International Committee Meetings Minutes Notebook

International – Boston, MA, July 2012
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ACADEMIC RELATIONS COMMITTEE (ARC)

Committee: Academic Relations Committee (ARC)

Date and Location of Meeting: July 12 to 13, 2012 – Boston, MA

Chairman: Harold Silverman

Members present: 12 of 21 members were in attendance. A quorum was met.

Matthew Bogusch Brenda Roberts
Margaret Christ Walter Sandosam
Philna Coetzee Harold Silverman
Bob Cuthbertson Jared Soileau
Steven Hudoba Pam Stroebel
Jim Molzahn Rick Wright

Staff and Guests present:
Veronica Johnson, staff liaison

Guests:
Margie Bastolla, VP IIARF
Rudrik du Bruyn, U of Pretoria

Members Absent:
Lars Agerberg Shakeya McDow
Bud Allen Mary Persson
Hossam El-Shaffei Tracey Warland-Panhofer
Robert George Bill Taylor
Andreas Koutoupis

1. Call to order:
The meeting was called to order on July 12, 2012 at 8:00 AM by Chairman Harold Silverman. It was determined that a quorum was present. Committee members were introduced.

2. Review of agenda:
All main items on the agenda were reviewed.
3. **Approval of Minutes:**
   
   The April 25, 2012 ARC meeting minutes were reviewed and approved. Margaret Christ moved to accept the minutes and Steve Hudoba seconded the motion. The minutes were unanimously approved - after Pam Stroebel name has been changed.

   **Action Item:** Action Items were discussed and those with lead responsibility provided an update. Mathew raised the need for more IT educational materials which Harold expounded on the demand for an IT Auditing text book. ISACA is providing good materials in this space. This is an area under review by The IIA.

   **Action Item 2012 - 01:** ARC should review the open question: What are the needs for IT audit for educators? This will be assigned to the Resources for Educators Subcommittee.

4. **Review of ARC Strategy:**

   V. Johnson led the discussion on the AR strategy which included ARC, IAAAF and referenced the assignments that aligned with the Strategy Action Items. Key Success Factors:
   
   A. Awareness / Growth
   B. Relationship Building
   C. Educational Content
   D. HQ Resources
   E. Financial Stability for IAAAF
   F. Program Quality

   ARC Members were asked to keep these key success factors in mind to articulate mission and needs to achieve mission.

   A brainstorming discussion followed and the following points were made:
   
   A. Graduates now becoming CAEs and are now hiring out of university.
   B. Advocacy is a key objective in showing value of IA to students and school leaders.
   C. It is also important to get the right message of key accomplishments of the ARC to IIA leadership to ensure alignment of ARC strategy with IIA strategy.
   D. An academic forum of educators to promote the opportunities afforded by an IA career could be very beneficial in advocating the message of IAEP.
   E. Messaging/Marketing – there was a general discussion regarding having a marketing strategy for ARC to communicate the message of the IAEP goals at a grassroots level to various stakeholders and influencers within the IA practitioner, IIA leadership, and academic communities.
   F. Suggested that past iterations of the ARC strategy be summarized as a final strategic plan to base future ARC direction thereby avoiding future near term changes to the ARC strategy and also as a starting point for future messaging and marketing of ARC goals.
5. **Chapter/Institute and University Relations:**

   A. Inventory of Universities Update

      1. **Universities in Europe**

         V. Johnson presented an update on status of inventory of universities teaching IA in Europe on behalf of L. Agerberg. She discussed the process by which Lars compiled the inventory. Several sources were used including relevant associations and other IIA institutes. Agerberg will work with other ARC Chapter/Institute subcommittee members to continue working with IIA institutes to identify which institutions would be interested in being part of the Academic Awareness program or the IAEP program.

      2. **Universities in the USA**

         P. Stroebel is coordinating and updating the list of AACSB Accredited universities in the USA. When complete, the plan will be developed to distribute the university names top the local chapters and work with them to encourage these universities to join the Awareness Program.

      3. **Universities in Latin America**

         B. Cuthbertson volunteered to assist in the identification of universities in Latin America teaching internal auditing. ARC will ensure it coordinates with The IIA’s Institute Relations Department.

   **Action Item 2012 – 02:** This Subcommittee will have a working list of universities to share with IIA chapters and institutes in Europe, Latin America and the USA by September 15th with a distribution and support plan finalized by September 22nd. These three regions will be the pilot for the plan.

   **Action Item 2012 – 03:** After the above plan is tweaked, work on the remaining regions will begin with a list of universities in at least two regions identified for the Mid-Year Meetings.

   B. Chapter/Institute Relations

   V. Johnson reported on behalf of M. Persson and L. Agerberg who sent their regrets. The Toolkit is complete and on both the Global and NA websites. It was announced with great success at The IIA North American Leadership Academy and will be announced again to NA and to the Institutes through the LeadersLink communication tool in August or September.

   She also reported that The IIA Internal Audit Academic Awareness Program is slowly being rolled out. It is already on both IIA websites and L. Agerberg is already working with an Institute and university in Switzerland to be the first university to take advantage of the program. Johnson remained everyone that the Awareness Program is less intense than the IAEP program and does not require an application. It also does not have many of the benefits that are afforded the IAEP programs.

   Johnson also reported that subcommittee members M. Bogusch provided a mentor/mentee guide for review and subsequent development.

   Bogusch expressed that the subcommittee should work to determine how the ARC members can be assigned to Regional Advisors or other non-NA volunteers to assist them with communicating the ARC messages to the chapters and institutes who are the grassroots of the AR initiatives Questions that will be answered by the Subcommittee are:

      1. How do we best encourage Chapter/Institute involvement and enhance their Academic Relations efforts.

      2. Best practices from Chapters/institutes need to be captured and shared. Can chapters receive CAP points for Chapter efforts in this area? How will Institutes be recognized?
Action Item 2012 - 04: Chapter/institute Relations Subcommittee will develop and implement a marketing plan for interacting with chapters and institutes. A plan for additional CAP points for NA Chapters will be developed for presentation to the CRC CAP subcommittee.

6. Resources for Educators:
   A. M. Christ reported that the list of journals that publish internal audit topics is complete. It may not be a comprehensive list but it will grow after educators see this list and report other journals. A discussion regarding the need for an IIA Research Journal was revised and again it was determined not to pursue at this time.
   B. P. Coetzee suggested using the European Academic IA and Corporate Governance Conference which can be a vehicle to get the papers published. The question of whether this should be part of Research Foundation was raised.
   C. The syllabi of core curriculum courses, which were put on website, were discussed. Resources were identified for these courses and will be published on website in third quarter 2012.
   D. There continues to be a desire to obtain GAIN data by researchers and v. Johnson reported that the IIARF staff is working on making that an easier task going forward.

7. Academic Awareness and IAEP programs Update:
   A. V. Johnson reported that a “request to participate” in the Awareness Program will be posted on line once the form is completed. It will have a requirement for chapter/institute sign-off. This will ensure the Chapters/Institutes wanting to participate will have the opportunity to do so and know which universities in their areas are teaching IA and interested in participating with IIA.
   B. Johnson then summarized the IAEP Annual Report submissions. All but two or three reports were received and all but one of those is expected to be received by the end of July. A request was made for a volunteer to assist in developing a template to capture pertinent information from these reports. J. Soileau volunteered to find resources for this task.

Action Item 2012-05: V. Johnson and J. Soileau to discuss the objective and milestones for this task.

8. IAEP Applications:
   A. On behalf of Subcommittee leader B. Allen, Harold led a discussion highlighting the key points of the IAEP application submitted by University of Waterloo (UW). The IAEP Application was reviewed by Bud and his team; Harold, Margaret and Lars. Harold provided the subcommittee’s recommendation to accept University of Waterloo contingent on AR staff receiving the required Resolution for support from the local chapter – IIA Toronto. Waterloo does not have a Business School accreditation because it does not have a business school. Therefore, the Review Subcommittee evaluated Waterloo’s the high quality reputation and high ranking of the university by the international ranking system entitled Times Higher Education World University Rankings (UW is in the top 225 universities worldwide). With this information the subcommittee recommended that the international accreditation requirement for UW should be waived. S. Hudoba made the motion to accept UW as an IAEP Foundation Program contingent upon receipt of the Resolution from IIA Canada and M. Christ seconded the motion. R. Cuthbertson abstained from the vote because of his relationship with the university. The motion passed with contingency.
B. Harold led a discussion highlighting the key points of the IAEP program at the University of Houston (UH) which submitted an application to transition from an IAEP Comprehensive Program to an IAEP Center for Internal Audit Excellence Program status. V. Johnson provided the subcommittee’s recommendation to accept University of Houston as a Center IAEP program. J. Molzahn made the motion to transition UH to a Center program and S. Hudoba seconded the motion. The motion passed unanimously.

**Action Item 2012 – 06: V. Johnson to work with subcommittee to determine changes needed to the Annual Report.**

9. **Academic Awareness and IAEP programs Update:**
   A. V. Johnson reported that a “request to participate” in the Awareness Program will be posted online once the form is completed. It will have a requirement for chapter/institute sign-off. This will ensure the Chapters/Institutes wanting to participate will have the opportunity to do so and know which universities in their areas are teaching IA and interested in participating with IIA.
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**Action Item 2012-05: V. Johnson and J. Soileau to discuss the objective and milestones for this task.**

10. **IAAAF Update:**
    Silverman provided an update on the activities conducted by IAAAF. A discussion was held covering the topic of what ARC was looking for regarding transparency from IAAAF. The main questions were:
    A. Who are the donors? V. Johnson explained that this found on the AR websites.
    B. What is being funded? V. Johnson will post the Funding Criteria on the ARC website. In the meantime, she quoted the criteria and the summary of the Grant Requests presented at the IAAAF Board meeting on Wednesday.
    C. Can a chapter/institute make donation for the development of a university IAEP program and after “X” years it will convert to general funds if the university does not receive IAEP status. Silverman will present this as an IAAAF agenda item for the next Board meeting for discussion.
    D. V. Johnson indicated they are collaborating when appropriate on consistent messaging with Foundation and Fund in response to how the Foundation and Fund were working on Fundraising.

**Action item 2012 – 07: V. Johnson to post IAAAF Funding Priorities for IAEP comprehensive and Center programs on ARC webpage.**

11. **A1 Task Force – Update:**
    H. Silverman provided an overview of the AI Professionalism Task Force for the new ARC members. He then described the working group session that had taken place on the Sunday prior to the International Conference. The working group had been tasked with working to complete the update to the Competency Model that will be used to support Certification and the eventual development of a Learning Pathways. ARC
Members who participated in the working group, shared their concerns about the reduction in emphasis of certain technical expertise areas, both in the competency model proposed and the update to the CIA certification exam.

12. **Visit from Senior Vice Chairman:**
   A. P. Sobel provided an update and noted that case studies are being created on Ethics vignettes for auditors touching the types of situations internal auditors face.
   B. Challenges that Paul sees:
      1. Academic awareness outside US
      2. Awareness at all universities.
      3. Outside US there are more Masters and Ph.Ds.
      4. Philna shared the need for a marketing subcommittee of ARC and Paul asked how this can be part of advocacy? The members felt it already was.
   C. Pathways Commission – focus is on US accounting education, but there are topics that can be learned and leveraged.
   D. Paul is supportive of pursuing GAIN data access and encourages continued pursuit.
   E. Regarding the A1 Task Force, ARC Members who participated in the working group registered their concerns about the reduction in emphasis of certain technical expertise areas, both in the competency model proposed and the update to the CIA certification exam. Paul said he would communicate that to the A1 Task Force.

Reconvened on Friday, July 13, 2012 at 8:00 AM

13. **Subcommittee Reorganization:**
   A. Chapter/Institute and University Relations Subcommittee – will remain
      1. **University Relations** - Lars will maintain lead for university inventory
         - Lars – lead for Europe
         - Matt – lead for USA with collaboration from Pam as she is working on the inventory. Pam will focus on the North West US and Matt will focus on the New England and Eastern US areas
         - Bob C. – to coordinate with his staff in Latin America and with Lars
      2. **Chapter/Institute Relations** – This area is a major strategic initiative, i.e. a Big Audacious Goal (BAG) and the subcommittee will flesh out strategies and actions items.
         - R. Wright will lead the development of a Value Proposition focused on educators and administrators at universities
         - R. Wright will lead the development of a Marketing strategy for both within The IIA and at Universities.
   B. IAEP Applications and Quality Reviews - B. Allen is ensuring succession planning for evaluating IAEP applications and quality reviews. The suggestion is that the Subcommittee leaders form the Review Team now lead by Bud. M. Christ volunteered to help start the success coordination.
   C. Resources for Educators – Focus is moving to maintenance, enhancement and expansion outside the English language. The subcommittee will now focus on more input from the educators as to what they are actually using. Margaret and Steve will continue on this team. There is a need for a team to focus on IT resources. Matt volunteers to assist in this area.
Because the full Committee was not present, H. Silverman requested that the list of subcommittees with the teams members to date be sent to the full ARC with a request from everyone not yet on a subcommittee to sign up for the one they are most passionate about.

**Action Item 2012 – 08**: V. Johnson to conduct a WebEx with each subcommittee leader by August 31\textsuperscript{st}.

**Action Item 2012 – 09**: V. Johnson send out subcommittee list with abstract for all ARC members to select a subcommittee by August 31\textsuperscript{st}.

14. **Other Business**:
Urton Anderson, Chair of CREA requested assistance in communicating with IAEP educators and other educators to assist with writing questions for the new CIA practice exam. J. Soileau volunteered to work with V. Johnson to communicate this request and to coordinate question acquisition.

**Action Item 2012 – 10**: V. Johnson and J. Soileau to coordinate the compilation of exam questions for the CIA Model Exam for the new CIA format.

15. There being no further business, H. Silverman called for a motion to adjourn the meeting. M. Christ made the motion and S. Hudoba seconded the motion. All were in favor and the ARC meeting adjourned at 10:05 AM EST.

**Submitted by**: Jim Molzahn
COMMITTEE OF RESEARCH AND EDUCATION ADVISORS (CREA)

Committee: Committee of Research and Education Advisors/IIA Research Foundation (CREA)

Date and Location of Meeting: Thursday, July 12, 2012

Chairman: Urton Anderson

Members present:

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<tr>
<td>Urton Anderson</td>
<td>Donald A. Espersen</td>
<td>Jozua Francois Martins</td>
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<td>Frank M. O’Brien</td>
<td>Peter Funck</td>
<td>John D. McLaughlin</td>
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<td>James A. Alexander</td>
<td>Jack Gazlay</td>
<td>Deborah L. Munoz</td>
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<td>Sebastien Allaire</td>
<td>Stephen G. Goodson</td>
<td>Jason Philibert</td>
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<td>John Beeler</td>
<td>Ulrich Hahn</td>
<td>Michael L. Piazza</td>
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<td>Joseph P. Bell</td>
<td>Sabrina B. Hearn</td>
<td>Rui Bezerra Silva</td>
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<td>Toby Bishop</td>
<td>Karin L. Hill</td>
<td>Tania Stegemann</td>
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<td>Sezer Bozkus</td>
<td>Katherine Sidway Homer</td>
<td>Warren W. Stippich</td>
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<td>John K. Brackett</td>
<td>Warren Kenneth Jenkins</td>
<td>Deanna F. Sullivan</td>
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<td>Adil S. Buhariwala</td>
<td>Jie Ju</td>
<td>David Williams</td>
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<td>Richard R. Clune</td>
<td>Brian D. Lay</td>
<td>Valerie Wolbrueck</td>
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<td>Urton Anderson</td>
<td>David J. MacCabe</td>
<td>Linda Yanta</td>
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<td>Frank M. O’Brien</td>
<td>Steve Mar</td>
<td>Douglas E. Ziegenfuss</td>
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Staff and Guests present:

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<tr>
<td>Lillian McAnally</td>
<td>Betty McPhillimy</td>
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<td>Margie Bastolla</td>
<td>Wayne Moore</td>
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<td>Mark Salamasick</td>
<td>Carolyn Newman (President, Audimation/CASEWARE), Ryan Hirscher (PwC).</td>
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<td>Dick Anderson</td>
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Members absent Thursday and Friday:

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<tr>
<td>Barry Ackers</td>
<td>Stig Sunde</td>
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<td>Sharon Bell</td>
<td>Sandra Shelton</td>
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<td>John Harris</td>
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<td>David Kanja</td>
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Members absent Friday only:

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<td>Sezer Bozkus</td>
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1. **Call to order:**

The meeting was called to order at 8:02 am by Urton Anderson. Recognized members rolling off the committee. Introduction of all CREA members.
2. **Review of agenda and action docket:**

   The agenda was reviewed and approved.
   
   A. **IIARF Staffing Update**—Margie Bastolla/Lillian McAnally
   
   B. **IIARF Strategic Initiatives**—Phil Flora/Audley Bell
   
   C. **2013 Annual Plan Development**—Urton Anderson
   
   D. **Proposal from Crowe Horwath**—Bill Watts (absent); Urton Anderson
   
   E. **CREA Project Management**—Wayne Moore
   
   F. **Update on the CAE Research project**—Dave MacCabe/A.J. Abdolmohammadi
   
   G. **Word from IIARF President, Sharon Grant**
   
   H. **Discussion on GAIN data policies, 2015 CBOK, QA Manual status**
   
   I. **Friday—Ed product development**

   **Action Docket:** As part of the 2012 RFPs, the RFP on a COSO handbook needs additional review. VIIARF staff spoke with Larry Rittenberg about writing the handbook, but Rittenberg wants the scope narrowed. CREA will work on narrowing the scope tomorrow (7/13) and then IIARF will go back to Rittenberg. Currently, COSO is still working on the exposure draft.

3. **Approval/ratification of minutes:**

   The minutes of March, 29, 2012, were approved.
   
   Doug Ziegenfuss (motioned); Dave MacCabe (second).

4. **CREA balanced scorecard:** Urton Anderson

   Urton reviewed the July 2012 scorecard. Strategic, operational, and financial are green; Participation is yellow. Talked about sponsored projects (including Insight report, which won the Larry Sawyer Award), and discussed the bookstore survey.

   Regarding participation: covered the need for more academics; encouraged members to show their support for the IIARF by having 100% participation of CREA members contributing.

5. **IIARF Staff Update:** Margie Bastolla

   Margie discussed the staffing issue. Currently, 8 staff members. Talked about the retail director open position; covered the operations manager (Karen Revels) need to move more to fundraising; the need to expand the content development role. (Debbie Poulalion, project content developer; Selma Kuurstra, contract project manager; Lee Ann Campbell, staff editor). Retail manager, Arnaldo Diaz, who handles sales and marketing of products; Nancy Cifuentes, retail specialist; Susan Dworkis, fundraising administrator.

   Number of projects being handled is going up, but the staffing has stayed the same. Need for an immediate contract project manager this year, and then 2 CBOK project managers (2013–2014). Need to make a case for a staff member for operations because an operations staff member is 100% overhead, and IIA currently doesn’t want to add headcount.
Discussed the need for implementing a publishing strategy. Talked about the demand for digital delivery (Retail survey indicated that 60% of customers want a digital product).

6. **IIARF Infrastructure Task Force: Phil Flora**  
Loss of knowledge with staff turnover; task force will help document the process (Mark Salamasick, Dave MacCabe, James Alexander, Steve Mar, and Phil Flora). We want to help mentor new members, and help current members to refine the process.

   *Action Item: IIARF staff will arrange a WebEx to train CREA on how to use the Committee website in Sharepoint. Having CREA use the site may increase efficiency and streamline the review process by using standardized templates.*

   *Action Item: How to leverage Sharepoint into the task force. Have Steve Mar as part of the task force to help set up administrative rights. (Lead—Phil Flora)*

7. **IIARF Strategic Initiatives:**
   
   *Digital Strategy (Phil Flora)—In December 2011, BOT met; built a RFP and selected Greenhouse and Associates as a consultant. In March 2012, Greenhouse presented 3 options:*
   
   A. Apps  
   B. Portal  
   C. E-book solution

   E-book was approved (for PDF, MOBI, and EPub outputs), and $75k for the initiative. The IIARF is working to get it on the strategic plan for the IIA; sent an email to Doug Anderson, who is now championing the idea to the IIA Board. RF has already spent $50-70k to date on the digital initiative.

   *IA Research Repository (Audley Bell): Based on feedback from 2011 Global discussion, the IIA should look at making research more available to our global members and Institutes. Sent a survey out to 21 Institutes to find out how many were involved in research, and if they would be willing to share their research with other IIA members. Not too many Institutes are conducting research; Australia, France and Japan are the only Institutes conducting research and willing to share the research.*

   Challenges: language barrier, lack of capacity; funding; and how to manage the quality of the research.

   How can CREA help in this process in terms of providing incentive?
8. **Annual Plan Development Process: Urton Anderson**

Provided an overview of the annual plan development, and then went over the current survey results. Gave an overview of 2012 research priority topics and number of proposals received and which ones were awarded.

Ethical Behavior Auditing remains from last year’s priority. There is still interest in the topic but need a stronger RFP. (Adil Buhariwala did a good presentation on the topic at the conference).

A. 2013 Priority topic (7):
   1. Weak Governance (Adil Buhariwala, Joe Martins, Mike Piazza, Jason Philibert, and Don Espersen)
   2. (Dick Anderson)—The need for IA to play a strategic role in the governance process. What is IA doing?
   3. (Urton)—maybe partner with NACD on this project?

B. Fraud Risk Assessment “Protecting the Soft Areas”
   1. (Steve)—is it more about soft (people) or mobile devices?
   2. Urton—should include social media.
   3. (Dick)—really issue is unstructured data and mobile devices.
   4. (Doug Z)—should it include issue such as proxy fraud?
   5. (Jack Gazlay)—Should this be Ed product—“how-to”?

C. Covering Third-party Risks (Warren Stippich; Rui Bezerra Silva; Joe Bell; Deanna Sullivan, Tania Stegemann, Peter Funk). Proposal received from Crowe Horwath, which was reviewed later.

D. The Stakeholders’ Impact on the IA Profession: May think about how we incorporate into CBOK next time.


F. Multiple Roles for the CAE (Valerie Wolbrueck, Ulrich Hahn., John Brackett, Debby Munoz)

G. Auditing Social Media and Networking.

H. CREA agreed that they would not pursue a research priority project since the RF already has an educational product.

I. CAE Public Sector (Steve Goodson, Jie Ju, Sabrina Hearn)

J. CAE Public Sector—Phil Flora; Steve Goodson willing to liaise with the public sector committee to get the report.

K. *Issues in Data Governance* (Steve Mar, David Williams, Sezer Bozkus, Jack Gazlay); Trustee Champion, Jeff Perkins.

L. *Do Standards Matter?* (Doug Ziegenfuss; Dave M, Rich Clune, Toby Bishop, Karin Hill); Trustee champion, Wayne Moore/Sue Ulrey.

9. **Proposal from Crowe Horwath on Third-Party Risk Management: (Steve Mar)**

Vendor review and access to information:

A. (Joe Bell) contract process on the front end is inadequate, and how to monitor it.

B. (Valerie Wolbrueck) Issue with suppliers; what’s their business continuity; life cycle.
C. (Toby Bishop) not just suppliers; are you going to cover all of these issues; restrictions to prevent subcontracting.
D. (John Beeler) how do we distinguish it from other publications out there on the topic.
E. (Rui Silva) compliance procedures; how to manage the payments for the third party.

Resolution: CREA approved to move forward on the project.
Action: Need to form a subcommittee for the project (Urton Anderson).

10. CREA Project Management: Wayne Moore
Wayne began by covering the fundraising task force objectives and the connection to the research projects.

He then led into CREA PM; what works best. (sample-Insight research report)
A. Four critical success factors:
   1. Clear, crisp topic
   2. Knowledgeable author/researcher
   3. Tight project management
   4. Shorter timeframe
B. Mike Pryal—sample project “Auditing Through the Business Cycle/UK with Robin Pritchard)
   1. Lack of role clarity as trustee champion
   2. Had turnover in staff
   3. Checkpoint meetings were not there
   4. Need better clarity around the role of trustee champion
C. John Beeler: What are the measures of success for research project?
D. Dave MacCabe: insert Wayne’s 4 factors into the CREA orientation.

11. Update on research project “Enhancing the CAE’s Effectiveness w/ C-Suite: Dave MacCabe
Introduction of the project and Professor A. J. Abdolmohammadi.
Next call is scheduled for July 25; CREA reviews due tomorrow (July 13) on the initial draft.
CREA feedback: give demographics of the companies interviewed (size of the company, etc.)
Suggestion: create a webinar for the topic. Send it to NACD to let them know this is the type of research we want to do.

12. Brainstorming for the RFPs on priority topics:
   A. Third-party risks: (Crowe Horwath) (trustee champion, Mark Salamasick) Joe Bell presented.
      1. Purpose & Objectives: define third parties; identify risks throughout process cycle; how to prioritize among contracts; case studies w/ best practice examples; mitigation of risks and idea.
      2. What is a 3rd party? service organizations, off shoring (where are controls managed outside ops, processing, decision making and data manipulation); alliance relationships.
   B. Weak governance: (Trustee champion, Jean Coroller)
      1. Attributes of a strong IIA; raising the bar.
2. Regulators in US and Europe/Financial Sector; what are the hallmarks of a top IA committee; aimed more at audit chair/C-Suite.

3. Adil—suggested changing the title to Effective Governance in IA Lead (Mike Piazza).

C. Objective: To provide guidance and increase awareness to IAs on the critical aspects of organizational governance, which will influence their ability to execute audit strategy.

D. Content: define governance; identify key elements ("red flag" situations to watch out for); governance maturity model and action steps that IA needs to take when they encounter red flags; survey of existing guidance; define the roles/responsibilities of key stakeholders in the process; case studies of good/bad governance.

1. Key deliverables: applied research; Audit TV
2. Provide a diagnostic tool

E. Fraud Risk Assessments: Data governance; lack of control over data

F. Stakeholders’ Impact on the IA Profession:
   1. The impact of stakeholder expectation on IA
   2. The survey should help determine whether stakeholders care if there is non-compliance.
   3. This topic may overlap with the weak governance topic.

G. “Do Standards matter?”

H. The Rise of the Chief Risk Officer: (Trustee champion, Mark Pierson)
   1. Confusion among clients as to who owns what
   2. How does IA relate to the CRO
   3. Joint project with a risk institute (RIMS)??
   4. Look into where you have successful relationships with both

I. Multiple Roles for the CAE: keep (Trustee champion, Betty McPhilimy) Auditing Social Media and Networking: update the ed product. Need to focus on the risk ID.

   Action Item: consider updating the Social Media book (last published in 2011). This is a nogo as a research topic.

13. Other topics:

   A. Developing new audit department (refresh or update the ed product)
   B. CAE in the Public Sector—Phil Flora; Steve Goodson willing to liaise with the public sector committee to get the report. Auditing the political environment = governance and reporting relationships in the PS; (Trustee champion, Phil Flora/World Bank partnering) resourcing audit function in the public sector (sizing); managing PS reputational risk issue; dealing with the media.
      • Suggestion: Maybe team up with ALGA.
   C. QAs?
   D. Restructuring IA organizations

   Action Item: Lillian to send out latest status report on Standards/Guidance:
Final 2013 research priority topics:
  A. Third-party risks
  B. Weak Governance
  C. Fraud Risk Assessment
  D. The Stakeholder’s Impact on the IA Profession
  E. “Do Standards Matter?”
  F. The Rise of the Chief Risk Officer
  G. Multiple Roles for the CAE
  H. CAE in the Public Sector

14. **GAIN Data Access and CBOK 2015:**
   Regarding requests for GAIN Data Access, one request has been approved; another request from a PhD student (under Urton Anderson) is a former KPMG practitioner and an IT Audit expert. This latter request is still awaiting a response. With respect to the Global Survey (CBOK 2015), the Research Foundation and CREA need to begin forming a steering committee. Doug Ziegenfuss and Adil Buhariwala were interested in participating in the steering committee.

15. **Welcome by the IIARF President, Sharon Grant:**
   Getting queries (at the trustee level) to get research out faster. She mentioned about having CREA keep her and Urton informed on what’s relevant. She also discussed the importance of making a contribution to the RF. CRMA certification is closing September 30; encouraged CREA to get certified before the exam takes place.

16. The meeting was adjourned at 5:15 pm.

**Friday, July 13, 2012**

**Co-chairman:** Frank O’Brien

1. **Call to order:**
   The meeting was called to order at 8:05 am by Frank O’Brien.

2. **Review of Open RFPs and New Ed Products:**
   A. Billing/Collections—Steve Goodson; Jack Gazlay; Rich Clune
   B. Data Analytics—IT Group (Steve Mar, David Williams, Don Espersen, Ulrich Hahn John McLaughlin, John Brackett).
   C. Contract Auditing (combine w/ Audit the Supply Chain)—Peter Funck, Joe Bell, Jozue Martins, Ken Jenkins, Sebastian Allaire, Valerie, Rui Bezerra Silva.
   E. Fraud Series (combine w/ Corporate Fraud)—Adil S. Buhariwala, Deanna, Sullivan, James Alexander, Jiu Ju, Jason Philibert.

G. IT Controls for Dummies.

H. Auditing IT Infrastructure.

I. Audit Info Systems (IT Group—David Williams, Steve Mar, Don Espersen, Ulrich Hahn, John McLaughlin, John Brackett).

J. Auditing Investments in a Non-Financial Company (Warren Stippich, lead).
   1. Update the 2000 books originally published with Barbara Davison under the titles Auditing Investment Strategies and Auditing Derivatives
   2. Maybe partner with SIFMA?

K. Fraud Series (combine w/ Corporate Fraud)—Adil S. Buhariwala, Deanna Sullivan, James Alexander, Jiu Ju, Jason Philibert.
   1. Review team recommendations: not to sell outdated material; consider selling our own product rather than the third-party book with Wiley.
   2. Additional topics: e-payments fraud; fraud in loyal programs
   3. Each will be converted an article in a magazine.
   4. Recommendation: to sell only in a digital format; the problem is “how to get people to write it?”
   5. Recommendation: partner with law firms on small booklets?

L. Contract Auditing (combine w/ Audit the Supply Chain)—Peter Funck, Joe Bell, Jozue Martins, Ken Lay, Sebastian Allaire, Valerie Wolbrueck, Rui Bezerra Silva. Not so much focus on the compliance aspect, but more on the procurement process.

M. Need more time in fleshing out the supply chain RFP (Valerie Wolbrueck).
   Recommendation: maybe do a webinar?

N. Billing/Collections—Steve Goodson; Jack Gazlay; Rich Clune Recommendation: only minor changes; maybe identify a partner for co-branding such as a CPA firm or IA Services firm; pinpoint existing authors on the topic from other publishers (e.g., Wiley author)

O. Solutions: Look to Auditnet authors; social media advertising; Accts Receivable Association (Frank O’Brien, Arnaldo Diaz, Lillian McAnally—to work together to finalize RFP)

P. “Refresh Process”—will be reaching out to CREA on honing the RFP process and update existing inventory.

3. Questions/Comments/Feedback:
   Mike Piazza rented the domain www.desperateauditors.com

4. Adjournment: The meeting was adjourned at 12 pm

Submitted by: Lillian McAnally
EXAM DEVELOPMENT COMMITTEE (EDC)

**Committee:** Exam Development Committee (EDC)

**Date and Location of Meeting:** July 12-13, 2012 in Boston, Massachusetts

**Chairman:** Glenn Ho, CIA

**Members present:**
- Joyce Drummond-Hill, CIA, CMIIA, CCSA, CGAP
- Virginia Flynn, CIA, CCSA, CRMA
- Giovanni Grossi, CIA, CCSA, CFSA, CGAP
- Herbert Otto Homolka, CIA, CCSA, CFSA, CGAP
- W. Charles Johnson, Jr., CIA, CFSA, CGAP, CRMA
- Bill Middleton, CIA
- William Turner, CIA, CRMA
- Teresa Ward, CIA, CRMA
- John Wong, CIA
- Qing Xia, CIA, CRMA

**Staff present:**
- Lisa Hirtzinger, CIA, CCSA - Director, Exam Development & Analysis

**Members absent:**
- Gary R. McGuire, CIA

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1. **Call to order:** Glenn Ho
   
The meeting was called to order by the Chairman. Three new members were welcomed to the committee and all provided introductions. The committee approved the agenda to move forward and reviewed the action docket.

   **Action Item:** Create a glossary of common certification, IIA governance, and exam development terms for all committee members, new and current. (Hirtzinger)

2. **Policy Discussion:** Glenn Ho
   
   EDC discussed the length of time that must pass before an individual who has written or reviewed items can participate in other activities related to the exam (i.e. teach an exam preparation course, write review materials, etc). The past policy was two years. EDC discussed the pros and cons of job analysis study (JAS) task force member involvement with review courses and materials determining what would constitute a conflict of interest and what would best serve candidates in a situation such as a new exam. The discussion points will be drafted into a policy for EDC to review and vote on.
**Action Item:** Draft policy based on discussion for EDC review and vote. (Hirtzinger)

3. **Certification Suite Update:** Lisa Hirtzinger
   EDC was provided an update on the certification suite task force related to the potential assessment modalities being considered which are new and different from the current multiple choice exams. EDC also discussed the timeline for development if the business plan is passed by the global board at Midyear. If passed, a new exam would be developed in 2013 for implementation in 2014.

4. **Item Review Process:** Glenn Ho
   To meet the increased demand for test items due to the new CRMA exam and the transition to the three part CIA exam, The IIA has contracted with a subject matter expert to review and enhance items prior to the review / approval process by EDC. The overarching objective is to ensure EDC sees high quality items and to increase the percentage of items that achieve strong statistics via the pretesting (beta testing) process. The following best practices will be or have been put into effect to streamline the item review process:
   A. Host monthly webex calls with EDC members to keep up with the review of items in the pipeline.
   B. Provide EDC members access to review and comment on items in the item bank software prior to the monthly call.
   C. EDC members who are interested will participate in the pilot of the virtual online training for new item writers and test development teams. EDC members will also have the opportunity to review and provide feedback on the Item Writer Guidelines (IWG) and related web pages. This will also ensure new EDC members have a full on-boarding process and all EDC members are conducting consistent review of items.
   D. Authors will be required to include specific page number and paragraph from only approved references to ensure EDC can support the approved items. IIA is also working with IIARF to have digital copies of approved texts available securely on the author website.

   The committee also discussed options to recruit additional item writers as well as what incentivizes item writers.

   **Action Item:** Include EDC members in pilot offering of virtual online training for item writers. (Hirtzinger)

5. **CRMA Task Force Update:** Lisa Hirtzinger
   EDC reviewed the preliminary CRMA syllabus which was presented to PCB for approval. EDC discussed the gap of items for this exam, as it is new content to be developed. IIA plans to engage current individuals who hold the CRMA through the professional experience recognition (PER) process for item writing via various workshops. EDC also reviewed the plan to beta test the exam questions prior to the exam rollout July of 2013.

   In addition, the committee noted qualified EDC members who have not completed the PER process should do so before the deadline if interested or they cannot review CRMA items due to a conflict of
interest if they intend to later take the exam. The PER deadline is 30 September for North America and 31 December for outside North America.

**Action Item:** Reminder to completed the PER process if interested. (All)

6. **Test Development Team (TDT) Update:** Bill Turner/Lisa Hirtzinger
   The Baltimore/DC TDT is ready for their next quarterly assignment and continues to provide high quality items with a high acceptance rate. Bill shared recruitment strategies for TDT members as well a challenges and discussed what incentivizes a member to join a TDT. Once the training is finalized, EDC to consider adapting the model to be a global program.

   **Action Item:** Compare our item writer training and guidelines to other associations such as AICPA and ISACA. (Hirtzinger)

7. **Gap Analysis:** Lisa Hirtzinger
   IIA provided an update on the recent statistical analysis completed of the CIA, CCSA and CGAP items. EDC discussed the need to increase the number of items that successfully pass the pretesting stage and strategies to work toward that goal. EDC will also work to determine causes of formerly good statistically items dropping to poor stats. EDC also discussed the beta testing strategy for the upcoming CRMA and three part CIA exam items.

   **Action Item:** Provide an updated gap analysis of items available in the test bank for CIA and specialty exams. (Ouazzani)

   **Action Item:** Provide item writer metrics. (Ouazzani)

8. **Visit from PCB Chairman:** Steve Goepfert
   PCB Chairman Steve Goepfert visited EDC to express his thanks for the significant contributions EDC makes to the certifications exam programs. Steve provided updates from PCB on discussions that impact EDC. In addition, EDC provided feedback on the importance of continued support for exam development efforts including maintenance of the CIA and specialty exams along with the new programs and strategic initiatives either underway or being considered.

   **Vice Chair Visit:** Anton van Wyk
   Professional Certifications Vice Chair Anton van Wyk visited EDC and expressed support as EDC develops the content for The IIA’s first new exam in over ten years. EDC requested continued support to ensure exam development processes have the resources required to move forward with strategic initiatives as well as routine exam maintenance.

9. **Advanced Item Type Strategy:** Lisa Hirtzinger
   Given the various high profile 2013 strategic initiatives currently underway such as the new CRMA exam and transitioning the flagship CIA exam from four parts to three; EDC and PCB recommend delaying advanced item type implementation until 2014. It is recommended that in 2013 The IIA undertake a
feasibility study regarding the incorporation of advanced item types into The IIA’s certification exams, and any other potential solutions to address IIA certification exam rigor.

10. **CGAP Job Analysis: Glenn Ho**
EDC discussed strategies for the next job analysis study which will be for the CGAP exam. EDC discussed differences between the US and International version of the exam, potential task force members and how the specialty exams fit into the certification suite. Joyce volunteered to assist with efforts going forward given her expertise and experience with the public sector committee.

11. **EDC Strategic Plan: Glenn Ho**
EDC discussed the upcoming nominations window in November and identified the number of members required to sustain processes, countries needed for representation and how to fill gaps of members (from global and TDTs) rolling off in future. Recommend adding EDC members with CFSA designation and strong IT skill sets.

*Action Item: Encourage EDC nominations at the institute CEO meetings (Hirtzinger/Plamondon)*

*Action Item: Update the EDC strategic plan to include an additional layer of detail and track actual versus target dates. (Hirtzinger)*

12. **Item Review: All**
EDC reviewed items in two groups balanced between North American (NA) and outside North America (ONA) members. These will be the groupings kept for ongoing online monthly item review sessions. EDC noted a need for training on what constitutes good proficiency level items to ensure consistency throughout the review process.

*Action Item: Schedule monthly online item review sessions. (Ouazzani)*

13. **Executive Session: Glenn Ho**
EDC recommended IIA staff develop a score card of ongoing exam development metrics. Potential items to include: Exam performance/pass rates, item production, author metrics and beta testing metrics.

*Action Item: Update EDC strategic plan, including exam development and security scorecard. (Hirtzinger)*

14. **Open Discussion: All**
EDC plans to meet Tuesday – Thursday at Midyear to accommodate the increase in item review.

*Action Item: Follow up from May IIASB standards exposure results to determine any impact on items. (Hirtzinger)*

**Submitted by:** Lisa Hirtzinger, CIA, CCSA
GLOBAL ADVOCACY COMMITTEE (GAC)

**Committee:** Global Advocacy Committee (GAC)

**Date and Location of Meeting:** Thursday July 12 – Friday July 13, 2012; Westin Waterfront Hotel, Boston, Massachusetts

**Chairman:** Gerry Cox

**Members present:**
- Graham Joscelyne
- Laurent Arnaudo
- Rob Newsome
- Marietta Mendoza
- Leo Matignas
- Jeff Erdman
- Mark Sullivan
- Patty Miller

**Members declined in advance:**
- Narendra Kumar Aneja, GAC member

**Staff and guests present (** attended joint orientation session only):**
- Mike Head, North American Advocacy (NAAC) chair
- Hal Gary, VP North American Services
- Clare Brady, NAAC member
- Karen Livingstone, GAC staff liaison
- Michael Cowell, NAAC member
- Sally Dix, VP Standards & Guidance
- Richard Dapcic, NAAC member
- Tea Enting-Beijering, Public Sector Committee member
- Carolyn Saint, NAAC member
- Jim Sylph, IFAC
- Chet Watson, NAAC member
- Carolyn Dittmeier, Executive Committee member
- John Wszelaki, NAAC member
- Paul Sobel, Executive Committee Member, Senior Vice Chairman of the Board
- Kathy Anderson, NAAC staff liaison
- Chairman of the Board

1. **New member orientation: Gerry**

Gerry kicked off the new member orientation at 8:00 a.m. that was held for all new GAC and North American Advocacy Committee (NAAC) members. Mike Head, chairman of the NAAC, also welcomed all new members to both committees. New members were introduced and an overview of advocacy at The IIA was presented by Gerry. At the conclusion of the presentation by Gerry, Hal provided additional information on the Global Advocacy Platform’s purpose and use. Karen provided more detail on the history of advocacy and relationships developed with approved advocacy targets. Patty made a general comment on the need for volunteers to support advocacy efforts. Clare stated that advocacy efforts could be leveraged and made more efficient through the communication with internal committees including the Chapter Relations Committee (CRC), the International Internal Auditing Standards Board (IIASB), the Public Sector Committee (PSC), and the Institute Relations Committee (IRC).
2. **Call to order:** Gerry

   The GAC meeting was called to order at 9:00 a.m. by Gerry. Introductions were made and the objectives of the meeting were discussed. The minutes from the mid-year meeting in 2011 and post-GAM meeting in March 2012 were approved.

3. **Update on INTOSAI Performance Auditing Subcommittee (PAS) and Internal Control Subcommittee (ICS) activities, Tea:**

   Karen introduced Tea, The IIA’s representative for INTOSAI’s ICS and interim representative for INTOSAI’s PAS. Tea gave a presentation on her participation in INTOSAI PAS and ICS meetings and activities attended in 2011 and 2012. Tea attended two INTOSAI ICS meetings in November 2011 and April 2012 both held in Warsaw, Poland. In the November meeting the ICS discussed their action plan which is comprised of five tasks that were discussed with the GAC. The ICS meeting held on April 2012 was comprised of continued discussion on the progress made with the action plan. Tea also gave an update on the PAS meeting she attended in Vienna, Austria on February 2012. Items discussed during this meeting included the harmonization project, ISSAI 300, “Fundamental Principles of Performance Auditing”, and implementation of the PAS work plan developed for the 2011-2013 timeframe. It was noted during discussion of the PAS, that The IIA had formally responded to the ISSAI 300 exposure draft and that the document was under second review with a final issue date of August 6, 2012. Tea, along with other members of the Public Sector Committee (PSC), worked on the development of the IIA’s response to ISSAI 300 that was formally issued on April 16, 2012. The PAS made modifications to the ISSAI and sent it out for comment again with a revised due date of August 6, 2012.

4. **Update on INTOSAI Professional Standards Subcommittee (PSC) activities:** Rob

   Rob, interim volunteer representative for INTOSAI’s PSC, gave an update on the recent PSC meeting he attended in May in Johannesburg, South Africa. During this meeting Rob made a presentation on the organization of The IIA, newly developed guidance materials, and upcoming projects. During this meeting, specific items regarding The IIA were discussed inclusive of:

   A. INTOSAI’s participation on the IIASB’s project on the revision of the definition of internal auditing;
   
   B. How The IIA’s *Standards* are enforced; and
   
   C. How The IIA’s *Standards* address differences between the public and private sector.

   Rob emphasized his concern that INTOSAI standards need to be aligned with The IIA’s *Standards*. Jeff asked Rob whether the IIA’s input should be based on those standards only related to reliance on the internal audit function as in ISSAI 100. Rob replied our input should be focused on these standards but also on the development of other INTOSAI standards so that they are more aligned. The GAC decided that the following action item be included in the action docket:

   **Action Item:** The wording in ISSAI 100 regarding assistance/reliance on the internal audit function states that the work of the internal audit function “may be used” and does not support and/or suggest that this work “should be used”.

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Rob also stated that the World Bank is providing INTOSAI’s PSC with $930,000 to be used toward education on INTOSAI’s standards. The GAC discussed potential opportunities surrounding this effort and decided that the following action item be included in the action docket:

**Action Item:** Rob to follow-up with the chair of the PSC to obtain more information on INTOSAI’s development training effort.

Rob also mentioned the upcoming United Nations INTOSAI Symposium to be held in March 2013 and that The IIA should attend as well as the upcoming INCOSAI meeting being held in 2013 in China. A brief discussion was also held on identifying a permanent representative for the PSC committee but no conclusions were made. However, this item subsequently became an action item when advocacy targets were discussed as noted on page 8 of the minutes.

5. **North American Government Relations:** Hal
   As part of the budgeting activities in 2011 for the 2012 IIA fiscal year, the North American Board authorized funds to be earmarked in the North American advocacy budget to commence a U.S.-based government relations initiative. On May 18, 2012, Patton Boggs was engaged to be The IIA’s partner to help further its government relations activities in both the legislative and regulatory arenas. The engagement formally began on June 1, 2012 and is effective for a 19-month period until December 31, 2013, with an evaluation of the relationship at the 6-month mark, which would be December 2012.

   Patton Boggs has been at work and established meetings for Richard Chambers and Kevin Mayeux with three of the four SEC Commissioners under Chairman Schapiro during the last week of June, 2012. Meetings are contemplated and being arranged for IIA staff to meet with staffers of legislators from the House Banking and Senate Finance Committees, which will likely be in late-July. It was also noted that other regulators in the Financial Services sector, OCC, and Federal Reserve are under consideration as potential NA advocacy targets.

6. **Financial Stability Board (FSB): Karen**
   Karen introduced the FSB as an advocacy target by conveying that this consideration originated as a request by the IPPFOC to the IIASB related to the promotion of the *Standards* and discussed in the Executive Committee meeting held on March 17, 2012. This request was to consider communicating with the FSB to advocate for IPPF inclusion in its “*Compendium of Standards.*”

   The FSB was established in 2009 to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisor, and other financial sector policies. The FSB is at the origin of the *Compendium of Standards* that are internationally accepted as important for sound, stable, and well functioning financial systems. The *Compendium* was first developed in 1999 by the Financial Stability Forum, the predecessor to the FSB and includes both key standards which the FSB has designated as deserving of priority implementation depending on country circumstances, and other standards that are complementary in nature and cover particular functional areas.

The GAC discussed several opportunities in developing a relationship with the FSB with the primary objective of influencing the FSB to adopt/endorse the IPPF Framework into the *Compendium of Standards*. The GAC decided that the following action item be included in the action docket:

**Action Item:** Hal and Karen to follow-up with Lily and the IIASB to find out what interactions have taken place thus far, identify primary contacts, and develop a message considering the IIASB’s view on promoting the IIA’s Standards into the Compendium. Jeff to follow-up with Mark Carney, Senior Deputy of the Bank of Canada and current FSB chairman.

7. **Reports on the Observance of Standards & Codes (ROSC) initiative and IMF Safeguards Assessment of Banks:**

   **Karen:**

   Karen introduced the consideration of the ROSC initiative and the IMF Safeguards Assessment as an advocacy initiative by conveying that this consideration originated by Zinga Venner, Financial Reporting and Analysis Division Manager at the World Bank and new IPPFOC member. Zinga recommended that the GAC review both these initiatives from an advocacy perspective as an opportunity to promote The IIA Standards.

   **A. ROSC:** ROSC is a joint initiative between the World Bank and International Monetary Fund (IMF) created in the late 1990s with the purpose of ensuring economic stability and private and financial sector development. The ROSC initiative covers a set of twelve internationally recognized core standards and codes that are assessed and reported on. A core standard on external auditing exists. The World Bank is responsible for assessing the accounting and auditing standards (A&A) module of ROSC known as the Review of Accounting and Auditing Standards and Practices. The A&A module addresses financial reporting by public interest entities and does not address financial reporting by small and medium sized entities.

   A ROSC A&A review is performed at the request of a country and is comprised of three areas:

   1. An assessment of the strengths and weaknesses of the existing institutional framework that underpin financial accounting and auditing practices;
   2. An assessment of the comparability of national accounting and auditing standards with internationally recognized standards (IAS and ISA); and
3. An assessment of the degree of compliance with national accounting and auditing standards and an evaluation of the effectiveness of enforcement mechanisms for ensuring compliance with existing national standards, rules, and regulations.

Through developing a relationship with the World Bank, The IIA could influence the World Bank to adopt/endorse the IPPF Framework as a benchmark to be used in a ROSC A&A review.

The GAC decided to not participate in this initiative at this point as ROSC reviews are voluntary and at the request of the home country. The resulting reports were not deemed to be substantive enough for consideration at this time and future action would be revisited.

B. IMF Safeguards Assessment; A safeguards assessment is a diagnostic review of a central bank’s governance framework and includes the review of five key areas:

1. External audit mechanism
2. Legal structure and autonomy
3. Financial reporting
4. Internal audit
5. System of internal controls

Related to the assessment of internal audit, The IMF assesses whether the internal audit function is effective, and whether the central bank has sufficient staff resources and organizational independence to fulfill its mandate. The assessments also review compliance of the internal audit function with international standards.

Through developing a relationship with the IMF, The IIA could influence the IMF to adopt/endorse the IFFP Framework as a benchmark to be used in a Safeguards Assessment review where it is determined whether an organization’s internal audit function is in compliance with international standards.

The GAC decided to not participate in this initiative at this point in time and future action would be revisited.

8. Regional updates, Rob, Leo, Marietta: Carolyn

Regional updates were provided by Rob for IA SA, Leo for ACIIA, Marietta for FLAI, and Carolyn for ECIIA. Discussions were held on each other’s initiatives and advocacy efforts. Rob provided verbal detail on several organizations that AFIIA is currently engaged with and at the request of Gerry is to provide Karen a list of these organizations as well as the level of engagement with each. Additional discussions were held on obtaining feedback from the IRC on advocacy in general, whether advocacy strategy should be focused on influencing policy versus policymakers, and whether the GAC should focus more on persuading global organizations where The IIA is recognized as the global authority for the internal audit profession.

After the ECIIA presentation, the GAC and Carolyn also discussed the trend toward using the terms corporate governance and global assurance versus internal audit. Advocacy messages should be created
based upon what the reader/stakeholder wants to read. Changes to the Global Advocacy Platform were then discussed. The GAC decided that the following action item be included in the action docket:

**Action Item:** As it relates to the Global Advocacy Platform, less emphasis should be placed on internal audit and more on corporate governance. Move the section ‘about The IIA’ to the back of the document and change the title of the document to Global Governance Advocacy Platform.

Rob to provide details on several organizations that IA SA is currently engaged with to Karen together with the level of engagement of each.

9. **Visit by Jim Slyph:**
   At the request of Gerry, Jim visited the GAC with the purpose of sharing information about the FSB. Jim suggested that The IIA identify and leverage our volunteers in various countries to obtain solid contact information. While having no say or authority over that matter, Jim believed that if approved, The IIA’s *Standards* could be incorporated into the compendium in a rather short timeframe, possibly within one year.

10. **Visit by Paul Sobel, Senior Vice Chair, Paul, Gerry:**
    Paul came to visit the GAC at approximately 2:00 p.m. when Carolyn was near her conclusion of the ECIIA update. After general discussion with the GAC on items presented thus far, including the potential relationship with the FSB and aligning advocacy aspirations with the current state of resources, Paul made several recommendations to the GAC for thought and consideration:
    A. The GAC, at a minimum, needs to deliver tools to help institutes deal with local issues;
    B. The GAC needs to determine how to best leverage advocacy efforts with the current IA governance model; and
    C. The GAC should consider reviewing advocacy targets using the tiered approach developed in the past.

11. **Global ‘state of advocacy’ survey results:** Karen
    The results of the seven question survey that the GAC requested be sent to the Institutes were shared. Overall, 40% of the Institutes responded with the majority of Institutes advocating to regulatory and legislative bodies. Other results indicated that 23% of the Institutes report having Memos of Understanding with various stakeholders and that advocacy messages similar to those incorporated into the Global Advocacy Platform are being used by a majority of the Institutes. The primary mode of communication in this instance was in person as opposed to Institutes utilizing their website, communicating through marketing material, conducting interviews, and publishing information in magazines/articles. When asked if the Institutes would use the Global Advocacy Platform, the majority indicated they would. A minor number of Institutes stated that they needed additional information. The GAC then discussed how the survey results would be used. One of the primary goals of the survey was to get a feel for how widely the Global Advocacy Platform is accepted so appropriate planning for promoting the Platform could take place prior to Global Council. The GAC decided that the Platform should be discussed at the next Global Council meeting and that discussion should focus on whether the Platform has been implemented. Other commentary was made that the survey should be used as a baseline and that the content could evolve based upon knowledge gained on the implementation of the Platform. The GAC decided that the following action item be included in the action docket:
**Action Item: Ensure that the Global Advocacy Platform is on the agenda for Global Council 2013. Get the Platform on the Global CEA agenda for periodic reminders.**

12. **Re-visitation of global advocacy strategy:** Gerry, All

The primary objective of the remainder of the meeting was to select and classify advocacy targets, identify staff and IIA volunteer representatives, determine advocacy target objectives, outcomes, and metrics; and develop an advocacy target report-back process. The agenda also slated discussion on Global Advocacy Platform communication and dissemination.

Advocacy target research that was assigned to GAC members during the last meeting after the GAM conference was discussed. Advocacy targets included IFAC, INTOSAI, World Bank, OECD, Basel, GRI, IOSCO, ISO, FSB, RIAS, and the IMF. Discussion was also held on the ACCA. The primary criteria defined by the GAC in considering whether each organization would become an advocacy target was that there needed to be a global impact related to: The IIA’s Standards, training or messages, corporate governance, demotion/promotion of the profession, and whether the reach of certifications could be extended. The GAC also decided that the value proposition for the advocacy targets should be considered. The first review of proposed advocacy targets referenced above indicated that all should be considered as potential advocacy targets but that they should be further classified into the following categories:

A. **Offensive** – active engagement. There is a defined, clear objective within the next twelve months.

B. **Opportunistic** – maintained and monitored. The IIA continues to participate in established relationships to maintain visibility and credibility.

C. **Defensive** – monitored. IIA staff continues to monitor for opportunities but are not directly participating in proactive advocacy efforts.

D. **More information** – not enough information to make a decision.

The current target prioritization matrix documenting the category of each target, why each organization should be considered a target, who has been/or is to be assigned to each target, and the related follow-up action items are included on the next page. Note that follow-up action items have been added to the action docket where appropriate.

Topics related to advocacy target objectives and outcomes, metrics, a report-back process, and communication and dissemination of the Global Advocacy Platform were not discussed due to time constraints.

13. **IPPFOC Update:** Sally Dix

An update on IPPFOC activities was given by Sally. Sally presented items on the IPPFOC agenda for the International Meeting. General discussion was held on the role of the IPPFOC and the GAC. Patty asked whether the council recognizes that the GAC wants them to be ambassadors for opening doors for advocacy in promoting the Standards. Sally responded that the IPPFOC is very interested in working more with the GAC and that all IPPFOC members include their participation in the IPPFOC in their bios. The GAC decided that the following action item be included in the action docket:
**Action Docket:** Ensure that a dinner or other interaction activity is scheduled with the IPPFOC and the GAC at an appropriate time, possibly during the mid-year meetings.

14. **Action Docket:** Open items on the action docket were not discussed due to time constraints.

15. **Adjournment:** The meeting was adjourned at 12:00 p.m. on Friday, July 13, 2012.

**Submitted by:** Karen Livingstone, Advocacy Staff Liaison
GLOBAL ETHICS COMMITTEE (GEC)

Committee: Global Ethics Committee (GEC)

Date and Location of Meeting: July 12 – 13, 2012, Boston, MA, USA

Chairman: Anne Mercer

Members present:
- Rob Kuling (2011-12)
- Mike Brozzetti
- Denis Rodrigues da Cruz
- Steve Minder
- Teis Stokka
- Ram Vijayanathan

Members absent:
- Kim Hock
- Robert McDonald
- Sri Ramamoorti

Staff and guests present:
- Debbie Hoffman (Staff Liaison)
- Paul Sobel (IIA Senior Vice Chair)
- Sally Dix (Vice President, Standards and Guidance)
- Sylvia Gonner (Vice President, Global Relations)
- Jim Sylph (Chairman, IPPF Oversight Council)
- Mark Salamasick (Professor, University of Texas at Dallas)

Quorum: A minimum of two-thirds (6 of 9 2012/2013 members) must be present to constitute an official meeting. A quorum was achieved.

1. Call to order:
The meeting was called to order at 8:00 a.m. local time on Thursday, July 12, 2012 and at 8:00 a.m. local time on Friday, July 13, 2012, by Anne Mercer, Chairman.

2. Opening remarks:
Anne welcomed everyone to the meeting, reviewed the agenda and had members introduce themselves.

3. Approval of 2/2012, 3/2012 and 5/2012 conference call minutes:
The minutes of the three meetings were approved.
4. **Discuss Committee structure and organization:** Lead – Anne Mercer

Anne reviewed the importance of having a global perspective on the Committee, the changing role moving investigations from the GEC to Legal due to the liability potential. The shift is now to promotion and awareness of ethical behaviors. She indicated that there have been a few newsworthy ethics matters involving CAEs who were not IIA members, but it still creates a negative perception.

Anne indicated that the GEC would form work groups to handle projects such as ethics education for new members, ongoing ethics training, CPE requirements for ethics training for IIA certification holders, toolkits for education to provide to IIA Institutes, etc. For the last item, we should constructively engage with Institutes to see what their needs are.

5. **Review of Action Docket:** Lead – Anne Mercer

Anne reviewed the action docket, noting that some items had been moved to the "closed" list as they were no longer related to the GEC. The open items were updated.

6. **Review of GEC Charter:** Lead – Anne Mercer

Anne reviewed the proposed changes to the GEC charter, indicating that the IPPF OC recommended incorporating the concept of “public interest” into the charter, as well as a few other changes such as more description of committee composition and appointment of Vice Chairs. The charter revisions that were approved by the Executive Committee in March will not be presented to the Board at the July meeting, but will be deferred until later in 2012 when the additional changes can be incorporated.

7. **Preparation for IPPF Oversight Council and Senior Vice Chairman visit:** Lead – Anne Mercer

The GEC planned to provide an update on its projects and activities including the benchmarking study of the Code of Ethics, and using the Global Council input to develop its work plan such as additional CoE training and additional ideas to promote the CoE.

8. **Review Code of Ethics (CoE):** Lead – Anne Mercer

The Committee reviewed the results of the benchmarking study on the Code of Ethics, the due process document and flowchart, consideration of items to consider such as “public interest”, “fairness”, responsibility of CAE to comply with the Standards, “non-retaliation”, cooperating with an investigation, etc. On a motion duly made and seconded, the GEC voted to commence a review of the CoE for possible changes. Ram will chair the sub-committee, assisted by Mike and Rob K. Debbie will send the IIA-UK and Ireland Code of Conduct to the sub-committee members.

9. **Review recommendations from Global Council and develop action plan:** Lead – Anne Mercer

The Committee thought it would be useful to place on the Action Docket the need for a quarterly report on the types of ethics issues reported to Legal.

Various ideas were discussed such as:

A. A Chapter contest to develop ethical dilemmas
B. Potential ethical dilemmas and the need to develop them in a manner that they could be considered “right versus right” matters, and the importance of making them engaging and humorous
C. Companion materials such as a discussion guide and references to standards and principles
D. New members receiving training and using an electronic signature for the CoE and periodic renewals
E. Ethics training as part of ongoing CPE requirements for IIA certification holders
F. CoE promotional materials

For ongoing CPE and refresher training the Committee discussed the need to keep the material fresh – something new every year. Teis will send his organization’s cases out to the GEC for review. After discussion, the Committee decided to work with the following scenarios:

A. An auditor runs across an issue and the manager of the area tries to influence the auditor to overlook the issue by suggesting that the auditor might have a good future career prospects in that area.
B. The auditor writes an item in the report and the CAE takes it out because the issue may be embarrassing to the organization.

Debbie will contact Sylvia Gonner and Mark Salamasick to determine if they could visit with the GEC to discuss Global communications and ethical dilemma videos, respectively.

Timelines and assignments for the action items would be discussed on Friday.

10. Visit: IPPF Oversight Council Chair and IIA Senior Vice Chair: Leads – Jim Sylph and Paul Sobel
Jim Sylph, Paul Sobel, and Sally Dix joined the meeting and introductions were made. Jim provided background information on the IPPF Oversight Council (OC). He discussed the benefits of seeking more stakeholder input, in such areas as the review of the Definition of Internal Auditing. He reported that they had been observing the operations of PIC and the IIASB, determining whether the due process was being followed. The OC is very supportive of the direction in the new GEC charter.

Paul discussed the value the OC provided to The IIA. Anne provided an update of the meeting activities, including charter changes, review of the Code of Ethics, Global Council input, sign-off on the CoE, CPE requirements, development of ethical dilemma materials, and the volunteer Conflict of Interest review process.

Jim observed that if The IIA would be a leader if we were to require annual training on the CoE and that it would be important to communicate that to stakeholders through local advocacy groups. Paul commented that the direction of preparing the dilemmas using a “right versus right” approach would resonate well and would tie in well to Strategic Goal A1 relative to the competency framework and the learning pathway.

Paul discussed the charter, the importance of diverse experiences for the Committee members, and the need to modify the charter so that the Committee takes a proactive approach in monitoring and being proactive to what is happening in the business world.
Anne discussed the feasibility of expanding the GEC to include up to two non-IIA members to reflect stakeholder interests, such as individuals with ethics or compliance backgrounds. Debbie will discuss logistics for this with the Standards and Guidance team.

11. **Discuss promoting (marketing) the CoE:** Lead – Anne Mercer

The committee decided to focus on the output and activities from Agenda Item No. 9, and would put the matter of Marketing the CoE on the Action Docket.

12. **Review Conflict of Interest Process and Reporting for Volunteers:** Lead – Anne Mercer

Anne reviewed the volunteer Conflict of Interest Process and the role of the GEC in reviewing disclosures of potential conflicts. She indicated that Kim will be developing examples of potential conflicts of interest for Board and Committee volunteers. Anne will review the current document and reporting form and will propose a streamlined version.

   A. **Discuss Global communications:** Lead – Sylvia Gonner

   Sylvia joined the meeting and discussed the different factors for communicating with members and Institutes. For North America, there is direct access to membership. Communications to members outside North America are through Global Relations and the Institutes. Of the current 106 Institutes, 25 are large with CEOs and as many as 40 staff, another 50 have administrative staff, while others have no staff and are as small as 50 members.

   The larger institutes have their own ethics processes, while the smaller ones may look to headquarters for assistance if a matter arises. Many Institutes have never reported an ethical matter.

   For seeking input on such matters as ethical dilemmas, Sylvia recommended using what is done for North America and proposing something similar for Institutes. They may be reached through social media, regional conferences, Global Council, monthly CEO briefings, and LeadersLink. She recommended that certain items might be considered for the Institute agreement update.

   B. **Discuss specific projects and assignments for promoting the CoE:** Lead – Anne Mercer

   The Committee discussed approaching the global CEOs and suggesting methods to gather input through a survey. The end result could be training, regardless of format, awareness through presentations or articles, current trends. The Committee would like to engage North American members, as well, by offering incentives such as Starbucks gift cards for those who provide the best ideas.

   C. **Discuss production of ethical dilemma scenarios:** Lead – Mark Salamasick

   Mark attended the meeting to discuss the production of pilots for the ethical dilemmas. The Committee reviewed the two scenarios and the format. Mark shared work that his teaching assistants (TAs) had done. Classes will resume August 29, and Mark recommended that the GEC prepare rough scripts that would last about 5 minutes. The TAs would produce and edit the videos with GEC oversight.

   D. **Finalize specific projects and assignments:** Lead – Anne Mercer
1. Ethical dilemmas and videos: Denis (lead), Steve, Teis, Anne
2. Code of Ethics Attestation: Mike (lead), Bob, Ram
3. Code of Ethics Review: Ram (lead), Mike, Rob K.
4. Ethics CPE requirement: Steve (lead), Kim
5. Conflict of Interest: Kim (lead), Anne

Anne discussed having project timelines established and communicated in advance of the September conference call meeting. Debbie will survey the members on meeting September 12, 2012, at 08:00 am Eastern US time. Debbie will loop in the other areas that need to be involved at The IIA such as Certifications, Membership, eLearning, etc.

13. **Matters of referral and report to SVC:** Lead– Anne Mercer
   Anne and Debbie finalized the report for the SVC. There were no matters of referral at this time.

14. **Adjournment:**
   The meeting was adjourned at 4:30 p.m. on Thursday, July 12, and at 10:00 a.m. on Friday, July 13.

    **Submitted by:** Debbie Hoffman, Staff Liaison
Board: IIARF Board of Trustees (BOT)

Date and Location of Meeting: July 12th/13th, 2012, Boston, MA

Trustee Officers Present:
Sharon T. Grant, CIA, CRMA - President
Urton Anderson, CIA, CCSA, CFSA, CGAP
Richard Anderson, CFSA – Vice President, Strategy
Wayne Moore, CIA – VP Development
Mark J. Pearson, CIA – Treasurer
Michael Pryal, CIA – Secretary

Trustees Present:
Jacques Lapointe, CIA, CGAP
Mark L. Salamasick, CIA
Jim LaTorre
Jeffrey L. Perkins, CIA, CRMA
Edward Pitts
Frank O’Brien, CIA
Justine Mazzocco
Sue Ulrey, CIA
Scott Feltner, CIA
Jacqueline Wagner
Betty McPhilimy, CIA, CRMA
Audley Bell, CIA
Peter Cheng, CIA
Larry Rittenberg, CIA
Jean Coroller
Phil Flora, CIA, CCSA

Staff and Guest Present:
Margie Bastolla, CIA – VP of Research, IIARF and BOT Liaison
Paul Skurecki – Director of Finance of IIARF
Kevin Mayeux, CRMA – Executive Director of IIARF

Trustees Absent:
John Peirson
Neil Aaron
Sten Bjelke

1. **Call to order:**
   The meeting was called to order at 1:00 pm – July 12th – Sharon Grant

2. **Review of agenda and action docket:**
   The agenda was reviewed and approved.

3. **Approval/Ratification of Minutes:**
   The minutes of March 2012 Minutes were approved.
4. **Item One- Strategic Planning: Dick Anderson**

Dick recapped the proposed RF mission and strategic objectives and made reference to the RF Strategic plan matrix (handout) which aligns the 4 key success factors to sub strategies. Per our prior BOT discussion Dick proposed the new vision statement to read: **A global internal audit profession supported by timely intelligence gathering, relevant research and knowledge-sharing.** Discussions lead to recommending the vision statement to focus on our constituents and end state. In addition, the mission statement update was proposed to incorporate RF actions: **“to shape, advance and expand knowledge of internal auditing by providing relevant research and educational products to the profession globally.”** Discussion followed and motion was approved to amend the revised vision and mission statements.

The 4 key success factors which drive subcommittees action plans were also reviewed which provide alignment to the stated mission. Discussion also centered on the CSF #1 and it was agreed to clarify success factors activities and modify the verbiage to... **“Develop, maintain and disseminate a comprehensive body of knowledge”**.

**Action Item: Next steps will include an ERM process which will be tied back to the agreed upon RF strategies. This will be added to the next BOT agenda.**

5. **Item Two-Funding Strategy: Mark Pearson, Wayne Moore**

Wayne provided background on the fundraising task force and the financial update which is overall tracking on budget.

Task force objectives were covered. Only 35% of U.S. Chapters have made contributions, more work to be done in this area to solicit funding. Discussion followed on how to solicit our appeal to well funded Chapters and specific marketing plans to improve participation.

Mark recapped the financial update and provided a 2012 forecast. Revenue is tracking lower than budget, expenses are running favorable which also includes initial consulting fee funding for the digital strategy study. A projected net deficit of $191K is estimated which is under the initial budgeted net deficit of $218K. Balance sheet assets were also covered including total net assets of over $3M.

Mark covered the funding model projections and related challenges. Additional research will require an increase in staffing given the current RF staff is at capacity and more time needs to be spent on fundraising. Project resources were also discussed and the overall IIA objective to move to a more flexible cost model for staffing. Margie also summarized the RF need to hire an Ops Coordinator and contracted resources for project management. Discussion centered on the approval process for staffing, the incremental costs and ROI of said staffing model, and additional expected revenue which would be generated as a result of additional publications and increased fundraising efforts.

Current operating guidelines suggest 100% of donations fund research, administrative costs are supported by retail net contributions. Discussion centered on maintaining a reserve of 3 months of expenses and more detailed accounting of restricted funds.
Mark covered the 2008 – 2011 historical summaries along with 2012 – 2015 sustainability forecast. Baseline assumptions indicate modest yr to yr investment income (2%) and excess reserve fund growth inclusive of investments in additional staffing, CBOK ramp up and both short/long terms investments in digital strategy. It was concluded more input is required on the digital strategy and related impact on finances going forward.

Lengthy discussion followed covering the financial model and allowing the RF Staff to move forward on finalizing a 2013 budget.

**Action Item:** It was agreed a Resolution should be drafted and the BOT unanimously approved the following:
- After reviewing the 5 yr sustainability projection model the BOT strongly endorses management’s proposed recommendations and assumptions for the staffing additions to support fundraising and project research activities.

6. **Digital Strategy:** Phil Flora and Margie Bastolla
Phil provided background on study performed and anticipated benefits of the strategy completion. Discussion followed on the importance of this strategy and impact on future revenue streams.

**Action Item:** Next steps include IT staff meetings in July and cost development for 2013 budget dependent on IIA IT resources and project plan. Expertise in digital content development will be needed as an additional RF investment in the future.

**Strategic Partnerships /Advocacy Committee:** Urton Anderson
Urton recapped the CREA balanced scorecard and noted progress made on all three; strategic, operational and financial targets.

Major focus on a very active project/proposal pipeline. Sawyer book release has been deemed an early success and viewed as a quality production.

Sponsored projects were discussed and how these need to be managed and defined as part of the RFP process.

Volunteer participation targets are partially completed. Committee membership needs to be improved along with contributions. Volunteer participation has improved as part of the Boston meetings.

28 RFP’s have been reviewed as part of priority topics and selected proposals have been screened and approved.

2013 Survey topic included 212 responses covering the following priority topics: third-party risks, weak governance, data governance, and relevancy of the Standards, CRO role, CAE roles and auditing in a political environment.

BOT Champions were assigned to these projects.
Margie noted partnerships efforts underway with ISACA and noted the recent NACD forum conducted at the IIA Int’l in which a whitepaper will be published and c-branded with The IIA’s Audit Executive Center, NACD, and PWC.

7. **Institute Relations: Audley Bell**
   Audley recapped 2 key subcommittee priorities:
   A. Proposed new verbiage to CSF #4 “be a trusted global repository of published research for members worldwide”
   B. Engagement of national institutes including developing personal relationships with specific global institute leaders

   **Action Item:** *It was agreed to amend the new CSF #4 verbiage which better reflects our current subcommittee agenda.*

8. **IT at IIA and IIARF: C. Redding CIO (via Webex)**
   Charles covered his 3 year (2010 – 2012) strategic IT plan including fact gathering, stabilization and migration including infrastructure improvements and now moving into 2012 which focuses on enhanced capabilities.

   2012 includes SharePoint (SP) launch, BI and bookstores, new capabilities including mobile apps and ebooks and core application upgrades.

   BOT Q&A discussion followed on staffing structure which now includes 8 FTE and up to 17 including flex resources to serve all IIA/IIARF needs.

   Charles committed that the digital strategy will be addressed by dedicated IT resources and migrating the bookstore to a SP platform. Target date for ebooks is expected roll out in June 2013.

   Digital strategy project plan will be dependent on business logistics, formats, etc to meet various member needs.

   Charles agreed to prepare a specific digital strategy project plan with milestones and deliverable timelines.

   First phase budget expectations include the BOT previously approved $100k investment to build ebook capabilities. (This amount does not include costs to convert existing publications. Final costs will be dependent on multiple formats, platforms and related sales volumes and type of content.

   *(Post web ex)* – Discussion followed on additional subcommittee resources and task definition needed to assist Phil Flora in executing CSF #2 including migration of current content, roll out prioritization, and communication plan to membership and buy in from Int’l Institutes. It was agreed that the BOT cannot be involved in micro-managing this project since many tactical actions and decisions will need to be
made by IIA Staff. The Digital Strategy subcommittee should be involved with IIARF staff, as appropriate, on actions needed and development of the timeline to implement eBooks.

9. **Future Agenda Items:**

A. Strategic Planning:

*Action Item: Next steps will include an ERM process which will be tied back to the agreed upon RF strategies. This will be added to the next BOT agenda.*

B. Funding Strategy:

*Action Item: It was agreed a Resolution should be drafted and the BOT unanimously approved the following: After reviewing the 5 yr sustainability projection model the BOT strongly endorses management’s proposed recommendations and assumptions for the staffing additions to support fundraising and project research activities.*

C. Institute Relations:

*Action Item: It was agreed to amend the new CSF #4 verbiage which better reflects our current subcommittee agenda. Subcommittee will report specific action steps and what will be included in a global repository at the next BOT mtg.*

D. Digital Strategy: An update on the progress of the eBooks implementation will be provided during the September WebEx.

*Action Item: Discussion followed on additional subcommittee resources and task definition needed to assist Phil Flora in executing CSF #2 including migration of current content, roll out prioritization, and communication plan to membership and buy in from Int’l Institutes. Action Item: Next steps include IT staff meetings in July and cost development for 2013 budget dependent on IIA IT resources and project plan. Expertise in digital content development will be needed as an additional RF investment in the future.*

10. **Summary:**

Sharon thanked all for the BOT participation and mentioned use of our IIA RF web site link to obtain future BOT materials. Next meetings will take place as part of a September 20th web ex. Next in person meeting will be Orlando midyear meetings starting Nov 27th. March 21st meetings will also be scheduled at GAM in Las Vegas.

11. **Adjournment:**

The meeting was adjourned at 11:35am.

*Submitted by:* Margie Bastolla, Staff Liaison
INSTITUTE RELATIONS COMMITTEE (IRC)

Committee: Institute Relations Committee (IRC)

Dates and Location of the Meeting: July 12-13, 2012 – Boston, MA, USA

Chairman: Gerardo Carstens, CIA, CRMA

Staff Liaisons:
Sylvia Gonner, Kevin Rafiq, CCSA

Members Present:

- Agust Hrafnkelsson, CIA
- Gunilla Liljeroth
- Lesedi Lesetedi, CIA
- Alexei Sonin, CIA
- Parity Twinomujuni, CIA
- Shannon J. Urban, CIA
- Shirley Machaba, CIA, CRMA
- Xi Sheng
- Agust Hrafnkelsson, CIA
- Gunilla Liljeroth
- Christopher McRostie
- J. Robin Sellar, CIA
- Alenas Gumuliauskas
- Hans Joachim Buesselberg
- Karem Obeid, CIA, CCSA
- Jason Mefford, CIA, CRMA
- Naji Fayad, CIA, CRMA
- Laurent Berliner, CIA, CRMA
- Carlos Zarlenga, CRMA
- Ana Cristina Zambrano, CIA, CRMA, CCSA
- Jungsuk Pyun, CIA, CRMA
- Alenas Gumuliauskas
- Hans Joachim Buesselberg
- Karem Obeid, CIA, CCSA

Members Absent:
Denis Neukomm, CIA
Ernesto Martinez Gomez, CIA, CRMA

Visitors:
Larry Harrington, Vice Chairman, Global Services

1. Call to order:
The meeting was called to order at 8:00am by Gerardo Carstens

2. Review of agenda and action docket:
Action docket was approved. The following was added to the agenda:  Add agenda item regarding the Internal Auditor’s review of the IIA HQ compliance with the Institute Agreement.

Action: Staff to inquire whether the Auditor’s report can be shared with IRC.
3. **Approval/ratification of minutes:**
   The minutes of the Midyear – December 2011 meeting were approved with the following amendment. **Amend the minutes on page 3 from ACIIA to AFIIA and amend AFI to AFIIA.**

4. **Briefings:**
   A. Global Relations and Development Update (Kevin Rafiq): Kevin updated the IRC on the progress by the Institute Relations Staff and Global HQ on key activities impacting our Institutes since the 2011 mid-year meetings (See PPT presentation).
   B. Visit by Vice Chairman Larry Harrington – He shared his vision that The IIA’s goal is to help IIA Institutes build our brand around the world. He was present during the presentations of the Associated Organizations (below) and subsequently commented that he learned a lot, has a new appreciation for all the good work being done around the world and looks forward to working with the IRC.
   C. Associated Organizations Update (ACIIA, AFIIA, ECIIA, FLAI, FAIIA)

**AFIIA** - Lesedi Lesetedi, Chair of AFIIA, provided an update on the activities of AFIIA since the last IRC Meeting. Lesedi mentioned that a Strategic Plan and an Advocacy plan are under development and that a survey has been sent to members assess where support needs to be focused. The Institutes are preparing for the trip of our new IIA Chairman of the Board in July / August who is visiting 7 Institutes and one prospective one in the African region. AFIIA has been assisting IRC/Institute Relations with outreach to Institutes, awaiting World Bank funding ($500K at least), planning an AFIIA conference in 2013 and finalizing cooperation with UFAI. (See PPT Presentation)

**ACIIA** – John Pyun, President of ACIIA, provided an update on the ACIIA activities since the last IRC meeting. John reviewed the mission and aims of the ACIIA and other background about ACIIA history. He reviewed the list of upcoming ACIIA Conferences and CAE Forums. Their strategic plan includes: mentoring, developing regional centers of excellence, funding, regional coordination of the secretariat funding, ACIIA Website, and Quality Assessments. ACIIA is interested in collaborating with, learning from and benchmarking with AFIIA and ECIIA. (See PPT Presentation)

**ECIIA** – Hans Joachim Buesselberg, Management Board of ECIIA, provided an update on the activities of ECIIA since the last IRC Meeting. He reviewed the objectives for ECIIA in 2012 such as promoting good governance and IA in regulatory development. ECIIA has published papers and positions (3 LoD), hosted an event at the EU Parliament, participated in consultation within different industries, surveyed codes of Corporate Governance in the various European countries, joined efforts with other sister organization and European Institutions, published their newsletter (European Governance) and are now monitoring what is going on at the political level affecting IA by hiring a professional firm. Finally ECIIA supports IIA Global in many areas. (See PPT Presentation)
**FLAI** – Carlos Zarlenga, on the board of FLAI, reported to the IRC about the activities in FLAI since the last IRC meeting. Operating under a new slogan “Add to Grow.” Carlos reviewed FLAI’s background and achievements over the 15 year history. Starting next year, the host of their annual Conference will share revenues with FLAI. They have hired a new executive director; they plan to move the HQ to Panama and are working to promote the Spanish Internal Auditor magazine and consider additional translation to Portuguese. (See PPT Presentation)

**FAIIA** – Kareem gave a brief verbal update to inform IRC of the formation of a new federation for the Arab Institutes. He will keep the IRC updated on progress and activities in future meetings.

Question from the visiting Vice Chairman of the Board, Larry Harrington - How do the AOs leverage each other and share their resources (including with the chapters in North America)? It is clear from these presentations that there are a lot of activities and resources around the world that we can all do a better job of sharing.

D. Chief Executive Officers Update (Chris McRostie) The CEO Group met in Boston this past weekend. Chris reviewed the highlights of the meeting. The CEO Agenda included results of the Global Pulse of the Profession presented by IIA President, and Phil Tarling visited to review progress on the Strategic Plan. Discussed the Global Audit Executive Service – some Institutes are already using it, others are not. Discussed the IIA Bookstore’s digital strategy and what it means in terms of formatting and the costs associated. Discussion of the Quality Assurance strategies around a paper that outlines how to deliver a QA business that needs to include different models from Institutes around the world. CEO Group shared best practices and strategies regarding Social Media (Twitter/Facebook) and the requirements and risks. The group also shared knowledge of how to set up a Mobile App for events, magazines or as a general app and the complications involved. IIA Netherlands presented information on how they created an E-magazine. Institutes also benchmarked against one another and the group discussed the need to have the collection of benchmarking information be centralized through Global HQ. We had a discussion regarding the Certification Suites plan still under development and the transition from the 4 part to a 3 part CIA exam. Finally we discussed with the past chairman of the board the communication process and how to handle any dissenting views when these are shared.

E. IIA Canada Update (Robin Sellar) The Canadians started the effort to create IIA Canada three years ago. IIA Canada has about 10,000 members, and 12 independent chapters. We are now in the middle of the three year transition plan. Underwent a large communication plan to all members to let members about the plan and asked them to vote that they support the formation of a separate Institute. As renewal notices are sent to members they are asked to opt in to renew with their Institute. Operationally, we are on our way to be an Institute but legally we are still tied to IIA Inc. IIA Canada was asked to develop a financial contingency plan. Each chapter has been contacted to contribute funds ($270K already committed). They created a foundation for members and companies to donate. Work still to be done on delivery framework and IT. Officially we expect operational independently as IIA Canada as of 1-1-2013.
5. **IRC Resolutions:**

A. **IIA – Mauritius:** The resolution to change the status of IIA Mauritius from Institute in Formation to IIA Institute was approved.

B. **IIA – Saudi Arabia (IIA-KSA)**

Discussion: A question was asked regarding the grant received from the Government and whether staff knows what conditions come with this sizable donation and how they will use it. The main concern is whether this may give the Saudi government influence in IIA affairs and impair IIA KSA’s independence as per the new Core Principles drafted by the Global Governance Task Force. Staff confirmed that IIA KSA was among several organizations that received funds to set up not-for-profits to support good governance. Should the IRC ask whether this grant is documented and has a specific purpose, ask for documentation of purpose and conditions (if any) and include it in the underlying documentation before deciding upon approval of the resolution? Should the IRC focus on our jurisdiction and just ask IIAKSA for a business plan and not assume there is a conflict? Does The IIA have a policy on how an Institute receives donations and remains independent? The Institute Agreement does not have such a policy. It was stated that the IIA needs to be careful not to interfere in the agreement between a sovereign government and a sovereign Institute. It was stated that IRC needs to know what criteria are important before deciding to affiliate and that as a policy on how an Institute receives donations might be interfering but a policy on what conditions IIA can accept a new Institute might be justified. It was concluded that the IRC should not apply a draft proposed Core Principle that has not yet been approved as a current requirement.

*Referral item: Give the Global Governance Task Force feedback on the Principle regarding “remaining independent from the government” and whether receiving a sizable donation from the government would be considered in conflict with this principle should there be any strings attached. This may require the Governance Task Force to further define what is meant by this Core Principle so that a donation or sponsorship would not have negative consequences if this is helping the Institute.*

The resolution to change the status of IIA Saudi Arabia from Institute in-Formation to IIA Institute was approved.

6. **Board Resolutions:**

IIA – Jordan – Resolution affiliate IIA Jordan as an Institute in-Formation

Discussion: Is there any risk if twenty of the 33 transferring members are from one of the organization whose leader is leading the formation of IIA Jordan. Question if all the requirements have been met which was confirmed. Potential membership is about 400. The draft resolution was amended to include last minute information received with the following change: from “at least 25 members” to “33 transferring and 8 new members,” and adding “approved pending receipt of payment of the 2012-2013 Institute Fees for all new members.”
The resolution to affiliate IIA Jordan as an Institute- in-Formation was approved unanimously.

**Action Item:** Suggest including, in future resolutions, background information about the succession plan, and whether the IIF have a bank account since these are risk factors.

7. **Membership Policies:**

Core Draft Principles aligning IIA Global and IIA Institutes

Gerardo updated IRC on the work of the Governance Task Force and the process to develop and expose the governance papers such as the Core Principles document. The IRC members were invited to comment, ask questions on this document and the process involved.

There are questions on the impact of this document on the Institute Agreement and the role of IRC in the process and quite a bit of confusion about this in view of the timing of our discussion. After an extensive debate it was suggested that when we prepare IRC agendas and share advance material, we need to have better communication regarding the purpose of the agenda items and intended discussion.

The chairman explained that the draft shared with IRC is the one sent to Institutes for comments since this draft was the only one available at the time. It was shared with IRC as an FYI to give an additional opportunity to receive comment from the committee members. Comments received from the Institutes were considered by the TF that met earlier in the week and a new updated Core Principles document will be re-circulated to all Institutes before it is sent to the Global Board for approval.

**Action Item:** In the future, it is recommended to define the nature of the documents distributed to the IRC members before the meetings, such as “For discussion and Approval”; “For discussion only”; “For Information Only”, etc.

8. **Institute Recognition Program:**

Background was provided by Sylvia about the need for a new program to recognize institutes who participate and support IIA Global initiative that would not succeed without the active involvement of Institutes. “How do we translate the indispensible partnership between 106 Institutes and IIA Global into a program that recognizes those that demonstrate their ongoing commitment and contribution as well as model behavior that allows IIA Global to leverage its network of Institutes in fulfilling our mission? Our first brainstorming session about this at the last IRC meeting yielded various diverging comments about different needs and expectations between mature and developing Institutes but with a common agreement that a “recognition” program rather than “incentives” was the direction to take.”

Staff drafted an initial concept that was exposed to a few IRC members. Some comments received sought to expand the scope of this initiative so we want to confirm that this particular program is not intended to recognize how well an Institute is operated and managed, only their participation in core global activities and initiatives. The goal is to increase participation by those who might be motivated by recognition.
The Committee discussed a number of issues resulting in the following conclusions, principles, decisions and follow up actions.

A. Link to Strategic plan:
   1. Program should be linked to the Global Strategic Plan.
   2. Focus the activities on the most important global goals.
   3. This will encourage the alignment of goals between participating Institutes and IIA Global.
   4. Ensure the program is revisited periodically to remain relevant.

B. Participation:
   1. Keep in mind that participation in a recognition program might be influenced by factors such as a culture, size/maturity of the institute, resources and priorities.
   2. Institute participation in global initiatives may be hampered by the inability of the smaller Institutes to finance/find the volunteers for such tasks while larger institutes with staff and the financial means might be too busy to participate or not see the ROI.

C. Small vs. larger Institutes:
   1. In general, feedback indicates that many smaller Institutes support the initiative and look forward to such a recognition program. It will provide the needed additional incentive that smaller institutes need in order to fully support and encourage their participation in Global initiatives.
   2. Concern that the program might not work for larger/mature Institutes and need to explore other ways to engage them.
   3. For mature institutes, such participation does not depend on incentives or recognition. Lack of participation if it occurs might be attributed to other factors.
   4. We might need to also have a dialogue with larger and more mature institutes in order to learn what might incentivize them as opposed to what is considered an incentive to smaller institutes.

D. Methodology:
   1. Should we reward participation and effort or should we reward results? Also, we need to reward fairly and equitably in the face of the variation in cultures, languages, maturity level, financial situation....etc.
   2. Need to realize that not all members around the world want or are in the position to participate in the various services/initiatives from IIA Global (due to language, access, etc.). Therefore, while Institutes may participate in such a program, it may not lead to the desired results.
   3. Program should be drafted to acknowledge that “one size does not fit all” taking into account the Institutes resources.
   4. There is a possibility to come up with a longer list of participation driven incentives and institutes can pick and choose from the list. The other choice is to narrow the list and make it standard for all institutes who want to participate in such a recognition program. So, if the committee wants to remove things from the list, we can do that.
   5. Be transparent about how incentives will be calculated.
6. Do not make it mandatory or part of compliance to participate in the program. It should be
designed in a way that participation does not morph into compliance requirements as the
NA CAP program is currently viewed by many chapters.
7. The quality of participation should rather be the focus of any recognition program
E. Implementation:
1. How do we do this in practice? And what are the basis for verifying participation and
results?
2. Do we have a matrix that will account for such a participation and level of involvement that
already exist?
3. How can we create a categorization for institutes? Large/medium/small – Staffed/non-
staffed.
4. The program should be simple and more focused with not many moving parts.
5. If institutes can focus on local membership and create local incentives, they may be in the
position to drive more participation in such global recognition programs/incentives.
F. General Comments:
1. The more participation that can be driven using different methods and manners the better it
will be for the profession in general, and therefore institutes should fully support such an
initiative.
2. If participation in core global programs is required in the Institute Agreement is should be
expected and required rather than addressed in a recognition program.

Action Items/Next Steps:

A. **Staff will post an updated document on the IRC website by late-August**
B. **Focused group of volunteers will help finalize it.**
C. **Full committee will review and comment on final draft before launch.**
D. **The goal is to launch this during 2013.**
E. **Volunteers: Agust, Carlos, Hans Joachim, Lesedi, Alenas, Robin**

9. **Institute Compliance and Performance - Review non-compliant Institutes:**
Sylvia presented information on how we measure compliance with reporting requirements and she
presented a list of Top Risks regarding overall Agreement compliance and Institute performance.

**Top Risks** (in no particular order)
A. Institutes whose Top Elected Officers have exceeded 6 year time limit (4)
B. Institutes with no or very outdated websites
C. Institutes not visited in over 5 years
D. Institutes with member complaints
E. Institutes with low performance
F. Institutes with declining membership
G. Institutes with declining revenues
H. Institutes with chronic compliance issues (year after year).
I. Institutes not operating as a registered legal entity.
J. Institutes with branding violations/improper modifications to IIA logo.

The Chairman provided some background the committee should keep in mind such as the importance of monitoring compliance and enforcing non-compliance and performance issues; the implications of disaffiliating Institutes and consequence on their members; and the resources that are required at HQ to handle this kind of work. He challenged the IRC members to fulfill our responsibility to flag issues in a timely basis so that we can avoid drastic Institute collapses. This committee should try to understand the problem, identify ideas of what to do next, and not get into specific cases with unique solutions.

A. Discussion:
   1. Q - How do we handle a full Institute whose membership goes below the 50 minimum that is a new requirement for Institutes? Should we require Institutes to have minimum of 50? Could we consider billing them a minimum Institute fees (based on 50 members)?

        A – Yes, we should require a minimum of 50 for billing purposes also.

   2. Q - Is there a clear and defined process and are we transparent with the Institutes if they are not compliant?

        A - The agreement outlines the process to suspend services and disaffiliate, but we primarily monitor compliance with reporting requirements. Compliance with other commitments is more difficult to track. The agreement self-assessment that Institute performed in 2010 helped us flag those Institutes who do not comply with other Institute Commitments and who should be working on corrective actions. But we have not determined the weight/importance each Institute commitments or a way to follow-up on the progress with their corrective actions.

B. Comment: “This discussion is quite controversial and dangerous. We have a history of being soft with our compliance but now we wish to invoke the “Israel” consequence and that is a drastic change. We need to consider legal and governance issues of the Institute as there may be conflict. We need to be cautious and not rush in setting new rules as the strength of The IIA is driven by our Institutes. We also need to keep in mind that not one size fits all, and not all are created equal and that they are at such different levels of maturity. The same regulations should not apply to the very mature and developing Institutes.”

   1. Q - What is the possibility or mechanism to reach the members if the Institute is not compliant or performing? We should find a solution to this.

        Idea: How about we use the global web site and on the map highlight that country and create a message for members to contact IIA Global HQ.

We need to determine how we are going to tackle the risks and what controls we can put in place for each of them.
C. Suggested Principles:
   1. Number one focus is to support the Institutes who need support.
   2. We need a clear and transparent process that should be in place and clear rules if we use action.
   3. We need to be cautious and not rush in setting new rules as the strength of The IIA is driven by our Institutes.
   4. We need exact criteria of what needs to be complied with v. set of guidelines.

Action Items/Next Steps:
   A. **Deal with Institutes who reported compliance in self-assessment but we know are not compliant.**
   B. **Include in the Institute Agreement the possibility to communicate with the members directly when an Institute is not compliant.**
   C. **On the list of risks, track how many Institutes fall in each risk category and identify those Institutes who fall into multiple risks.**
   D. **IRC Homework – think of what we should recommend to the Governance Task Force what we should do to help mitigate risks and anticipate problems and crises while supporting our Institutes and considering that some mature Institutes can operate independently and provide high level of services that would not require IRC review, while others under development require much more support and oversight.**

10. **Policy for Handling Competition among Institutes:**
    Topic: The competitive right of the local institute to pursue local business
    Our first mandate should be to avoid non-IIA Institutes to serve customers who approach one of our Institutes for services. We need to consider that if we produce a document that prevents competition among Institutes we may lose the business altogether. There is a recommendation that the CEOs be involved in the operational aspect of a new policy.

   **Item of referral: Seek CEO Group input on this draft policy**

11. **Institutes in Formation Status:**
    Kevin presented a document proposing some changes to the minimum requirements for new Institutes in Formation. These changes are prompted by previous IRC discussions and concerns about IIFs who have far exceeded the timeframe to remain in this status (some up to 10 years!) and the fact that the requirements are *minimum* ones that the same for all IIFs, so not proportional to the potential and reality. In essence these do not provide incentives for the IIFs to exceed the minimum and several have stagnated at that stage.

    A. **Discussion:** Several reasons were identified for IIF to exceed the provisional status:
       1. Insufficient efforts and lack of leadership from local volunteer leaders,
       2. Lack of support and guidance from the Global IIA
       3. External factors beyond anyone’s control (unrest, economic crisis or war in the country)
It was also noted that out of 16 discussion items in the draft proposal, 12 are related to tightening requirements vs. addressing the root causes. There is a desire to revisit the document to create more incentives, and better support them, rather than adding burden for the volunteers involved.

B. Requirements - Minimum v. proportionate to potential: The minimum at formation number should be the same for all institutes as we cannot logically assess the potential number of internal auditors of the country.

C. Duration of IIF status: The IIF period should be kept at two years min instead of increasing it to 3 years. It will be a shame to impose a 3 year IIF requirements in case some of the institutes are ready in two years.

D. Financial Requirements: Decide on who will set up the minimum financial criteria for IIFs, who and how will verify that IIFs have solid financial plans and assurance of availability of necessary funds. This could be assigned to someone with a good financial background (finance management/financial analysis). Otherwise this we should not implement these financial requirements.

E. Leadership governance clauses: Add good leadership/governance clause/requirement to the set of requirements for IIF.

F. Mentoring: Add mandatory requirements for mentor report to be prominent as part of the required documents. IRC need to discuss the opportunity to strengthen the mentoring program and creating a dedicate way to support new and existing institutes with dedicated staff who would visit the Prospective and In Formation Institutes each year and via other institutes and regional organization.

G. New ideas: What’s missing from the document is information about the necessity to revoke the status of the institute, how to serve existing members should be detailed. Consider making it mandatory for all IIF institutes to provide email addresses along with names of all members. This will assure that IIA global can contact members of the local institutes in order to solve issues that might arise during the IIF period.

**Actions/Next Steps:**

A. Mid-August: Staff is to make the document ready for comment.

B. Mid-Sept: All IRC members will use the proposed document and redline with their suggestions, deletions, comments...etc

C. Mid-October: Staff will consolidate and redistribute.

D. Mid-Year: IRC to discuss and approve final

15. Adjournment:

Submitted by: Sylvia Gonner, Staff Liaison
INTERNAL AUDITING ACADEMIC ADVANCEMENT FUND BOARD (IAAAF)

**Board:** Internal Auditing Academic Advancement Fund Board (IAAAF)

**Date and Location of Meeting:** July 11, 2012, Boston, MA

**Chairman:** Paul Sobel

**Members present:**
- Paul Sobel
- Sharon Grant
- Harold Silverman
- Kevin Mayeux
- Veronica Johnson

**Members absent:**
- Faye Stallings
- Tony DeVincentis
- Eric Holt

1. **Call to Order and Determination of Quorum: P. Sobel**
   The meeting was called to order by P. Sobel, Chairman, at 17:15 EST with a quorum present.

2. **Minutes: P. Sobel**
   The minutes of the meeting held on November 29, 2011 were reviewed. P. Sobel motioned to approve the minutes and H. Silverman seconded the motion. The motion passed unanimously.

3. **Treasurer’s Report: V. Johnson**
   Year-to-date contributions through May 31, 2012 were $32,899. Of the contributions, $20,899 are unrestricted donations and $12,000 are restricted donations.

   Total year-to-date expenses for the same period totaled $24,542. Of the expenses, $20,632 were from unrestricted funds and $3,910 were from restricted funds.

   A summary of the balance sheet reflected:
   - **A.** Cash on hand at the end of May was $100,595
   - **B.** Money Market account balance was $458,513
   - **C.** Accounts receivable balance was $642,965
   - **D.** Temporarily Restricted funds were $79,009
   - **E.** Unrestricted funds were $1,123,064
4. **Review and Approval of Grant Requests:** V. Johnson
   Thirteen grants were reviewed by the Grant Review Team totaling $263,200 of which $119,090 was recommended to IAAAF board for approval. A summary of each grant was provided and P. Sobel motioned to approve the grant requests as recommended by the Grant Review Team. K. Mayeux seconded the motion. The motion passed unanimously.

   *Action Item 2012 – 01: The Board requested that Grant Progress or Grant Completion Reports filed by the Grantees be posted to the IAAAF Board website for the Board members to view.*

5. **Status Update on IAEP from ARC:** H. Silverman
   H. Silverman reported that the University of Waterloo would most likely be voted in as an IAEP Foundation program. He also reported that the University of Houston (UH) was being put forth to transition from an IAEP Comprehensive program to a Center Program. Silverman noted that the UH IAEP program was an outstanding program and modeled the intent of the program and not just the letter of the requirements.

6. **Other Business:** P. Sobel
   V. Johnson reported that because the terms of the board members was adjusted last July to ensure all directors rotated through their terms on separate years, F. Stalling was only appointed to a one year term in 2011. Therefore, it was now time to appoint her to a full three-year term. P. Sobel made a motion to appoint F. Stallings to a three-year term as a member of the IAAAF Board of Directors. H. Silverman seconded the motion and the motion was carried unanimously.

   P. Sobel announced that the next Board meeting would be Tuesday, November 27, 2012. The time would be announced at a later point. If an interim meeting is needed before November, a telephonic meeting would be called.

7. **Adjourn:** P. Sobel
   With no further business, the Chairman motioned to adjourn the meeting. H. Silverman seconded the motion. The motion to adjourn at 18:00 EST was passed unanimously.

   *Submitted by:* Veronica Johnson, IAAAF Secretary/Treasurer
**INTERNATIONAL CONFERENCE COMMITTEE (ICC)**

**Committee:** International Conference Committee (ICC)

**Date and Location of Meeting:** July 12 – July 13, 2012 at Boston Convention and Exhibit Center

**Chairman:** Rod Winters

**Members present:**
- Rod Winters
- Lawrence de Berry
- Brett Naiden
- Wee Hock Kee
- John Covell
- Stanley Chan
- Claudelle Von Eck
- Robert Foster
- Nick DiMola
- Ian Peters
- William Mulcah
- Edward Dudley
- Gabriel Benavides
- Adnan Zaidi.

**Staff and Guests present:**
- Larry Harrington (VC of Global Services)
- Linda Moore (IIA VP, Global Development)
- Augusto Baeta (Director, Global Professional Development and ICC liaison)
- Kristi Coombs (IIA Manager, International Conferences)
- Mike Michel (InLine Meetings)
- Deanna Sullivan (outgoing ICC member)
- Wayne Rose (outgoing ICC Chair)
- Penny Long (eventlogix)

**Members absent:** None

1. **Call to order:**
   
   The meeting was called to order at 8:00 AM on Thursday, July 12, 2012 by Rod Winters.

2. **Review of agenda and action docket:**
   
   Agenda and Action Docket were reviewed by the ICC.

3. **Approval/ratification of minutes:**
   
   Lawrence de Berry proposed a motion to approve the November 30 – December 1, 2011 Midyear ICC meeting minutes with no changes to it. Seconded by Nick DiMola, the motion was approved.
4. **Committee Roles and Responsibilities:**
   John Covell suggested adding record keeping of financial results and final reports from past conferences to the ICC’s responsibilities. Any changes to the Committee’s Charter would require a resolution. The decision was to review this item at Midyear 2012.

5. **Item One - ICC Status Report: Wayne Rose**
   Wayne Rose, the ICC’s outgoing chairman summarized the work of the committee from 2008 through 2012. The accomplishments were as follows: Site selections 2012 – 2017, ICC Charter update, 2007 IC net contribution distribution, implementation of cancellation insurance, new IC Model, 2011 IC net contribution split, 2013 IC Management Plan (Capital requirement of one new staff position in the GPD area), development of sponsorship guidelines, IC Social Programs should not be sponsored by the conference. (They must be self funded), guidelines regarding the use of PCOs, decisions to change IC venues in 2013 and 2015, and decision to recognize NY Chapter in 2016 for 75th Anniversary of the IIA.

   Nest Steps to consider: IC Manual Review, development of a training course to go with the IC Manual, recording of selected IC content (7 sessions were recorded in Boston – further decisions to be made), virtual IC Conference, revisit and fine tune ICC model as needed, continue to expand diversity of ICC, work towards global vs. traditional regional mentality for site selection, and fund attendance to the IC for the ICC chair and the past IC chair.

   The committee recognized the names of all ICC members during the 2008 – 2012 period and thanked Wayne Rose for his outstanding work as the ICC chair.

   The 2014 IC’s logo and theme have been developed and approved by the HCC and IIA HQ. The logo is based on the image of the “Big Ben” tower and the theme is “Time to Make the Connection”. The conference venue is the ExCeL London, located in a 100 acre campus with 3 onsite rail stations, easy access to the city’s public transportation systems, parking for 700 vehicles, and 6 onsite hotels. The contract with the ExCeL London has been signed and we are currently negotiating with 4 of the 6 hotels located on campus. They are: Crowne Plaza (308 USD room rate), London Docklands (350 USD), Aloft London ExCeL ($248 USD), and the Novotel (rate is under discussion).

   The ICC held discussions about tour packages that include tourism in the City of London and surrounding areas, the ideal size of the conference’s room block, the conference’s daily starting time, and the importance of finding out about ECIIA’s plans regarding the European Conference in 2014.

   The HCC’s governance structure is as follows: HCC Chair is Nicola Rimmer (IIA UK and Ireland’s President Elect and Internal Audit Manager, Prudential). Other members: Joyce Drummond-Hill (Head of Internal Audit and Assurance, Ministry for Justice), Aidan Allcot (Chair of the Scottish
Region and Internal Audit Manager, AEGON), Clare Worley (Director, Barclays Internal Audit, Head of Quality Assurance and Governance, Barclays Bank), and Mary Hardy (Head of Risk Assurance, LOCOG – London Organizing Committee of the Olympic and Paralympic Games). The rest of the HCC is comprised of the following IIA UK and Ireland staff members: Dr. Ian Peters (CEO), Ann Cantillon (Director Training and Learning), and Paul Roberts (Director Premium Services).

The conference’s timeline for the second half of 2012 includes the following deliverables: finalize assessment and assignment of roles and responsibilities, selection of Program Tracks and Development of Program Matrix (Call for speakers will be issued in March 2013), definition of Conference Model, selection of PCO, implementation of 2014 IC Project Management System, finalize Hotel Contracts, tax analysis, start budget development, first draft of the Marketing Plan, and development of a Risk Assessment Plan.

Ian Peters and John Covell will work together on how to apply the current IC Manual guidelines to the 2014 IC. The ICC discussed the possibility of promoting the two upcoming international conferences at the same time.

7. **Item three – Conference Report Vancouver 2015:** Brett Naiden, Augusto Baeta, Kristi Coombs, and Mike Michel

Brett Naiden reported on the site visit that took place earlier this year. The conference has been approved by the IIA Canada Board. The conference Co-Chairs are Brett Naiden (Calgary Chapter) and Jeremy Picco (Vancouver Chapter). IIA Canada will not host a national conference in 2015. The Seattle and Portland Chapters (USA) have agreed to postpone their plans to host a regional conference. The Chapters decided to support the 2015 IC instead.

We are currently negotiating the contracts with the convention center and the following hotels: Marriott, Renaissance, Pan Pacific, Fairmont Pacific Rim, and Fairmont Waterfront. The convention center agreed to provide free Wi-Fi.

The ICC discussed the need to obtain a better understanding of the effects of the Canadian sales tax on the conference.

8. **Item four – Vice-Chair Global Services Visit and 2012 IC Post Conference Report:** Larry Harrington and Robert Foster

The following items were discussed with the Vice-Chair of Global Services: The importance to select the 2013 IC Chair, development of options to mitigate the fact that Ramadan coincides with the 2013 IC, the need to identify the best size for a conference’s contracted room block, the need to carefully manage the room rates in London, and adding the dates for the next 4 international conferences to the IIA Global website.

Larry Harrington and Robert Foster presented the 2012 IC’s post conference report. The highlights are as follows:
A. The educational program is the most important feature of the conference.
B. Having Co-Chairs for every committee proved to be a resource to the conference and helped mitigate operational risks.
C. The HCC held monthly conference calls with IIA staff and the PCO.
D. Aggressive marketing helped drive registration numbers up. Asian countries brought large delegations with staff members and audit committee chairs.
E. The Wellness Options Program was well received, especially the US$10,000 donation.
F. The conference introduced new features: social media, conference app, Q&A technology, and recording of sessions.
G. The registration revenue from the Social Delegate program should cover its costs.
H. The Boston Chapter Board voted to adopt the new financial split of 85% of net contribution to IIA Global and 15% to the Boston Chapter.
I. The Boston Chapter offered free conference registrations to 20 members who have been involved with the chapter for a long time. Twelve accepted.
J. Post conference meeting with members of the IIA Indonesia’s delegation.

The lessons learned are as follows:
A. Don’t schedule General Sessions before lunch.
B. More variety during breaks with sodas and cookies in the afternoon.
C. Management of special meals.
D. Pre set water and iced tea on tables during lunches.
E. Management of breakfasts opening and closing times.

The ICC members congratulated the HCC on an outstanding conference with high quality General Sessions and well balanced concurrent sessions. The committee complimented the HCC on the decision to be transparent about Monday’s lunch and the measures taken to rectify the situation.

9. Item five – Conference Report Orlando 2013: Augusto Baeta
The 2013 IC’s logo and theme were presented to the ICC. The theme is “One World, One Profession, One Destination.” The conference venue is the Marriott World Convention Center. The room block includes 1,800 of the hotel’s 2,000 rooms. The convention center has 450,000 total square feet of meeting space, including the 105,000 square-feet Cypress Ballroom (the largest pillar-free resort ballroom in the country), 50,000 square-feet Palms Ballroom, 40,000 square-feet Crystal Ballroom, 37,000 square-feet Grand Ballroom, and up to 73 breakout room configurations. The venue is branding friendly. The pool area will be completely renovated before the conference in 2013. The presentation covered the changes of roles and responsibilities among the IC stakeholders starting since 2006, the membership of each 2013 IC task force, the impact assessment analysis of conference development on IIA HQ resources, and a review of the conference budget.

The following tasks were completed during the first half of 2012:
A. The project management cloud based system became operational.
B. Program Committee Kick-off Meeting and Call for speakers (1st quarter 2012).
C. Work with the Central Florida Chapter and local volunteers.
D. Meeting planner selected (eventlogix).
E. Registration system defined (MetroConnections).
F. Hosted Task Forces Kick Off Meeting.
G. Exhibit Company selected (GES)
H. Marketing initiatives: Booth at 2012 IC, pedometers, GRC, Southern Regional, All Star conferences.
I. Conference App vendor selected.

The ICC discussed the following items: the possibility of offering a virtual conference to Middle East due to Ramadan or offer services for the delegates that so that they can attend and observe Ramadan (need a sub task force for further details and costs), a look at historical numbers for welcome reception attendance, and F&B costs.

The ICC will schedule a call in early October to review the status of the 2013 IC.

10. Item six – IC Manual Review: Lawrence de Berry
Lawrence de Berry will lead the task force that will review and update the IC. The goal is to complete the review by December 2012. The latest changes to the IC model will be incorporated to the manual. The ICC recommended the addition of timelines for each HCC sub-committee that can be used as guidelines by the chairs. The review will consider items like technology and taxes.
Rod Winters will look into the approval process for the new version of the IC Manual.

11. Item seven – Miscellaneous Discussions:
The committee would like to hold future discussions on how to increase the number of attendees to 5,000 instead of hovering around the numbers we have currently been at for the last several years. There is the need to obtain more information about the effect of discounts and attendee demographics. It is important to find out why people decide not to come to the conference. The committee discussed the option to hire a consultant to execute market research.

16. Adjournment: The meeting was adjourned at 10:00 AM on July 13, 2012.

Submitted by: Augusto Baeta, ICC Liaison and Kristi Coombs, IIA International Conference Manager
1. **Call to order:** The meeting was called to order at 8:00am by the IIASB chairman Andy Dahle.

2. **Review of agenda:** Andy reviewed the meeting agenda and objectives.

3. **Introductions:**
   Andy welcomed the IPPF OC observers to the meeting, and provided background on their role and impact already on IIASB efforts towards quality, due process and transparency. Jim Sylph, the chairman of the IPPFOC, introduced himself and four other IPPFOC members, Peter Gleason, Hans Spoel, Juan Yermo, Zinga Venner. Jim noted the IPPFOC members were observing the IIASB in-
IIASB members and the staff liaison introduced themselves.

4. **Approval of the minutes:**
   The minutes of the 2011 midyear meeting, and the March 6 and the May 29, 2012 web meetings were approved.

5. **Summary of main events since 2011 midyear:**
   Andy noted a number of important events since the midyear meeting including:
   
   A. The 2012 Standards exposure and aggregation of those responses for the IIASB review
   B. The broad consultation process, including reaching out to stakeholders, for considering revisions to the Definition of Internal Auditing
   C. The task force progress towards creating potential Standard 2700 on what internal audit should do when matters of significance are not addressed inside the organization
   D. The Basel Committee on Banking Supervision released its paper – Internal audit functions in banks, a revision of an earlier 2001 effort. Andy and Lily noted that they perceived that the collaboration with Basel strengthened the linkage of IIA and Basel, and further aligned the Standards and Basel guidance.

   Andrew Chambers also noted the development of ISA 610 – Using the Work of Internal Auditors. It was noted that an IIA representative was involved in the development ISA 610 and the Professional Issues Committee (PIC) responded to the ISA 610 exposure draft on behalf of the IIA. However, Andrew Chambers commented that there is no single reference to the IIA or IIA’s Standards in the recently revised ISA610. Jim suggested IIASB members consider preparing a standard clear message recommending recognition for and alignment with IIA Standards for those in the IIA responding to exposure drafts of other organizations, including stakeholders. IIASB members expressed support for this advice.

   **Action Item 1: Andy and Lily to draft the message and share it with PIC for inclusion in the future response letters.**

6. **Process and results of 2012 Standards exposure:** Andy Dahle and Lily Bi
   Andy walked through the Standards setting process flowchart to familiarize and refresh the new members with the due process.

   Lily updated the IIASB on Standards exposure process and statistics. There were some major improvements in the 2012 Standards exposure results, in terms of number of total responses, number of languages available, timely communication with IIA institutes, stronger support from IIA institutes in translation and communication of the exposure draft. A total of 1,685 responses were received from the world; 138 of them were collective responses from IIA institutes, internal audit
department or other professional organizations. The exposure draft was made available in 11
languages, an increase from prior years, which could be a reason that 76% of the responses are from
outside North America, comparing 31% in 2010. Andy and Karine conducted a webinar to explain
the changes and rationale of the Standards exposure.

Among the many factors that helped to improve the number and geographic coverage of the
responses to the Standards exposure, a few main reasons are 1) timely and proper communication
with 106 IIA institutes around the world prior to the Standards exposure starting date. Andy on
behalf of the IIASB and Lily as the IIASB staff liaison sent two letters to all institutes leaders to
provide an early notice on the Standards exposure and its process, and a request of helping in
translation and communication of the exposure; 2) the announcement to the representatives from
55 countries by Doug Anderson at Global Council in early February; 3) more support in translation.
11 institutes helped to translate the exposure draft into their local languages. Availability in local
languages increased the global responses. An example of the success is the Portuguese translation
leading to 10% of responses being from Brazil. 4) Using one global survey platform helped in
facilitates the responses; 5) the webinar in March 7 by Andy and Karine. They explained the
Standards exposure process, major changes and rationales. The webinar received great response
attendees. The recording of the webinar was made available publicly on IIA website.

7. Discussion and approval of 2012 Standards revision: Andy Dahle, Karine Wegrzynowicz, Kent
Sewright, Warren Hersh, Sean Gaven, Michael Parkinson
It was noted that prior to the meeting, the task forces reviewed and analyzed the voting and key
comments received during the Standards exposure period. Full results of the responses to the
exposure were sent to all IIASB members.

Task force leaders presented their task force's recommendations on disposition of the key
comments received and their ultimate recommended action on each of the exposed changes. The
IIASB discussed and voted on each of the Standards changes. Refer to attachment 1.

At the end of the observation, Peter Gleason, IPPFOC Council member, thanked the IIASB. He
provided an explanation of the IPPF OC's process bringing them to the IIASB meeting today. He
praised the IIASB for the structure of the review of exposure draft comments, the fantastic
participation of the board members and praised that the process included hearing the views of
dissenters with differing points of view.

8. Vote on the need to re-expose the Standards revision:
The IIASB reviewed the results of its voting, including changes made to the exposed changes. The
IIASB voted on the need to re-expose the final Standards. In a vote of 17/17 IIASB members
unanimously agreed that the re-exposure is not needed.
9. **Next steps prior to release the Standards revision:**

Lily and Andy then noted that the target to release the Standards is early October 2012. The effective date of the new Standards will be January 1, 2013. Lily noted the following steps will be necessary to complete prior to the release:

A. The full IIASB will need to vote to approve the full Standards revision (The positive votes of two thirds of all IIASB members are required.)

B. The IIASB task force leaders will need to update the Standards exposure disposition document. The disposition document will be released together with the final Standards revision.

C. Lily will request the Global Ethics Committee to check the consistency of the Standards revision with the Code of Ethics.

D. The IPPFOC will need to perform its final review and decide whether to sign off on the Standards development due process.

*Action item 2: The full IIASB is to approve releasing the Standards revision.*

*Action item 3: The IIASB task force leaders are to update the Standards exposure disposition documents and add appropriate rationales to reflect the final changes and discussion at the IIASB meeting.*

10. **Vice Chair visit: Doug Anderson**

Representing the IIA Executive Committee, Doug visited the IIASB. He expressed appreciation for the efforts put into the Standards exposure. He made clear that Executive Committee would not overrule the Standards and its development process as the IIASB is the owner of the Standards. Doug noted that he understood that there has been a broad consultation to solicit input to the Definition of Internal Auditing. He wanted the IIASB to analyze the rationale and potential impact of the Definition change. He noted that, unlike with the Stanards, the ownership of the Definition of Internal Auditing resides with the IIA Board of Directors and Executive Committee.

11. **Definition of Internal Auditing: Andy Dahle and Warren Hersh**

Andy shared with the IIASB the consultation process related to the Definition. He expressed praise for Lily as well as Debbie Hoffman for all the work that had been done. He noted that this was perhaps the broadest effort yet to engage stakeholders in considering their views related to elements of the International Professional Practices Framework.

He shared some of the key comments from the internal audit thought leaders and stakeholders. In general, people from both internal audit community and stakeholders agree that “assurance”, “objective”, and “effectiveness” are key concepts and should be kept in the Definition. He also noted that the terms “governance”, “risk management”, “control” seem to have served well. The views are also pretty consistent in changing “consulting”; some suggested replacing it with “advisory”; some internal audit thought leaders suggested the word “insights”. There is a strong split on whether or how to change the word “independent” in the Definition.
There appears to be strong consensus not to reduce the stature of internal audit, not to reduce the scope of internal audit and to bring a definition that can be widely accepted.

Warren facilitated a discussion to get input from each of the IIASB members on the top three key changes they would like to include in the Definition of Internal Auditing. The input at this point included on whether to change “independent”, whether “insight” and “profession” should be added to the Definition, and whether we should call it “Definition of Internal Auditing” or “Definition of Internal Audit Profession.” There was also some discussion of potentially emphasizing the first sentence more and having one or two explanatory sentences.

As the next step, it was suggested the IIASB task force further work with the goal to bring IIA Executive Committee a paper to update it on the Definition review process and to hear their feedback. The IIASB agreed to update the Discussion Paper on Definition with a potential goal to share the paper with the Executive Committee in its October meeting.

**Action item 4: Andy and Definition task force to update the Discussion Paper on Definition and share it with the Executive Committee at its October meeting.**

12. **Promotion of Standards: Warren Hersh**

Warren updated the Board on some of the activities that have been conducted relative to improving the conformance to the Standards:

A. The white paper on conformance will be updated and scheduled to be reported at the mid-year meetings.
B. The first webinar in the series “Positioning Your Audit Shop for Success” was delivered in March 2012 for Standards 1000, 1100 and 1200 and he is working on the next webinar for later this year on Standards 2000 and 2100.
C. More alignment is in place with the IIA advocacy group to help support the promotion of the Standards.
D. The first CAE Forum was held this past Sunday at the International Conference and, by all accounts, was a great success and we plan to pursue similar sessions at other Conferences. In addition, Warren conducted a similar session at the Philadelphia Spring Conference in April 2012.

Warren noted that it is everyone’s responsibility on the IIASB to look for opportunities to promote the Standards and its conformance.

13. **Standard 2700: Andrew Chambers**

The task force surveyed the IIASB members on the need to add a new Standard 2700 – whistle blowing. The IIASB discussed the topic. The IIASB input includes considering relationship to Dodd-Frank and SEC Code of Professional Ethics. Anticipate a vote at midyear 2012.
Besides this IIASB task force, Lily shared that Doug Anderson is building a position paper on Public Interest; GEC is considering adding Public Interest in the IIA’s Code of Ethics; PIC is drafting a practice guide on whistle blowing. She will help the various committees to get connected through a call.

**Action item 5: Lily to connect various committees to get connected through a call.**

14. **Standard 2200 – 2400: Sean Gaven**
   
The task force surveyed the IIASB members on the need to add more detailed Standards to the 2200 – 2400 series. The survey feedback combining with prior data and discussions support the conclusion that there is not a sufficient need/mandate to pursue a wholesale review/revision of the Standard 2200-2400 series at this time. The IIASB agreed with the task force’s proposal. The item is closed.

15. **Emerging Issues: Karine Wegrzynowicz**
   
The IIASB reviewed the IIASB project and task force and made some adjustment to the task force members. Additionally, the IIASB brainstormed the emerging issues that may impact the Standards.
   A. Criteria 2210-A.3 Do we need to expand guidance or definition?
   B. Independence to ensure consistency in the different uses within the standards. Need to clarify reporting line of the CAE board & senior management
   C. What things move the needle along the lines of continuous monitoring/auditing
   D. CRMA relationship – risk management and how it impacts the IA activity, residual risk. IIA UK and IIA NA have two different interpretations of a risk based audit plan. Should there be clarification in the standards. Consider discussion paper.
   E. Relevance to the public sector bring more clarity to the Standards on items that impact public sector such as how to identify who the board is. Perhaps a need to expand on Implementation Standards. Beatrice commented that staying at the principles based should apply to all industries / sectors on a general level. Refer to advocacy group? UK reference from Andrew.
   F. Consider implications from the competency framework / maturity model to the Standards.
   G. Recommendation vs action plan clarification under communication 2410. Clarify the other guidance out there. Are the Standards the right place to address this?
   H. Is there anything with regard to 3 lines of defense to incorporate in the Standards?
   I. Public sector asked us to help compare Standards to INTOSAI
   J. Consider separate Standard for 2010.A3 more strength on the review of plan as a result of changes in the org. Last sentence as a separate item.
   K. Consider replacement of the term Board within the Standards, (not just a glossary issue).
   L. ISA610 on using the work of internal auditors - is there a need to clarify 2050 Gwen Land led a project on this, check with Lily (what is our liability if others rely on IA’s work?)
   M. Standard 2050 – does it really capture the essence of assurance consider expanding? How we need to do to rely on other assurance providers? Check PA/PG.
N. Nature of work (2100) section – is there a need to explore the balance between risk based on overall coverage.

16. **Continuous improvement of the IIA SB and it process**: Andy Dahle and Lily Bi

Andy shared the IPPFOC recommendation tracking sheet and notes from IPPFOC meetings related to IIA SB operations with the IIA SB. The IIA SB addressed a number of matters raised for consideration.

Adoption and Recognition of IIA SB Standards by Others: Warren and Lily updated the IIA SB on their lunch meeting with the Global Advocacy Committee (GAC) chair and the staff liaison on July 12. GAC chair Gerry Cox believes it is a great opportunity to advocate to the Financial Stability Board for IPPF inclusion in its “recommended international standards for internal auditing.” Gerry agreed to communicate with the Financial Stability Board recommending the adoption of IIA Standards. The IIA SB will draft message for GAC to use.

Non IIA members on the IIA SB - Currently the IIA SB includes representatives from stakeholder organizations INTOSAI and ACCA. However, per IIA Governance policy, the stakeholder representatives must become IIA members before they can join any IIA committees. Members of the IIA SB expressed their recommendation that this issue be addressed at the IIA Governance level.

The IPPFOC raised the concern on the quality of translation at the meeting. Some members of the IIA SB concurred that this is an important area of challenge. It was noted that the IIA and the IIA SB has had differing plans over time, and some of the plans would require significantly greater resources. This will be discussed at a future IIA SB meeting and with the PGAC.

*Action Item 6: Warren and Lily to draft message for GAC to use.*

*Action Item 7: Lily to pass the issue to the VP of IIA Governance.*

17. **Review and Revise the IIA SB charter**: Lily Bi

Lily noted that the IPPFOC met on July 11. They compared the charters of IIA SB, PIC and GEC and recommended some changes to the IIA SB charter.

After discussion, Andy asked for approval of the IIA SB for increasing the quorum requirement for meetings from 60% to two thirds. The increase in quorum requirement was unanimously approved. The IIA SB then voted on whether to accept all the recommended changes to the IIA SB charter. Again, the vote was unanimous in favor of the change. Andy complimented the IIA SB for its prompt consideration and adoption of all IPPFOC recommendations to the IIA SB charter.

18. **Midyear meeting time**:

Lily noted that the IIA SB will next meet in person on November 28-29, 2012, in Orlando.

19. **Adjournment**: The meeting was adjourned at 4:30pm by Andy Dahle.

*Submitted by: Lily Bi, Staff Liaison*
Committee: Professional Certifications Board (PCB)

Date and Location of Meeting: July 12 & 13 – Westin Waterfront, Boston, MA

Chairman: Steve Goepfert, CIA, CRMA

Members present:

Glenn Ho, CIA
Gustavo Macagno, CIA, CGAP
Sakiko Sakai, CIA, CCSA, CFSA, CRMA
Catherine Blunt, CIA

Angela Witzany, CIA, CRMA
John Allen, CIA, CCSA, CFSA, CGAP
Julie Lathrop, CIA
Charlotta Lofstrand Hjelm, CIA

Guests present:

Francis Nicholson, CIA
Philippe Mocquard, CEO IIA France
Gerry Cox, CIA, CRMA, CMIIA
Lisa Hirtzinger, CIA

Staff present:

Cyndi Plamondon, CIA, CCSA, CGAP, CFSA, CRMA - Vice President, Professional Certifications
Reno Deschaine - Director, Certification Operations
Mike Martone – Director, Strategic Initiatives

Members absent:

Brian Foster, CIA

1. Call to order: Goepfert

The meeting was called to order by Steve Goepfert.

2. Approval of Minutes and Agenda: Goepfert

The minutes from the PCB online meeting of 2 May, 2012 were reviewed and approved.

3. HQ Updates: Deschaine

Reno provided updates on:

A. New certification agreements for Institutes
B. CRMA statistics
C. Demonstration of the PCB Committee website

Action Item: Provide the background information on the CRMA business plan for the new PCB members to become familiar.
4. **Pass Rate Anomalies / Practice Exam Update**: Plamondon

Cyndi shared with the PCB the current pass rate anomalies that were discovered in Pakistan, Hong Kong, and Singapore. Cyndi indicated how the anomalies were identified, and what steps are being taken to investigate the matter. Cyndi also informed the PCB that we are bringing in an independent reviewer to try to determine the source, and look for ways to limit future exposure.

Cyndi then went on to discuss practice exams. The main idea of moving toward practice exams is to help statistically validate new exam questions prior to the new questions being moved into a production environment on live exam forms. Given the number of new questions needed for the 3 part CIA exam, and the new CRMA exam, this was deemed a good way to efficiently and effectively validate our newest questions. However, based on the current events described above, the decision was made to identify an alternative method for validating our questions.

Instead of using practice exams to test new questions, we will use practice exams with retired questions and provide this as an option service to candidates who want to practice the exam in a low stakes, non-proctored environment.

With the removal of future exam questions from practice exams a new approach will be developed to statistically validate new exam questions. This alternative approach is called beta testing. Beta testing is using a current exam form that has additional questions added to the exam.

Beta exams would be offered until enough people had taken a beta exam to produce valid statistical results of proposed exam questions. The exams would be offered to current candidates, and similar to pre-testing questions today – candidates will not know which questions count toward their score, and which un-scored (beta questions).

For the CRMA exam we will reach out to individuals that became certified through the PER to take a beta test through our on-line system (to avoid the PV charges), and perhaps consider a more blended approach which may include a 30 day hold on exam scores to ensure we have enough pre-tested questions since this would be a smaller audience.

The PCB approved the use of a blended offering for CRMA using both beta exams and the potential to hold scores after a candidate takes an exam to statistically validate questions if the need is there.

5. **Certification Suite Task Force Update**: Cox / Plamondon

Gerry Cox joined the PCB and provided an update on the Certification Suite Task Force (CSTF). Gerry reiterated why the new program was important, noting the gaps that it fills and how potential candidates would be identified, and who would be potential candidates for the Qualification in Internal Audit Leadership (QIAL). Gerry also noted that the name is currently a place holder only and that the final name has not been determined at this time.
The PCB approved the business plan and agrees it should move forward.

6. **Waiver to Requirement for a 4 year degree:** Plamondon

Cyndi indicated that around the world, education frameworks and structure vary. It may be time to review the requirement of a 4 year, post secondary degree as a means for entry into the CIA program. Also with the potential of new Certification Suite based on the results from the Cert Suite Task force we may need to revise the educational requirements if part 1 is to be a standalone designation of some type or a co-requisite for the CRMA exam.

Philippe states that in certain parts of Europe certification is not usually related to a degree. Many parts of the world do not require 4 year degree to be an internal auditor; however The IIA blocks them from the CIA without that degree.

Steve:  Suggested the creation of a task force that will develop a standard and or evaluate the education requirements with a global perspective.

Volunteers for the Education Task Force are John, Philippe, Julie, Francis and Angela and Reno would act as the Staff Liaison.

The task force will address the following issues:

A. The education requirements for the CRMA and Part 1 of the CIA since we will not require it as a co-requisite.
B. Part 1 stand along exam requirements (Related to the CSTF)
C. Part 1 reciprocity for local programs (requirements/minimum expectations)
D. CIA Exam requirements (Both as it stands today and if SCTF plan is implements
E. Map the education frameworks around the world (starting with our certification agreement countries as a foundation
F. Confirming the experience requirements that were defined with the AD 3.

**Action Item:** Develop an Education Task Force.

7. **Steve to visit EDC with Cyndi:** Goepfert / Plamondon

Steve and Cyndi met with the EDC from 11:45 – 12:00.

8. **CRMA Task Force Update:** Deschaine / Hirtzinger

Reno walked the PCB through the presentation on the CRMA updates from Exam Development. It was shared with the PCB that the job analysis study indicates overwhelmingly that the Part 1 of the CIA exam should be a requirement for the new CRMA exam when it is launched.

Lisa Hirtzinger from Exam Development joined the PCB to discuss what the syllabus, how it came to be and why it was structured in the way it was. The PCB was not comfortable approving the syllabus until a few items were clarified.
Francis raised the concern that domain 2 (Organizational governance related to risk management) was too big to be realistic.

Gustavo was concerned that item B7 (within Domain 2) was not something that someone who was assuring risk would have visibility into.

Concern over domain 5 item E of the CRMA proposed syllabus was raised. At issue is that since the CRMA is about providing assurance versus actually developing and maintaining frameworks, should that part of the syllabus be re-worded to better reflect assurance. Reno then presented to the PCB the request to add additional certifications to the CRMA PER list of “other certifications” that would allow candidates to claim their certification toward earning the CRMA through the PER. The other certification programs presented were:

A. GREA, insurance risk manager association of Spain—Not currently on part 4 list
B. CAMS, certified anti-money laundering specialist—Currently on Park 4 list
C. CRISC, ISACA certification – Not currently on Part 4 List

The PCB approved adding the certifications that are currently on the list of approved Part 4 credits to the “other certifications” for the CRMA PER. For the ones not on the Part 4 list yet, these programs should be reviewed as if they were being considered for Part 4 prior to adding them to the list.

Reno did share with the PCB that reviewing a program can take some time (in some cases up to a year) to receive information back from a sponsoring organization.

Items approved by the PCB:

A. The PCB approved part 1 of the CIA exam to be part of the CRMA exam when launched.
B. The PCB approved July 1, 2013 as the start date of the CRMA exam in English.
C. The PCB approved adding the CAMS as an “Other Certification for the CRMA PER.

Action Item: Lisa Hirtzinger will bring the PCB’s concerns related to the CRMS syllabus back to the CRMA steering committee for clarification and enhancement. Once complete the PCB will review again.

Staff to run the GREA and CRISC certifications through the PRC4 review.

9. Professional Certifications Vice Chair Visit: van Wyk

Anton joined the PCB and started by asking the committee to think about what else we might do or what the profession needs in terms of certifications in the future.

Anton then discussed the timeline on getting certification agreements signed and how it coincides with the new 3 part exam timeline. Anton indicated that as we discuss this with our Institutes that some discussion focus on benefits to institutes particularly surrounding the 3 part exam, which would show more revenue to institute and IIA and less costs for exam administration.
We need to encourage our Institutes to proactively work with the PCB when considering or developing a local program. It is much easier to do this on the front end prior to publicly releasing it, than to change it after the fact.

**Action Item: Redeploy the letter that was previously sent to all institutes about local programs. Update the letter to advise institutes to work with the PCB when considering local programs.**

10. **Advanced Item Type Strategy:** Ho / Plamondon

Glenn joined the PCB meeting and provided an update of where the Exam Development Committee was as it related to advanced item types. Glen indicated that the perception issue being faced by the Global Certification programs that the exams were too easy due to multiple choice questions, could potentially be eliminated with the switch to advanced item type questions (sorting, short answer, graphics, hot spots, etc.)

Cyndi suggested that while important, and a potential way to eliminate the perception issue, the time, cost, and implementation of advanced item types would be significant. Given the number of current projects in the pipeline Cyndi recommended this should remain on the priority list, but reconsidered next year.

The PCB agreed to defer any decision on Advanced Item Types until 2013.

**Action Item: Add to the agenda for International Conference in 2013.**

11. **CIA Content Transition:** Ho / Plamondon

Cyndi shared the implementation plan for converting the 4 part CIA exam to a 3 part exam. The highlights of the implementation plan include:

A. Beginning new format of 3 part exam in English on 1 July 2013, and phase in the other languages in two additional waves.

B. Opening registration for the new format of the exams two months prior to the exam being available

C. Allowing candidates that register for the old part of the exam a full 180 days to complete their registration, even if they submit their registration fee on the final day the registration is open for the old format.

The PCB approved a 1 July 2013 start date for the new version of the exam in English.

The PCB approved opening registration 2 months before the exam is offered.

**Action Item: Proactively reach out to candidates that have part 3 but not part 4 to let them know their options.**
12. **CIA Part 4 Per Recommendation: Deschaine**

Reno led the PCB through the initial draft of the PER for the CIA part 4 option.

Because of the change from the 4 part exam to the 3 part exam, the PCB has approved a transition plan to allow candidates to identify how the change will impact them specifically. As part of that transition plan, the recommendation was made that an alternative be provided for those candidates that have completed Part 3 under the old structure but not Part 4. The alternative included:

A. Qualify for a Part 4 exemption as defined under the old structure.
B. Take the Part 4 exam (only available for 6 months after the new exam structure is offered).
C. Qualify under a Part 4 Professional Experience Recognition (PER).

The PCB reviewed the draft and approved the following as the PER for the CIA Part 4 exam.

A candidate would qualify for the Part 4 PER if any of the following apply:

A. The candidate holds a Master Degree (6 years post secondary education) from an accredited university. Or:
B. The candidate completes a detailed narrative of 75 to 100 words describing examples within the domains of the current Part 4 exam. Experience in 3 out of the 5 domains is required, and the candidate should document a minimum of at least 60 months.
   1. Strategic Management
   2. Global Business Environments
   3. Organizational Behavior
   4. Management Skills
   5. Negotiating

The PCB indicated that their preference for this would be that this PER work exactly the same as the PER for the current CRMA PER. (Submissions would be reviewed by IIA Global; applications would be submitted in English only)

*Action Item: Staff to implement.*

13. **Renaming of Bronze CIA Award: Goepfert / Deschaine**

Reno shared with the PCB the history of the CIA awards, and the recent plan to change the names of the awards. The only pending name change was that of the Bronze award. It was proposed that the Bronze award be renamed to the Kurt Riedener Bronze award to recognize the contribution that Kurt played as a long time member of the PCB.

Steve shared his view that the name recognition of the award is critical to the ongoing success of the award program.

*Action Item: Cyndi to find original submissions for the award to see who else was nominated. Steve would also like the PCB members to determine if any other person should be considered for the award. Revisit the topic during the Mid-Year meetings.*
14. **Local Program Updates: Gustavo / Blunt**

Steve shared information on the discussion with IIA Germany and indicated it was a positive meeting where there was a dialog that helped both parties better understand the points in the letter that was previously sent to the Institute. IIA Germany will be revising its response letter and forwarding to the PCB for review before it is officially submitted.

The countries with local programs under review right now are: *Japan, Korea, Romania, Montenegro, Zambia, and Germany*

Focus on the Japanese and Korean programs should be given priority due to the potential numbers from those countries.

The checklists from these countries have been completed measuring the local program against the PCB’s requirements, and now the review of the marketing materials including their website needs to be completed.

Angela and Cathy both volunteered to join Gustavo and Brian on the task force.

Philippe asked about how local programs would be considered for reciprocity for part 1 of the exam. In addition, how the revenue component of reciprocity is managed between IIA Inc and the Institute.

Cyndi explained this is a PCB agenda item that needs to be addressed. Criteria needs to be developed of what a local program could be measured against to be considered for a local program.

Cathy did not have an update for the PCB on how the CIA fits within the Australian Qualification Framework.

**Action Item:** Resend the letter to all Institutes regarding local programs. Cathy will provide an update of CIA within the AQF in future PCB meeting.

15. **Review of Candidates requesting exception to the Felony Policy: Deschaine**

Reno walked the PCB through the request for exception to the Felony policy.

Steve indicated that he would like to know what the status of the CFE designation, when it was issued, and if it is still currently active. Until this information is received the request for exception has been tabled.

The suggestion was also made to have IIA Legal Counsel review the requests first and provide a short narrative of what the issue was, what the sentence was, and if restitution is complete.

**Action Item:**

- **A.** Need to have him provide evidence that he has a valid CFE before proceeding any further.
- **B.** Reno to discuss the request with legal to have requests reviewed and summarized before bringing to the PCB.
16. **CPE for Item Writing: Deschaine**

Reno reviewed with the PCB the request received from Exam Development on awarding CPE for item writing. The initial proposal was to award 3 hours for each question submitted. Lisa Hirtzinger joined the PCB meeting to clarify the request and how the number of hours to be awarded was arrived upon.

The PCB approved the request, but capped the number of hours awarded per question accepted at 1 hour of CPE for each question accepted with a maximum number of hours per of 10 for the CIA and 5 for specialty items.

*Action Item: Reno to update administrative directive 4 and submit to the PCB for review and approval.*

17. **PCB Executive Session: All – Except Staff and Visitors**

The PCB asked Cyndi and Reno to think about the resources needed to be successful with the implementation of the various projects that are in the pipeline. The PCB wants to ensure that staff has the appropriate means to accomplish the high profile projects currently underway. To support this, the PCB would like to see a matrix of projects in progress and the associated resources tied to the project.

*Action Item: Staff to develop a project and resource matrix.*

18. **Open Discussion: All**

The PCB was asked to review the CSTF risks of pursuing the QIAL and the risks of not pursuing the QIAL.

A. **Risks of Proceeding:**
   1. Potential damage to the CIA program (loss of premier status).
   2. Potential lack of buy-in – they thought the likelihood should be yellow given some of the angst from the institutes.
   3. Potential lack of revenue to Institutes.
   4. Potential lack of understanding on how the program fits into the local qualifications framework or positioning of this program into the local framework and the resultant impact on the CIA in that framework.
   5. Potential competition with local university programs – is there a potential to integrate this program with local masters degrees?
   6. Gap between the CIA and this program – is there too much focus on the leadership aspect of the program?
   7. Program could create unrealistic expectations and individuals that complete the program are unable to find CAE positions. What would be the impact of that on the program?
   8. Potential regional or country non-acceptance of the program would impact the global value of program.

B. **Risks of not proceeding:**
   1. Lack of assessments to support upper end of competency model.
   2. Potential for universities and others to compete in the certification market.
The PCB would like to inform the Institutes and others about this program and the key facts with a brochure that fully describes the new program. Also, the PCB would like someone with global experience to head up the naming of the QIAL to ensure it has global appeal.

*Action Item: Provide additional risks to Lisa Hirtzinger for the CSTF.*

19. **Wrap Up and Action Docket:** Goepfert

The following items are being added to the action docket:

- B. Determining part 1 Educational requirements as a standalone exam and as part of the CRMA exam.
- C. Determine part 1 reciprocity for local programs.
- D. Creation of an educational task force.
- E. New certification agreements for Institutes.
- F. Request for Proposal for Computer based testing Administrator

The next PCB meetings have been scheduled as follows:

- A. Online Meetings:
  1. Wednesday September 5, 2012 8am EST
  2. Monday October 22, 2012 8am EST
- B. In Person Meeting:
  1. Mid-Year Meetings in Orlando
  2. Wednesday November 28th, 8am-5pm
  3. Thursday, November 29th, 8am – 12pm

*Action Item: Reno to update action docket and send with meeting notes.*

20. **Meeting was adjourned.**

*Submitted by:* Reno Deschaine, Staff Liaison
PROFESSIONAL ISSUES COMMITTEE (PIC)

Committee: Professional Issues Committee (PIC)

Date: July 12th & 13th, 2012

Location: Boston, MA, USA

Chairman: Steve Jameson

Vice Chairman: Steve Hunt, James A. Rose, Erich Schumann, David W. Zechnich

Members present:
- Brad C. Ames
- Gibby Armstrong
- Sarah Blackburn
- Fabiano Castello
- Despoina Chatzaga
- Angelina K.Y. Chin
- Stephen Donald Stanley Coates
- Caroline M. Glynn
- Martha C.J. Grobler
- Max Haege
- Douglas Hileman
- Steven Hunt
- Princy Jain
- Steven Jameson
- Rune Johannessen
- Sara Lademan
- Stephen Linden
- Hans O. Lofgren
- Jacques Lourens
- Michael Lynn
- Andrew MacLeod
- Amipal Manchanda
- Cesar L. Martinez
- Melinda M. Miguel
- Takuya Morita
- Huma Pasha
- Sally-Anne Pitt
- Sajay Rai
- Brian T. Reed
- Carlos Reyes Balza
- Andrew John Robertson
- James A. Rose
- James P. Roth
- Nicole P. Saldamarco
- Erich Schumann
- Takeshi Shimizu
- Alan Siegfried
- Elisabeth Styf
- Shannon N. Sumner
- Dragon Tai
- Rita Thakkar
- Archie R. Thomas
- Renato Trisciuzzi
- Benito Ybarra
- David W. Zechnich

Staff and guests present:
- Doug Anderson (Vice Chairman, Professional Guidance)
- Sally Dix (Vice President, Standards and Guidance & PGAC Liaison)
- Glenn Darinzo (Director, Standards and Guidance & IIA liaison to PIC)
- Stephen Linden

IPPF OC members present to observe committee meeting:
- Jim Sylph (IFAC and IPPF OC Chair)
- Rolf Elm-Larsen (INTOSAI)
- Juan Yermo (OECD)
- Larry Rittenberg (IIA), A.J. Hans Spoel (IIA)

Members absent:
- Philip D. Bahrman
- Iftikhar Aziz Chaudhry
- Sandor Matyas
- Gervase Ndyanabo
- Ryon Pulsipher
- Gilbert T. Radford
- James M. Reinhard
- Gregory K. Wilson
1. **Call to order:**
The meeting was called to order at 08:00 AM local time on Thursday, July 12th and at 08:00 AM local time on Friday, July 13th by Steve Jameson, Chairman.

2. **Welcome and opening remarks:**
All committee members, IPPF OC guests and IIA staff introduced themselves, which included explanations of their roles in their organizations and providing their experience with the IIA and the Professional Issues Committee.

3. **Review of the agenda and action docket:**
The meeting agenda was reviewed and approved.

4. **Administrative and Framing the Meeting:**
Steve provided updates and led discussions on the following miscellaneous topics:
   A. **2011/2012 Committee Highlights:** The PIC had a very productive year and released 6 Practice Guides, 4 GTAGs, 1 Practice Advisory and 10 exposure draft responses to the PCAOB, IFAC, COSO, Basel and the EU.
   B. **S&G Status Report:** Steve and Glenn reviewed the S&G status report which had 18 projects that are in-progress including 8 Practice Guides, 3 GTAGs, 6 Practice Advisories, and 1 Position Paper.
   C. **Bulk Email Process:** The consensus was that the bulk email process, which was implemented in January 2012, is an effective method for PIC members to receive multiple documents in one monthly email versus receiving numerous emails during the course of a month.

5. **PIC Process Improvements:**
Based on feedback from two surveys that were administered at the 2011 Orlando Midyear meeting, PIC has been addressing numerous process improvements. Steve facilitated group discussions on the following issues:
   A. **Guidance Development Voting Process:** The inability to meet voting deadlines on guidance related to the 5-point reviews and the yes/no votes have resulted in the release of guidance being significantly delayed, at times. Both votes require 2/3s of the PIC members so, participation by PIC members is critical to the timely release of guidance. As a potential solution to the voting issues, PIC discussed the pros and cons of splitting PIC into 2 voting teams thereby reducing the number of documents requiring review by half for each PIC member. The possibility of having a “Voting Task Force” was discussed; however, the general consensus was that PIC members preferred to continue to review every document.
   B. **PIC Project Prioritization Process:** Steve reviewed the new PIC operating procedures. A formal project prioritization process will take place twice per year to assess both potential projects and existing projects that have not been started. Projects that are in-process will continue as planned. The identification of emerging issues will be an ongoing process so that a “pipeline” of projects can be reviewed at the semi-annual assessments. PIC members will be required to submit new project ideas by April 30th and September 30th each year.
Then, PIC members will have the opportunity to vote on all projects on a scale of 1 through 10 and the deadline for PIC members to submit their votes will be May 31st and October 31st of each year.

C. PIC Workload: According to the Midyear survey results, one of the primary concerns of the PIC members is the heavy workload of projects. As a result, the PIC Leadership Team will monitor the projects and resources to ensure that PIC members are limited to 2 to 3 projects each. Once PIC members complete a project, the project prioritization process will identify the next projects that need to be worked on and then, resources will be assigned accordingly.

D. Project Co-leaders – Sometimes projects fall behind the Project Initiation Document (PID) timelines due to Project Leaders being distracted for various reasons (e.g., full-time job require extensive international travel, changing jobs, relocations, etc.). Going forward, the Project Leader is required to assign a co-lead for every project. This will also help facilitate project work at the International and Midyear meetings when a Project Leader cannot be present.

- Sharepoint – Glenn gave an update on the status of the IIA’s Sharepoint implementation. The PIC committee website is up and running. The website will be the repository for all PIC-related documents such as rosters, minutes, operating procedures, draft guidance and so forth. However, the workflow functionality that will automate our guidance development process (i.e., voting, version control, etc.) is not fully operational yet. In the interim, the staff liaisons are using Survey Monkey to collect the voting information and as a result, PIC members will be receiving links to the committee website and Survey Monkey in the monthly bulk emails rather than attachments.

6. Hot Topics and Emerging Issues:
Steve updated the committee on the following topics:

A. IFAC ITC – In June, IFAC issued an Invitation to Comment (ITC) on the IAASB’s Improving the Auditors Report. The comment period closes on October 8, 2012. In Boston, the following team was identified to work on the project: Dave Zechnich (Project Leader), Despoina Chatzaga, Andrew MacLeod, Rune Johansson, Doug Hileman, Mike Lynn and Cesar Martinez.

B. IIASB – The IIA’s Standards 90-day exposure period ended on May 20, 2012. We received over 1,600 responses to the survey which was included in the committee’s package so that, PIC members are aware of potential issues with the proposed changes that may impact the development of Strongly Recommended Guidance.

C. Standard 2700? – The IIASB conducted a survey as to whether or not the IPPF should cover professional conduct with respect to disclosure of circumstances, such as wrongdoings by the organization, to outside parties. Over 68% of the respondents said “yes.” The IIASB has had discussions regarding the possibility of developing a 2700 series of Standards, although no decision has been made. Currently, PIC is working on a PID related to “Whistleblowing.” Among the PIC, there were very strong opinions on this topic that ranged from needing a
Position Paper/Practice Guide to believing that Strongly Recommended Guidance is not necessary. The IIASB and PIC will need to work very closely on these issues going forward.

D. **ISO 31000** – Andrew MacLeod gave the committee an update on the Risk Management Team, which he co-chairs with Norman Marks. The team is working on ISO 31004 International Guide to Implementing Risk Management. Sally Dix attended the first ISO 31000 worldwide conference in Paris in Q2 as the IIA’s Advocacy group continues to review IIA’s involvement with ISO at a national and global level.

7. **Visit from Vice Chairman:**
Doug Anderson (Vice Chairman, Professional Guidance) visited the PIC meeting and explained his role as an Executive Committee member and Vice Chair of the Professional Guidance Advisory Council (PGAC) which oversees PIC, PSC and the IIASB.

Doug explained the role of the IPPF Oversight Council. It is an international, independent body with representatives from internal audit stakeholders (i.e. IFAC, INTOSAI, World Bank, NACD, and OECD) and two volunteer IIA members that evaluates and advises on the adequacy and appropriateness of The IIA’s standards and guidance setting processes.

Doug also discussed issues related to advertising and task force versus committee structure. He commented that advertising in Strongly Recommended Guidance is not being pursued by the IIA since the Executive Committee is split on this issue at this time. Also, Doug believes that the existing committee structure is better than a task force approach given the nature of PIC’s project workload.

8. **Boston Work Plan:**
Prior to Boston, a work plan was developed based on the members that would be attending the committee meeting and each project’s stage of development (i.e., PID, drafting, 5-point review, yes/no vote, editorial, layout and design, etc.). As a result, the PIC members were in break-out sessions from 1:30 PM to 5:00 PM on Thursday and from 8:00 AM to noon on Friday and worked on the following projects and provided a disposition of the project at the end of the committee meeting:

A. **Revision of Suppressed** – Plan of action to be developed by August 15th.
B. **PA Audit Sampling** – Final draft is ready for 5-point review.
C. **PA Risk Appetite** – Final draft is ready for 5-point review.
D. **Quality 1300 PAs Periodic Revisions** – Drafting in process; will eliminate 2 PAs and create a new PA.
E. **PG Anti Corruption – Bribery** – Draft will be completed by July 20th.
F. **PG IA as the 3rd Line of Defense** – Drafting in process.
G. **GTAG 3: Continuous Auditing (Revision)** – Gap analysis will be performed; draft will be ready by August 3rd.
H. **GTAG 4: Management of IT Auditing** - Draft is completed. Will send to project team and then, to the liaison by end of August.
I. **Standard 2600 - Resolution of Senior Management’s Acceptance of Risks** – Determined that a PA will be developed.

J. **Auditing an Organization’s Strategic Planning Process** – PID will be created by July 27th.

K. **Value of Internal Audit and the Internal Audit Capability Model Non Public Sector** – Not necessary; public sector applies to both.

L. **Task Force Project** – Project team was assigned. No PID is necessary.

M. **PG/PA Guidance Formatting** – Draft of revised writer’s guide will be submitted by July 27th.

N. **Exposure Draft - IAASB Improving the Auditor’s Report** – Project team was identified. Comment due October 8th.

O. **Risk Assessment @ Audit Engagement Level** – Team to decide if guidance is necessary.

P. **Defining Adequate Level/Risk Mitigation & Control** – Team determined topic is covered by existing guidance.

Q. **Internal Audit Management Considerations When Offering Both Assurance & Consulting Services** – PID has been approved.

R. **Social Computing (Media)** – PID will be completed by July 27th.

S. **Mobile Computing** – Topic will focus on smart devices. PID will be completed by end of August.

T. **Materiality Considerations** – PID will be completed by end of July.

9. **Future agenda items**: None.

10. **Next Meeting:**
    Next PIC conference call to take place at the end of September or beginning of October 2012. Also, it was agreed that the 2012 Midyear meeting will be 2 ½ days long.

11. **Adjournment:**
    The meeting was adjourned at 5:00 pm on Thursday, July 12th and at 12:00 pm Friday, July 13th.

    **Submitted by**: Glenn Darinzo, Staff Liaison
Committee: Public Sector Committee (PSC)

Date and Location of Meeting: July 12-13, 2012, Boston, MA, USA

Chairman: Greg Hollyman

Members present:
- Hua Chen
- Audrey Donovan
- Jorge Badillo Ayala
- Scott Cohen
- Tea Enting-Beijering
- Martin Mburugu Bikuri
- Tina Kim
- Ahadi Mutiba
- Oliver Dieterle
- Tow Toon Lim
- Elizabeth McRae
- Bruce Sloan
- David Rattray
- Bruce Turner
- Kenneth Mory
- Bruce Sloan
- Christie O’Laughlin
- Gloria Spelman
- Gualter Ramalho Portella
- Mmathabo Sukati

Staff and Guests:
- Doug Anderson [Board Vice Chairman, Professional Guidance and Chairman of the Professional Guidance Advisory Council (PGAC)]
- Sally Dix (Vice President, Standards and Guidance & PGAC Staff Liaison)
- Terri Freeman (PSC Staff Liaison).

Members absent: Daniela Danescu

1. Call to order:
The meeting was called to order at 08:00 AM local time on Thursday, July 12th and at 08:00 AM local time on Friday, July 13th by Greg Hollyman, Chairman.

2. Welcome and opening remarks:
All committee members and IIA staff introduced themselves, including identifying their country and role in their organizations.

Greg provided a summary of:
A. The Public Sector Forum that was held Sunday, July 8th, which had a little over one hundred attendees. The first part of the forum provided a “show and tell” of the guidance recently released by the PSC and the last part provided an opportunity for the attendees to identify and discuss their challenges and possible topics for future guidance.
B. A meeting held Tuesday, July 10th, between IIA Global/UK Ireland volunteers and staff leaders and staff leaders from the UK’s Chartered Institute of Public Finance & Accountancy (CIPFA). During the meeting, CIPFA explained who they are and what they do. They are an organization based in the UK with approximately 14,000 members and their members’ are generally senior officials who are influential in their organizations. CIPFA is working with the IIA UK and Ireland using the IIA Standards as a baseline to develop guidance for their members. The IIAASB will review this guidance for consistency with the IIA Standards and the PSC may be asked to help review it for consistency with IIA Standards and accuracy. Their first exposure target date for this new guidance is Sept. 2012.

C. A discussion he had with Doug Anderson (Vice Chairman of the Board and Chairman of the Professional Guidance Advisory Council) regarding why the PSC issues Supplemental Guidance (SG), which is not part of the IPPF, instead of Practice Guides (PG), which are strongly recommended guidance in the IPPF. PSC guidance issued to help internal auditors should be PGs. Some guidance issued by the PSC is directed to stakeholders and thus should not be included in the IPPF.

D. Greg’s role on the PGAC, which is to determine if IPPF guidance is relevant for the public sector. This has resulted in many positive changes.

E. The North American Board has authorized the launch of a development of Center for Government Auditing in the US.

3. **Reviewed Action Docket:**

   The status of open action items was updated (see updates in red font in the file titled *07 2012 Action Docket - updated 07 12 2012*).

   Two new action items were added:

   1. 2012-7-1 Christie will develop a Powerpoint presentation and Audit Channel TV clip on the SG IIA/GAGAS Standards Comparison, including how the GAGAS standards apply to IA outside North America.
   2. 2012-7-2 Greg and Terri will develop PSC Standard Operating Procedures

4. **Reviewed Status Report:**

   Project leaders discussed the status of their projects (see the file titled *07 2012 Project Status Report – worksheet tab titled July 2011 June 2012*). Terri provided updates for those project leaders not in attendance.

   **Action Item 7-2012-3:** Greg requested for some new members to volunteer to join the Model Legislation project. Failing which some members will be selected to join. The project documents are posted at:

   https://committees.theiia.org/executive_committee/ProGuid/PSC/Model%20Legislation/Lists/WorkingDocuments/Forms/IADocs.aspx
5. **Reviewed PSC Website and key processes:**
   Terri provided an overview of the sections of the new PSC Sharepoint website. She displayed the Supplemental Guidance and Practice Guidance development flowcharts and explained the differences in the two processes, pointing out that the PG process is more rigorous because the guidance is part of the IPPF. She also reviewed the Project Initiation Document (PID) template, which was used later in the meeting to define new projects.

   Currently, PSC members only have view access to the website but hopefully by the midyear meeting the workflow functionality will be implemented so project teams can better collaborate on guidance development.

6. **Discussed IIA National Summit for Government Auditors:**
   Terri discussed a summit that will occur the Sunday before The IIA’s Governance, Risk and Control conference in West Palm Beach, FL, in August. A panel, which Richard Chambers will moderate, will discuss the challenges and risks to public sector auditor independence and challenges and risks caused by resource limitations. The last part of the summit will be an open forum to identify ideas for The IIA to consider to better serve public sector auditors.

   Greg pointed out that Richard Chambers recently spoke out in the media about a related situation in West Palm Beach. On 7/20/2012, Terri emailed information on the West Palm Beach situation to PSC members.

7. **Reviewed results of Public Sector Roundtable session:**
   Following are the key topics for which guidance is needed based on the feedback:
   
   A. How to approach “selling or marketing” Internal Audit
   B. How can Internal Auditors help the stakeholders
   C. What is effective governance in the public sector

   See the file titled 07 2012 Feedback from Public Sector Forum

8. **Identified new projects and teams:**
   The PSC developed a guidance framework using the Capability Model key process areas:
   
   A. services and role
   B. people management
   C. professional practices
   D. performance management and accountability
   E. org relationships and culture
   F. governance structures

   See the file titled 07 2012 07 2012 Project Status Report – worksheet tab titled June 2012 July 2013 for the new projects/teams as well as existing projects/teams.
9. **Vice Chairman – Professional Guidance visit:**

Doug Anderson introduced himself and explained as PGAC Chairman, he represents the PSC, IIA SB and PIC on the IIA Executive Committee. He oversees the work of the committees and helps to determine the size and members of them. Although he has never worked in the public sector (PS), he understands that auditors in the PS face unique challenges not encountered by auditors in the private sector and has high hopes for the capability of the PSC to address these challenges. He said the IIA North American Board is focusing on how better to support PS auditors.

Doug explained the IIA structure that is made up of IIA Global and IIA Institutes around the world, including North America. IIA Global and North America are legally the same entity, reside together and have shared services (e.g. IT, Finance) but have separate financial statements. IIA Global owns the IIA brand, the IPPF, IIA certifications and all copyrights. It manages advocacy efforts, the Global Council and helps Institutes coordinate the International Conferences. North America conducts seminars and conferences in North America, owns the Audit Executive Center, and publishes Internal Auditor magazine.

Doug identified the categories of strongly recommended guidance included in the IPPF (i.e. Position Papers, Practice Advisories, Practice Guides). The guidance released by the PSC up to this point is identified as Supplemental Guidance, which is not part of the IPPF. He said the PSC has built a good reputation with this guidance, which gives it license to do more including writing IPPF guidance.

Doug explained the role of the IPPF Oversight Council. It is an international, independent body with representatives from internal audit stakeholders (i.e. IFAC, INTOSAI, World Bank, NACD, OECD) and two volunteer IIA members that evaluates and advises on the adequacy and appropriateness of The IIA’s standards and guidance setting processes. The IPPF OC’s mission is to increase global stakeholder confidence in The IIA’s activities related to the IPPF. The IPPF OC opines on the IPPF processes annually, which is included in the Global IIA annual report.

The following questions were asked by PSC members:

A. **What percentage of IIA members are from the public sector?**

Doug explained that it is difficult to determine the percentage of IIA members in the public sector for various reasons. Some Institutes maintain their member databases, instead of IIA Global, and some auditors in the public sector may be identified as working in industries such as construction and banking instead of the public sector.

B. **Does The IIA work with other organizations?**

C. **Has The IIA identified what other professional groups (e.g. AICPA, ISACA) its members also belong to?**

Doug said he is not aware if this data is collected.

*Action Item 2012-7-4: Terri will follow up on whether The IIA gathers data regarding other professional groups (e.g. AICPA, ISACA) its members belong to.*
D. Where does Doug want to see the PSC be?
Doug said the PSC should identify its stakeholders and determine what they need most. The PSC should identify strategic goals that align with the IIAs’ A.4 strategic goal to deliver timely, relevant guidance and to let him know what help is needed to achieve those goals.

10. Working Groups began to develop Project Initiation Documents (PID) for the new projects.
The PIDs should be ready to send to the PGAC for approval by the end of Aug.

11. VP Standards and Guidance visit:
Sally Dix introduced herself and explained her role at The IIA. Each committee member introduced himself/herself and identified their organizations and countries.

12. Committee Evaluation/Open Discussion:
Each committee member identified the things that went well during the Public Sector Forum and over the two days of committee meetings and opportunities for improvement.

A. Public Sector Forum

Good practices:
1. Hardcopies and CDs of guidance released by the PSC during 2012 given to attendees
2. Group sessions
3. Reporting on group sessions
4. Identifying PSC members at the beginning of the PS Forum

Opportunities for improvement:
1. Topics should have broader relevance (e.g. Yellow/Red Book comparison was not relevant for many attendees)
2. Practice examples of how to use guidance should be provided (e.g. a good example was when Greg told the attendees that he gave out the SG PS Definition and The Role of Auditing in PS Governance during a meeting of CAE’s who work in the federal government in Australia)
3. A survey should be issued at the end of the forum asking attendees to identify possible future projects and guidance for the PSC
   ▪ There could be a question on the survey asking attendees if they would be willing to participate in future PSC surveys, and if so, to provide their email addresses.
4. Identify where people in the group sessions are from
5. All PSC members should attend the Public Sector Forum

B. Committee Meetings

Good practices:
1. Identification of new projects
2. Identification of guidance framework
3. Good group dynamics and give/take
4. Passion of members
5. Opportunity to hear other point of views and challenges
6. Global input
7. Focus on public sector
8. Addressing real challenges, working on right topics

*Opportunities for improvement:*
1. Meeting room too small
2. Use of desk top name tags would help new members
3. New members should quickly get involved
4. Getting used to language differences

13. **Other:**
   Tea talked about her involvement with INTOSAI as an IIA representative on their Performance Audit and Internal Controls subcommittee. As part of these subcommittees, she gave a presentation on risk management and assisted with comments on the SAI 300 exposure.

14. **Adjournment:**
The meeting was adjourned at 5:00 pm on Thursday, July 12th and at 12:00 pm Friday, July 13th.

**Submitted by:** Terri Freeman, Director, Standards and Guidance & PSC Staff Liaison.