal Audit

Senior Management

Governing Body / Board / Audit Committee
Trends in the Profession
Defining Our Role in a Changing Landscape

NA Pulse of the Profession 2013 Insights
Survey results at a glance

The IIA Audit Executive Center’s 2013 North American Pulse of the Profession Survey of 428 North American internal audit professionals yielded the following overarching results:

1. The outlook for internal audit resources remains strong with steady increases in budget and staff levels and fewer decreases in some areas than in previous years.

2. One area of misalignment with stakeholder priorities appears to be strategic business risk.

3. Compliance risks are predicted to elicit greater audit coverage in 2014, pushing ahead of competing risk areas.
Projected resource changes from 2013 to 2014

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase</td>
<td>Stable</td>
<td>Decrease</td>
<td>Increase</td>
<td>Stable</td>
<td>Decrease</td>
</tr>
<tr>
<td>All Respondents</td>
<td>36%</td>
<td>54%</td>
<td>10%</td>
<td>25%</td>
<td>72%</td>
<td>4%</td>
</tr>
<tr>
<td>Fortune 500</td>
<td>37%</td>
<td>53%</td>
<td>10%</td>
<td>32%</td>
<td>59%</td>
<td>9%</td>
</tr>
</tbody>
</table>

## Trends in internal audit resources (2008-2013)

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th></th>
<th></th>
<th>Staff</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased</td>
<td>Stable</td>
<td>Decreased</td>
<td>Increased</td>
<td>Stable</td>
<td>Decreased</td>
</tr>
<tr>
<td>2008</td>
<td>36%</td>
<td>50%</td>
<td>14%</td>
<td>22%</td>
<td>70%</td>
<td>8%</td>
</tr>
<tr>
<td>2009</td>
<td>27%</td>
<td>44%</td>
<td>29%</td>
<td>20%</td>
<td>61%</td>
<td>19%</td>
</tr>
<tr>
<td>2010</td>
<td>32%</td>
<td>40%</td>
<td>28%</td>
<td>17%</td>
<td>67%</td>
<td>17%</td>
</tr>
<tr>
<td>2011</td>
<td>31%</td>
<td>50%</td>
<td>19%</td>
<td>18%</td>
<td>69%</td>
<td>13%</td>
</tr>
<tr>
<td>2012</td>
<td>37%</td>
<td>46%</td>
<td>17%</td>
<td>21%</td>
<td>65%</td>
<td>14%</td>
</tr>
<tr>
<td>2013</td>
<td>37%</td>
<td>52%</td>
<td>12%</td>
<td>23%</td>
<td>70%</td>
<td>7%</td>
</tr>
</tbody>
</table>


*Note: This is data from the North American respondents of our global surveys.*
Challenge: our stakeholders’ priorities vary

Management and the audit committee may prioritize risks differently, making it challenging to satisfy all stakeholders’ needs.

Table 3. Comparison of Top Risk Areas for the Audit Committee and Executive Management – All Respondents

<table>
<thead>
<tr>
<th>% Identified as Audit Committee Top Risk Area</th>
<th>% Identified as Executive Management Top Risk Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance/Regulatory</td>
<td>Operational</td>
</tr>
<tr>
<td>68%</td>
<td>74%</td>
</tr>
<tr>
<td>Operational</td>
<td>Strategic Business Risks</td>
</tr>
<tr>
<td>68%</td>
<td>71%</td>
</tr>
<tr>
<td>Strategic Business Risks</td>
<td>Compliance/Regulatory</td>
</tr>
<tr>
<td>53%</td>
<td>53%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>Financial</td>
</tr>
<tr>
<td>45%</td>
<td>39%</td>
</tr>
<tr>
<td>Financial</td>
<td>Information Technology</td>
</tr>
<tr>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td>Risk Management Effectiveness</td>
<td>Cost/Expense Reduction</td>
</tr>
<tr>
<td>34%</td>
<td>37%</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>Risk Management Effectiveness</td>
</tr>
<tr>
<td>23%</td>
<td>26%</td>
</tr>
</tbody>
</table>

Another view of top risk areas

Fortune 500 perspective

“Today’s legislative headlines are tomorrow’s compliance risks.”
 --Richard Chambers, President and CEO, The IIA

<table>
<thead>
<tr>
<th>% Identified as Audit Committee Top Risk Area</th>
<th>% Identified as Executive Management Top Risk Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance/Regulatory</td>
<td>Strategic Business Risks</td>
</tr>
<tr>
<td>73%</td>
<td>83%</td>
</tr>
<tr>
<td>Strategic Business Risks</td>
<td>Operational</td>
</tr>
<tr>
<td>63%</td>
<td>77%</td>
</tr>
<tr>
<td>Operational</td>
<td>Compliance/Regulatory</td>
</tr>
<tr>
<td>55%</td>
<td>70%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>Information Technology</td>
</tr>
<tr>
<td>47%</td>
<td>40%</td>
</tr>
<tr>
<td>Financial</td>
<td>Cost/Expense Reduction</td>
</tr>
<tr>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>Risk Management Effectiveness</td>
<td>Financial</td>
</tr>
<tr>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>Risk Management Effectiveness</td>
</tr>
<tr>
<td>30%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Audit Plan Topics

Are topics aligned to stakeholder priorities?

53% of respondents identify strategic business risks among the top 5 priorities for audit committees and 71% identify it as a top management priority yet the majority of respondents (57%) indicate no coverage in their 2014 audit plan.

“The limited coverage on strategic business risks appears misaligned with respondents’ assessment of the importance of this area to stakeholders.”

Figure 1. Composition of Expected Audit Plan Coverage in 2014

Source: The IIA’s North American Pulse of the Profession Survey, September 2013. Note: This is a summary of the averages from all respondents.
<table>
<thead>
<tr>
<th>AREA OF FOCUS</th>
<th>INCREASE</th>
<th></th>
<th>NO CHANGE</th>
<th></th>
<th>DECREASE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
<td>Fortune 500</td>
<td>All</td>
<td>Fortune 500</td>
<td>All</td>
<td>Fortune 500</td>
</tr>
<tr>
<td></td>
<td>Respondents</td>
<td></td>
<td>Respondents</td>
<td></td>
<td>Respondents</td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td>35%</td>
<td>36%</td>
<td>63%</td>
<td>63%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance/ Regulatory</td>
<td>34%</td>
<td>36%</td>
<td>59%</td>
<td>62%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>31%</td>
<td>27%</td>
<td>64%</td>
<td>69%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Operational</td>
<td>31%</td>
<td>33%</td>
<td>59%</td>
<td>60%</td>
<td>11%</td>
<td>7%</td>
</tr>
<tr>
<td>Strategic Business Risks</td>
<td>31%</td>
<td>39%</td>
<td>65%</td>
<td>59%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>21%</td>
<td>23%</td>
<td>77%</td>
<td>77%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Third-party Relationships</td>
<td>20%</td>
<td>36%</td>
<td>74%</td>
<td>60%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Cost/Expense Reduction</td>
<td>15%</td>
<td>17%</td>
<td>79%</td>
<td>77%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Fraud</td>
<td>14%</td>
<td>18%</td>
<td>84%</td>
<td>82%</td>
<td>3%</td>
<td>0%</td>
</tr>
<tr>
<td>Financial</td>
<td>11%</td>
<td>13%</td>
<td>81%</td>
<td>80%</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Sarbanes-Oxley Testing/Support</td>
<td>10%</td>
<td>11%</td>
<td>77%</td>
<td>64%</td>
<td>13%</td>
<td>25%</td>
</tr>
<tr>
<td>Crisis Management</td>
<td>6%</td>
<td>4%</td>
<td>86%</td>
<td>89%</td>
<td>7%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Changes in audit focus from 2013 to 2014

COSO 2013

Implementation of the updated COSO framework will be a focus of attention in 2014

“Agreed to by a group of experts including a due process comment period and broad distribution around the world, the 17 Principles reflect careful consideration of today’s operating, reporting, and compliance environments.”

--Bob Hirth, Chairman, Committee of Sponsoring Organizations of the Treadway Commission

Note: This data is from respondents who indicated that they plan to use the COSO 2013 framework.
Let’s hope they’re right
COSO 2013=not a big deal?

Figure 6. Assessment of impact among public companies planning to use COSO 2013.

Source: The IIA’s North American Pulse of the Profession Survey, September 2013. Note: This is data from respondents who indicated that they plan to use the COSO 2013 framework.
Strategic Initiatives
North American Strategic Plan

The IIA’s Core Purpose in North America

- To advance the internal audit profession and serve our members.
NA Strategy Refresh: Summer 2014 (HOT!!)
We refreshed our strategic plan using a Business Model Canvas

<table>
<thead>
<tr>
<th>KEY PARTNERS</th>
<th>KEY ACTIVITIES</th>
<th>VALUE PROPOSITIONS</th>
<th>CUSTOMER RELATIONSHIPS</th>
<th>CUSTOMER SEGMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are our key partners?</td>
<td>What key activities do our key partners perform?</td>
<td>What value do we deliver to the customer?</td>
<td>How do we get, keep, and grow customers?</td>
<td>For whom are we creating value?</td>
</tr>
<tr>
<td>Who are our key suppliers?</td>
<td>Which key resources are we acquiring from our partners?</td>
<td>Which one of our customers’ problems are we helping to solve?</td>
<td>Which customer relationships have we established?</td>
<td>Who are our most important customers?</td>
</tr>
<tr>
<td>Which key resources are we acquiring from our partners?</td>
<td>Which key activities do our value propositions require?</td>
<td>What bundles of products and services are we offering to each segment?</td>
<td>How are they integrated with the rest of our business model?</td>
<td>What are the customer archetypes?</td>
</tr>
<tr>
<td>Which key activities do our partners perform?</td>
<td>Our distribution channels?</td>
<td>Which customer needs are we satisfying?</td>
<td>How costly are they?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KEY RESOURCES</th>
<th>VALUE PROPOSITIONS</th>
<th>CUSTOMER RELATIONSHIPS</th>
<th>CUSTOMER SEGMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>What key resources do our value propositions require?</td>
<td>What value do we deliver to the customer?</td>
<td>How do we get, keep, and grow customers?</td>
<td>For whom are we creating value?</td>
</tr>
<tr>
<td>Our distribution channels?</td>
<td>Which one of our customers’ problems are we helping to solve?</td>
<td>Which customer relationships have we established?</td>
<td>Who are our most important customers?</td>
</tr>
<tr>
<td>Customer relationships?</td>
<td>What bundles of products and services are we offering to each segment?</td>
<td>How are they integrated with the rest of our business model?</td>
<td>What are the customer archetypes?</td>
</tr>
<tr>
<td>Revenue streams?</td>
<td>Which customer needs are we satisfying?</td>
<td>How costly are they?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANNELS</th>
<th>CUSTOMER SEGMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through which channels do our customer segments want to be reached?</td>
<td>For whom are we creating value?</td>
</tr>
<tr>
<td>How do other companies reach them now?</td>
<td>Who are our most important customers?</td>
</tr>
<tr>
<td>Which ones work best?</td>
<td>What are the customer archetypes?</td>
</tr>
<tr>
<td>Which ones are the most cost-efficient?</td>
<td></td>
</tr>
<tr>
<td>How are we integrating them with customer routines?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COST STRUCTURE</th>
<th>REVENUE STREAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>What are the most important costs inherent to our business model?</td>
<td>For what value are our customers really willing to pay?</td>
</tr>
<tr>
<td>Which key resources are most expensive?</td>
<td>For what do they currently pay?</td>
</tr>
<tr>
<td>Which key activities are most expensive?</td>
<td>What is the revenue model?</td>
</tr>
<tr>
<td></td>
<td>What are the pricing tactics?</td>
</tr>
</tbody>
</table>
Previously, our #1 Goal A was stated as a single goal:
To be an indispensable resource to our chapters and members.

**Updated Goal A:**

*The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves.*
Goal A1: One IIA

The IIA, through its headquarters staff and volunteer leaders at all levels, will partner to be viewed as “One IIA” to effectively and efficiently deliver products and services to the profession and its stakeholders.

KEY new initiatives:

• Define **unified brand message**, taxonomy, standards, guidelines and issue platforms

• Align portfolio of products and services to platforms

• **Centralize and integrate communications**

• Develop tools and capabilities to collect member data and **develop robust member profiles and preferences**.
Goal A2: Membership Recruitment & Retention

The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves.

- KEY new initiatives:

Develop a plan to engage cross-section of chapters to participate in the development and execution of chapter-based membership recruitment campaigns.
Goal A3: Training & Professional Development

The IIA will develop partnership opportunities to work with its chapters to deliver training to benefit members locally. This will include having a staff resource primarily focused on chapter training and programming.

KEY new initiatives:

- Identify and onboard a staff resource focused on developing and executing chapter programming

- Achieve satisfactory or higher scores on quarterly member satisfaction surveys on training and development programs including awareness of IIA offerings, cost effective training, networking, information sharing, and professional practices.

- Achieve satisfactory or higher responses from chapter leaders on the services and support provided to them by the Membership Staff and Chapter Relations Committee. Report to North American Board.
Goal A4: Certifications

The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves.

- KEY new initiatives:
  - Develop a plan to better engage chapters in promoting The IIA’s various certification programs
  - In conjunction with the CRC, redesign the CAP or other programs to provide meaningful recognition opportunities to encourage chapters to promote certification.
  - Headquarters staff to conduct quarterly conference calls with chapter certification chairs.
  - At 2014 Leadership Academy, conduct specialty sessions focused on helping leaders increase certification participation.
Strategic Goals Refresh: 2014

Goal A5: Chapter Servicing

The IIA and the chapters, as partners, will be an indispensable resource for the profession and those it serves.

- KEY new initiatives:

The IIA will ensure that consistent, high quality district workshops are planned for 2014 to serve all 32 regions in US, Canada and Caribbean.
Goal A6: Chapter Profiles

The IIA and our chapters, as partners, will be an indispensable resource for our members.

- KEY new initiatives:

By 12/31/2014, The IIA will report out to each chapter basic information as to the profile of the members of that chapter (industry, certification, stats, etc.) as derived from the member profile data captured by The IIA.
Strategic Goals Refresh: 2014

Goal A7: IIA Canada

The IIA will work to develop a strong collaboration between IIA NA, IIA Canada, including Head Office and the Chapters, to serve IIA members in Canada.

KEY new initiatives:

• Update the Memorandum of Understanding between IIA Canada and IIA HQ for services provided to Canadian members by IIA HQ.

• Produce updated IIA Canada virtual financial statements that include the creation of a Balance Sheet that reflects the financial contribution or loss from IIA Canada operations.

• On at least a semi-annual basis, the IIA Canada Board will produce status updates on operations and the strategic priorities and transmit the same to the North American Board.
Goal A8: Business Intelligence

By 12/31/14, develop a robust business intelligence program, including enhanced member profiles, to report on the engagement level of IIA members, available to audit group leads and those who deliver IIA services.

KEY new initiatives:
- Launch quarterly chapter survey program to better access member needs and wants
- Develop tools and capabilities to collect member data, including robust member profiles and preferences portal
- Define and develop standards and processes for collecting and reporting BI data via dashboard templates and other reporting tools
Goal A9: CAE Welcome Wagon

The IIA will welcome new CAE’s, develop awareness of the products and services offered by The IIA, and engage them as active participants in the internal audit community.

➢ KEY new initiatives:

When a new CAE is identified and becomes known to The IIA, the CAE Services department will reach out, welcoming them to their new role and beginning a dialog about their needs.
Goal A10: Industry Groups

Establish a strategy to better serve IA professionals in various industries

➢ KEY new initiatives:
Develop a plan to build closer relations with various industry groups within the United States serving internal auditors.
Strategic Goals Refresh: 2014

Goal B: Advocating the Profession

Raise awareness and enhance the image of the internal audit profession with regulators, legislators, management and boards.

- **KEY new initiatives:**
  - **Trusted Advisor** – meet with relevant legislators and regulators, with efforts being guided by the North American Advocacy Committee
  - **Stakeholder Value** – provide substantive updates to the NA Board on activities with organizations representing key internal audit stakeholders, such as NACD and FEI, on a semi-annual basis.
  - **Online Accessibility** – The IIA will develop a resource page for other stakeholders, such as audit committees, management and boards, including a website portal
  - **Grassroots Network** – The IIA will develop a system to engage chapters in building a grassroots network aimed at supporting The IIA’s NA advocacy objectives.
Goal C: Commitment to Diversity

The IIA will proactively recruit, encourage and assist in developing a diverse cross-section of its membership in leadership roles at the board and committee level.

KEY new initiatives:

- **Rising Stars** - Collaborate with Membership’s Young Professionals group to establish an advisory council of emerging talent to better engage young professionals in The IIA.

- **Mentoring** - Develop a plan for a mentoring program that pairs experienced IA professionals with diverse and emerging talent.

- **Succession Planning** - Update and communicate succession planning tools to help chapters in recruiting and incorporating more diversity among their leadership ranks.
Strategic Goals Refresh: 2014

Goal D: Public Sector Support

The IIA will be the preferred resource for government sector auditors.

KEY new initiatives:

• Build and launch a two part awareness campaign for the ACGA.

• Establish and market a comprehensive ACGA website for Government Auditors. Three key areas of the new website to be developed at launch include: Guidance and Resources, Publications and Media, and Training.

• Develop and implement an ACGA member satisfaction process to determine the level of satisfaction members have with ACGA products and services.
Goal E: Financial Stability

The IIA will be financially secure and stable in order to meet its mission and carry out its strategic goals.

KEY new initiatives:

• The IIA North America Dues Sufficiency – Ensure that membership dues are established at a level that effectively covers core services, with reserves built to cover future contingencies and strategic priorities.

• The IIA North America Financial Performance – Monitor The IIA’s financial performance to ensure financial operations are effective and efficient, meeting budget expectations.

• The IIA North America Risk Mitigation - Continuously assess, monitor and report key risks faced by The IIA, with strategies identified to mitigate those risks.

• The IIA North America Accountability for Capital & Operation Initiatives – Establish appropriate success indicators for strategic investments as they come online.
The Global IIA in 2014

- **Members**: 180,000
- **Countries**: 190
- **Institutes**: 108
- **Chapters**: 157

Additional Information:
- **$120.6 Million Revenue**
- **118.5k CIAa**
- **13.4k CRMAs**
Members By Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>14,480</td>
<td>16,855</td>
<td>16,811</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>36,261</td>
<td>34,853</td>
<td>35,533</td>
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<tr>
<td>Central/South America</td>
<td>12,459</td>
<td>12,091</td>
<td>12,080</td>
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<tr>
<td>Europe</td>
<td>40,424</td>
<td>43,445</td>
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</tr>
<tr>
<td>Middle East</td>
<td>1,598</td>
<td>2,006</td>
<td>4,113</td>
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<tr>
<td>North America *</td>
<td>68,754</td>
<td>66,740</td>
<td>68,363</td>
</tr>
<tr>
<td>Members at Large</td>
<td>3,632</td>
<td>4,054</td>
<td>3,812</td>
</tr>
<tr>
<td>Worldwide Total</td>
<td>177,608</td>
<td>180,044</td>
<td>187,436</td>
</tr>
</tbody>
</table>

* North America includes US, Canada and chapters in Caribbean
Strategic questions in front of the Council in Dubai

1. Does the current IIA Global Strategic Plan properly frame where The IIA should be in 2015-2020 to advance the profession and serve our global membership?

2. What trends do you see on the horizon for internal auditing that The IIA can address through its strategic plan?

3. What are the top 5 obstacles that The IIA will face through 2020? Top 5 obstacles that internal auditing might face through 2020?

4. What opportunities exist for The IIA to advance the profession and serve our members (current and future) through 2020? For internal auditing, as a profession?

5. What process should The IIA use to update or revise the strategic plan?

6. What role should institute leaders (volunteers and staff) play in its development?

7. High priorities for The IIA to consider (topics, process, input, etc.) in the development of any revised strategic plan?
Global advocacy questions for the Council

1. When you are doing advocacy work that is being led from your Institute, **what types of advocacy work are you doing?**

2. **Who are your Institute’s key external stakeholders (advocacy targets) and what are their needs/expectations?**

3. What are the **key advocacy messages** that your Institute uses when advocating on behalf of the internal audit profession?

4. What are the **advocacy initiatives that have had positive impact**, what was the impact, how have you conducted follow-up with the advocacy target, and what constituted success?

5. What impact has your Institute’s advocacy initiatives had on **advancing the internal profession in your country**?

6. **How do you build awareness** of your Institute’s advocacy efforts to members and to key external stakeholders?

7. **What support do you need** from IIA Global and/or the regional confederations to enhance your ability to be successful in your advocacy efforts?
Expanded Services for Risk Management, Internal Control, and Compliance Professionals (aka Project Umbrella)

Council will discuss trends related to the expanded role of internal audit in areas of the world and the challenges it faces in three areas:

• risk management
• internal control
• compliance
Reassessing the IPPF

1. What is the current adoption rate of the Standards in your area of the world?
2. What are the strengths and weaknesses of the current IPPF structure?
3. Are you aware of any areas where government agencies have regulated, codified, or adopted any part of the IPPF into regulation, statute or law?
   • What regulatory agencies should we consider targeting to advocate the incorporation of the Standards into regulations?
4. Are you aware of specific guidance that has been published that goes beyond the Standards or the IPPF that impact how internal auditing is to be conducted?
   • How should The IIA address these situations?
5. Based on your experience, are those charged with governance (i.e. Audit Committee) knowledgeable of the Standards?
6. If the Definition of Internal Audit and/or the structure of the IPPF were changed, how much of an impact (positive or negative), if any, would that create in your country? Why?
2013 Review & 2014 Preview
The IIA: 2013 Highlights

- New version of IPPF launched in January
- Guidance Webinar in Spanish – February
- Secured seat on the IIRC
- First digital books to launch in July
- Three-part CIA exam launch in July
- International Conference in July in Orlando
- CRMA exam launch in July
- IFAC MOU signed in July
- Draft MRA Exposed August
- IPPF Relook Task Force Launched
- Project Umbrella Study Launched
The IIA: What’s on The Agenda for 2014

- Launched American Center for Government Auditing in Q1
  - Global Task Force in completion of the “IPPF Relook”
  - “Umbrella” Project” – Phase 1
  - New affiliation Model Option Study for New, Small and Emerging Institutes

- Launched IIA Smartbriefs
  - Launch Certification Suite and Leadership Qualification
  - Seek Financial Stability Board recognition of The IIA Standards
  - London International Conference – July
  - 2015-2019 Global Strategic Planning Initiative
North American Advocacy in 2013: Key Accomplishments

• Capitol Hill
  • October Fly-in with 12 CAEs
  • Meeting with CPA Caucus
  • Continued engagement with members/staff of House Financial Services Committee, Senate Banking Committee, Senate/House Leadership

• NACD, FEI, CAQ
  • Continued participation in anti-fraud collaboration
  • Hosted “Expectation Gap” roundtable in NYC
  • Running series of “advertorials” in NACD Directorship magazine
  • Discussions finalizing on probable MoU with NACD in Q1, 2014

• PCAOB/SEC
  • Continue to develop/enhance relationships with board/commissioners and key staff
New Ventures
Government Auditor Needs

- Collective voice and advocacy
- Separate and distinct from current IIA offerings
- Dedicated resources
- Public sector focused education
- Separate membership model
- Promote certifications and incorporate into the program
- Research, guidance, and thought leadership
- Affordable - sensitive to travel restrictions and training budgets
- Online center (website)
ACGA Mission & Objectives

MISSION: To advance the professional practice of auditing in the public sector by advocating its value through timely and relevant thought leadership, communication, collaboration, and education.

The mission will be accomplished by meeting the following objectives for government auditors:

- Delivering a program that is relevant to their specific needs and preferences
- Advocating the professional practice of auditing in the public sector
- Providing low-cost, high-quality professional development opportunities
- Facilitating ongoing networking for knowledge sharing
- Improving communications with them
- Providing ongoing, timely, and relevant reporting on trends, benchmarking, and thought leadership
It’s All About Serving You, Our Members
Oh the places I’ve been
In 2013…and 2014

• Lima, Peru: Global Council 2013
• Orlando, FL (again and again and again)
• Anaheim, CA
• Des Moines, Iowa: District Workshop
• Columbus OH: Central Regional
• Winnipeg, CAN: IIA Canada Board meeting and strategy session
• Minneapolis, MN: Midwestern Regional Conference
• Dubai: Global Council 2014
• Charlotte, NC
• London (UK): International Conf
• Did I mention Orlando?
My unofficial theme for my year as chairman

Serving the members of The IIA in North America has been one of the highlights of my life…

It has been a blast!
Thank You!

The Institute of Internal Auditors

Carolyn D. Saint

Chairman, The IIA North American Board of Directors

carolyn.saint@7-11.com

Blog: Saint on Getting Stuff Done

https://www.theiia.org/blogs/saint/

Twitter: @dvinestreet
Sharing with the profession
## Company Internal Audit Business Model Canvas

### Legend:  
- **Assurance Activities (COSO, SOX, GAAP, Company Policies)**  
- **Consulting Activities**  
- **Relevant to Both Activities**

### Key Partnerships (KP)
- Chief of Staff  
- Controller  
- External Auditors  
- Co-sourcing Partners  

### 2nd Line of Defense:
- HR  
- Legal  
- Strategy PMO  
- IT PMO  
- Asset Protection  
- Verification Functions  
- Compliance (Finance and IT)

### Key Activities (KA)
- Audits  
- SOX  
- Project Health Checks  
- Pre/Post Implementation Reviews  
- Current Situation Assessment/Risk Assessment  
- Process Mapping  
- Controls Consulting  
- Myth Busting

### Value Proposition (VP)
Because Internal Audit has:
- Charter-Defined Mission, Scope, Objectives, Professional Standards, and Organizational Independence

We can deliver:
- Governance, Risk and Controls Assurance  
- Objective Internal Consultation

### Customer Relationships (CR)
- Assurance Provider  
- Internal Consultant  
- Exporter of Talent  
- Advisor on strategy execution

### Customer Segments (CS)
- CEO  
- CFO  
- EC  
- Audit Committee  
- Parent Co.  
- Auditees  
- Controller  
- External Auditor (SOX)  
- Project Teams  
- Exec Sponsors  
- Steering Committees  
- Process Owners

### Key Resources (KR)
- Sponsorship from EC, Portfolio Review Comm  
- Talent Development (via training and exposure to key business initiatives)  
- Audit Work Paper Tool  
- Data-Mining Tools

### Channels (CH)
- Audit Reports  
- Project Health Check Reports  
- Steering Committee (SC)  
- 1:1s  
- Periodic EC De-briefings  
- Integrate with Everyday Processes

### Cost Structure (C$)
- Salaries  
- Travel  
- Training  
- Tools  
- Professional Licenses  
- Co-sourcing

### Revenue Streams (R$)
- Fraud Mitigation  
- External Audit fees reduction (SOX)  
- Cost avoidance (Consultants, Process Efficiency, Regulatory Compliance, Rework to Add in Controls Post-Project Completion)  
- Contingency Audits/Contract Compliance

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Start with what the customer needs

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Business Model Generation, by Alexander Osterwalder and Yves Pigneur, Wiley 2010