Today
A MESSAGE FROM THE INSTITUTE OF INTERNAL AUDITORS

SETTING THE STANDARD
GUIDING THE INTERNAL AUDIT PROFESSION

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Ask how Protiviti is helping clients use the new IIA standards to create organizational value.

The new IIA International Standards for the Professional Practice of Internal Auditing (Standards) took effect in January, 2009. These Standards require assessments of IT governance, use of data analysis techniques, assessments of fraud risk management and creation of records retention policy. Do you know how the Standards affect your organization? Are you using them as an opportunity to create value? At Protiviti, we recently held several online seminars for more than 2,000 internal audit leaders to help them understand the revisions. We are helping our clients use the Standards to make their internal audit functions more effective and efficient. Could you be doing the same? Ask how at protiviti.com today.

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Welcome to IIA Today!

Dear Fellow Members,

Let me be the first to welcome you into the New Year on behalf of The Institute of Internal Auditors!

In your hands is one of The IIA’s first exciting new initiatives for 2010, IIA Today. As a bimonthly publication, IIA Today provides a clear, concise, and relevant channel to communicate effectively with you as a valued member of The IIA.

Membership means more, with the mission of providing our North American members information about news, hot topics, training opportunities, guidance, and products and services from The IIA, we know IIA Today will add value to your role in the internal audit profession.

In this first issue, we’ll provide you with an update on recently released IIA guidance and knowledge reports, the comprehensive and complete development and review process for IIA guidance, and what’s on tap for 2010 in the way of practice guides and practice advisories.

Our goal for IIA Today is to be an exclusive IIA members-only benefit. As an IIA Today recipient, you will:

- Be among the first to learn about news and events that are impacting your profession.
- Enjoy behind-the-scenes articles on professional development offerings, members-only specials, and exclusive interviews with our training developers and facilitators.
- Tap into the mindset of recognized practitioners who share their experiences and tips for making it to the top.
- Follow the development of guidance and research from concept to reality and gain insight into how best to apply it on the job.
- Learn about successful local initiatives being coordinated by IIA chapters.
- Also have access to the online version of IIA Today via www.theiia.org/IIAToday.

As we advance into the coming months, I invite you to send us your comments and feedback about our exciting new initiative to IIAToday@theiia.org. We look forward to providing you with timely and relevant information about The IIA and its continued role in supporting you and the internal audit profession.

Sincerely,

Richard F. Chambers, CIA, CCSA, CGAP
President and Chief Executive Officer
The Institute of Internal Auditors
SARBANES-OXLEY UNDER REVIEW

On December 7, The U.S. Supreme Court heard arguments on a case challenging the constitutionality of the Sarbanes-Oxley Act of 2002 on grounds that the statute’s handling of appointments to the U.S. Public Company Accounting Oversight Board (PCAOB) violates the separation of powers clause of the U.S. Constitution.

In summary, the litigation alleges that Sarbanes-Oxley undermines the president’s constitutionally guaranteed authority because PCAOB members are selected by the U.S. Securities and Exchange Commission (SEC), which is independent from the White House — thereby diminishing the president’s power to review the board’s work or influence its finances.

Companies required to comply with Sarbanes-Oxley should monitor the progress of this suit, which has enjoyed some support at the U.S. appellate court level. A decision is expected by mid 2010.

Visit www.theiia.org/Training for courses and materials related to Sarbanes-Oxley and The IIA Research Foundation Bookstore at www.theiia.org/Bookstore.

IIA RELEASES NEW GUIDANCE ON FRAUD

The IIA released new guidance to help organizations recognize and deal with fraud. On December 3, the “Internal Auditing and Fraud” practice guide and the 13th installment of The IIA’s Global Technology Audit Guides (GTAGs) titled “Fraud Prevention and Detection in an Automated World” were released.

For complete information about these two new and relevant pieces of guidance and how to best implement them in your audit shop, visit www.theiia.org/Guidance. Also, turn to page 7 for a complete understanding of The IIA’s guidance-setting and development process.

COMMITTEES GATHER FOR SEMIANNUAL MEETING

Hundreds of volunteer members in the internal audit profession participated in The IIA’s Midyear committee meetings December 2-5 at Disney’s Contemporary Resort in Orlando, FL. The semiannual committee meetings are designed to bring together The IIA’s thought leaders to help steer the activities and initiatives of The IIA.

More than 350 IIA members participated in comprehensive committee sessions spanning four days with the focus on reviewing 2009 activities and discussing 2010 initiatives.
“Our volunteer committee members not only help shape the future of The IIA, but also the future of the internal audit profession,” said Judy Burke, vice president of governance and communications at The IIA. “We could not be successful without their knowledge, time, and commitment.”

The IIA would like to thank its volunteer committee members for their continued support of the internal audit profession through the donation of their time and resources.

For more information about The IIA’s committees and how to participate as a volunteer leader, please visit www.theiia.org/Membership and click on “Get Involved.”

**PLAN TO PARTICIPATE IN THE GLOBAL INTERNAL AUDIT SURVEY**

Internal audit practitioners from around the world are invited to participate in The IIA Research Foundation’s Global Internal Audit Survey starting March 15, 2010.

Your participation in the survey will provide you with insights on emerging issues and challenges; help identify new ways in which you can add value to your organization; and aid in the continued development of guidance and research.

“The Global Internal Audit Survey will solicit input from both practitioners and stakeholders that will help guide the profession today as well as shape our research tomorrow.” says Paul Sobel, CIA, president of The IIA Research Foundation.

Visit www.theiia.org/Global-Survey to learn more about this exciting global research initiative.
The IIA continues its premier professional development for Chief Audit Executives (CAEs) with the 2010 General Audit Management (GAM) Conference.

Nothing else compares to “the essential experience for CAEs.” With sessions and panel discussions featuring leading internal audit executives from Fortune 500 companies, small audit shops, and the public sector, GAM 2010 will help you steer your audit shop to success.

For complete conference program information, and to register today to take advantage of your IIA member discount, visit www.GAM2010.org.

Register Today! IIA Members US $1,295

JOIN IN THE GUIDANCE-SETTING PROCESS

In the first quarter of 2010, The IIA will release its exposure draft of proposed changes and updates to the International Standards for the Professional Practice of Internal Auditing (Standards) as part of the International Professional Practices Framework (IPPF).

As a member of The IIA, you are afforded the opportunity to provide comments and feedback during the 90-day exposure window.

“The exposure draft period is a critical phase in the Standards development process,” says Cyndi Summers, CIA, CCSA, CFSA, CGAP vice president of professional practices at The IIA. “All internal audit professionals and members of The IIA should take advantage of this opportunity to participate in shaping their profession’s future.”

Stay tuned to www.theiia.org for the announcement of the start of the exposure draft period.

RECRUIT-A-COLLEAGUE WINNER ANNOUNCED

The IIA is pleased to announce our first quarterly winner for the 2009-2010 Recruit-a-Colleague program. Mr. Roland Dimos Jr., CIA, member of the Ozarks chapter, is the recipient of a FREE virtual seminar registration. Dimos earned two entries into this quarter’s drawing and will be eligible to earn a free membership renewal when he recruits 10 members.

Participate today by visiting www.theiia.org/Membership to learn more about this exciting program and all of your valuable member benefits.

Comments? Questions? Suggestions? Send an e-mail to IIA Today@theiia.org. We welcome your feedback about this exclusive members-only resource.
AN INTERNAL AUDITOR’S “GPS” FOR STANDARDS AND BEST PRACTICES:
THE IIA’S PROFESSIONAL GUIDANCE TEAM

When a small but dedicated and forward-thinking group of internal audit professionals banded together nearly 70 years ago to establish The Institute of Internal Auditors, they envisioned a guidance-setting body that would promote the role of the internal auditor internationally.

Today, The IIA’s Professional Guidance team successfully oversees the practical manifestation of this ongoing mission. This team collaborates with several committees made up of some of internal audit’s most respected thought leaders to identify, develop, and constantly review professional Standards and best practices for internal auditing around the world. In fact, Professional Guidance from The IIA serves as a “Global Positioning System (GPS)” of sorts for internal auditing practitioners. Both are easily accessible, dependable for credible direction, and utilize universally accepted and recognized standards.

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The IIA’s Professional Guidance team is responsible for the development, review, and dissemination of the International Professional Practices Framework (IPPF) with its “Definition of Internal Auditing,” “Code of Ethics,” and “International Standards for the Professional Practice of Internal Auditing (Standards).” These parts of the IPPF are considered “Mandatory Guidance.” The IPPF’s “Authoritative Guidance” also includes “Strongly Recommended Guidance” such as position papers, practice advisories, and practice guides. Professional Guidance works closely with several technical committees that report to the Professional Practices Advisory Council (PPAC). They also assist internal auditors and IIA members from around the world with numerous guidance questions every day.

**HOW IS GUIDANCE DEVELOPED?**

According to the PPAC’s mission statement, they seek “to establish The IIA’s guidance strategy by setting priorities for the issuance of guidance, coordinating the International Professional Practices Framework (IPPF) processes, and disseminating information related to its oversight committees …” The council also “responds to emerging guidance needs of the internal audit profession and its stakeholders.” They oversee the rigorous due process that includes research and consultation, arbitration, and approval and review cycles to ensure that “the views of those affected by IIA guidance are thoroughly considered.”

**WHAT’S A POSITION PAPER, A PRACTICE ADVISORY, AND A PRACTICE GUIDE?**

Professional Guidance produces position papers, practice advisories, and practice guides in addition to the IPPF’s “Mandatory Guidance.” These pieces of “Strongly Recommended Guidance” help internal auditors and associated professionals find applicable direction in an ever-evolving world. Position papers assist in the understanding of significant governance, risk or control issues, and delineating the related roles and responsibilities of the internal audit profession. They express a formal opinion from Global IIA on an issue or topic. Practice advisories (PA) provide concise and timely guidance to assist internal auditors in applying the Code of Ethics and the Standards, and promoting good practices. They are intended to address methodology and considerations, but not detailed processes and procedures. These are addressed in practice guides (PG). PGs give detailed guidance for conducting internal audit activities. They provide specific processes and procedures with tools, techniques, programs and step-by-step approaches that include examples of deliverables. They are a sort of “how-to” guide for internal auditors. If Professional Guidance is an internal auditor’s “GPS,” then PAs are the maps and PGs are the turn-by-turn directions.

**WHAT GUIDANCE HAS BEEN RELEASED RECENTLY?**

The year 2009 was busy for Professional Guidance and its committees, with the release of The International

WHAT IS THE PLAN FOR 2010 AND BEYOND?
“The hottest topic right now is fraud, and our members want relevant answers and practical tools for immediate applications,” explains Heriot Prentice, MIIA, FIIA, QiCA, director of standards and guidance. He adds, “We’ve released two new practice guides to address their needs. Each of these guides is now available as a free download for IIA members at www.theiia.org/Guidance. GTAG 13 is the newest guide that covers, in plain business language, what the chief internal audit executive and their team needs to know about information technology (IT) and fraud. “IT is often the weakest link in an organization. There is a great need for IT audit guidance,” says Lily Bi, CIA, director of technology practices. GTAG 13 includes useful features such as a step-by-step process for automating a fraud prevention program, an explanation of the various types of data analysis to use in detecting fraud, and a technology fraud risk assessment template. To further address the issue of fraud, PG 2120.A2: Internal Auditing and Fraud explains “the importance of organizations having a strong fraud program that includes awareness, prevention, and detection programs, as well as a fraud risk assessment process to identify fraud risks within the organization.”

“In addition to the recently released fraud guidance, numerous other relevant guidance topics are currently being finalized by the guidance team and its committees right now,” says Cyndi Summers, CIA, CCSA, CFSA, CGAP, vice president of professional practices. IIA members can expect several more guidance publications in the coming year related to current global concerns including auditing executive compensation and benefits, auditing organizational guidance, and evaluating corporate social responsibility/sustainable development. Summers adds, “This continuing commitment to define and revise guidance standards and procedures is the reason that The IIA is recognized as the international standard-setting body for the internal audit profession. We work closely every day with practitioners all over the world to improve and clarify our field of expertise.”

How do members become involved in the guidance process?
Just as a GPS is useless if left unused in a drawer, guidance can’t help someone who doesn’t access it. “The IIA’s Professional Guidance team is a credible and reliable resource that is remarkably easy to interact with when needed,” says Prentice. “Anyone can find us through the IIA’s Web site at www.theiia.org/Guidance or our e-mailbox at guidance@theiia.org.” Most importantly, IIA members and internal audit professionals are strongly encouraged to become a part of the guidance review process. The preface to the new IPPF states, “During the coming years, internal auditors can help to ensure that the IPPF will continue to grow more robust through their active involvement in guidance development. All interested parties are invited to provide comments and suggestions.”

It’s 2010, have you updated your “GPS”? 
1, 3, 5, 8, 10, 12 / Virtual Seminar
Enterprise Risk Management
Through case studies, group discussions, practical exercises, self-assessments, and facilitator feedback, you will improve your understanding of governance, risk, and control processes and the COSO ERM Framework.

4 / Webinar
IFRS: The Role of IA in Successful Conversion

8 – 11 / SAP ERP Technical Audit Seminar
(IIA/Deloitte)
This true hands-on IT seminar, led by Deloitte practitioners, includes lectures, group discussions, and practical exercises, giving you a deeper understanding of SAP ERP security and technical concepts.

11 / Webinar
Communicating the IA Value Proposition to Key Stakeholders

15, 17, 19, 22, 24, & 26 / Virtual Seminar
Operational Auditing: Advanced
Auditors with 3+ years of Operational Auditing experience will extend their audit skill set to understand advanced operational control systems that go beyond basic management tools and help to improve their organization’s controls.

16 – 19 / Seminars
Houston, TX, USA
Auditors of all levels will benefit from courses on topics including Beginning Auditor and Auditor-in-Charge Tools and Techniques, Operational Auditing, Project Management Techniques, and Audit Report Writing. Visit www.theiia.org/Training for all seminar offerings.

18 / Webinar
2010: Top Ten Emerging IT Risks
1, 3, 5, 8, 10, 12 / Virtual Seminar
Risk-based Auditing: A Value Add Proposition
Through case studies, roundtable group discussions, and supplemental lectures, audit managers will learn to align their organizations’ strategies, visions, and values with the internal audit process.

1 – 4 / Seminars
Orlando, FL, USA
Join your colleagues in Orlando for our core seminars as well as specialty courses on Communication Skills, ERM, Internal Audit Quality Assessment, and Sarbanes-Oxley. Visit www.theiia.org/Training for all course offerings.

4 / Webinar
The NAIC’s New Annual Financial Reporting Model Regulation

8 – 11 / Introduction to Auditing SAP R/3 Seminar
(IIA/Deloitte)
This seminar provides an essential knowledge base during hands-on training in an SAP ERP system while Deloitte practitioners guide you through many ways that an SAP implementation impacts internal auditing.

11 / Webinar
The Role of IA in Auditing and Adding Value to the Governance Process

16 – 19 / Seminars
Las Vegas, NV, USA
Join us at one of our most popular seminar destinations for courses on Contract Auditing, Fraud Investigation, Internal Audit Quality Assessment, Project Management Techniques, and Risk-based Auditing. Visit www.theiia.org/Training for all course offerings.

18 / Webinar
Beyond Controls: Reducing Financial Reporting Risk Through Process, People, and System Improvements

29 – 31 / General Audit Management Conference
Kissimmee (Orlando), FL, USA
Nothing else compares to the essential experience for CAEs, audit directors, and senior management. GAM delegates will tap into the experience and mindset of more than 40 recognized audit practitioners and enjoy unprecedented networking opportunities. Visit www.GAM2010.org to register.
The professional practice of internal auditing is continually evolving, and the new IPPF released in 2009 IIA reflects that evolution. There are many changes and adaptations in the IPPF that internal auditing practitioners should implement into their work.
The new IPPF includes important differences in semantics, new Standards, modifications, and interpretations. The new handbook from The IIA Research Foundation (IIARF), Implementing The International Professional Practices Framework, provides a sort of “how-to” for applying the new IPPF.

According to authors Urton Anderson, CIA, CCSA, CGAP, CFSA and Andrew J. Dahle, CIA, the book is a crash course that outlines the specific actions auditors must take to conform with the Standards and the other elements of the IPPF. Anderson is chair of the Department of Accounting at the McCombs School of Business, The University of Texas at Austin and is the current chair of The IIA’s Internal Audit Standards Board (IASB). Dahle is a partner at PricewaterhouseCoopers LLP, where he serves in the Internal Audit Services practice. He is a frequent speaker and author on internal audit-related topics. He currently serves as vice chair on the IASB.

Anderson and Dahle explain why the IPPF is so important to each internal auditor: “The IPPF and the Standards are meant for practitioners. The IPPF is here to help you and your internal audit activity succeed. It is a road map, uniquely fitted to the needs of internal auditors, and continues to build on the successful history of our profession.”

IIA members can purchase this updated handbook with a members-only discount through The IIARF Bookstore online at www.theiia.org/Bookstore.

HOW TO ACCESS THE IPPF

As a member of The IIA, you can access the IPPF one of three ways:

1. ONLINE – Access the complete IPPF from anywhere in the world by visiting www.theiia.org/Guidance and clicking on “Standards and Practices.” Complete online access is limited to IIA members only.

2. PRINT – Order the IPPF through The IIA Research Foundation Bookstore and keep a hardcopy on hand at all times, available at www.theiia.org/Bookstore.

3. CD-ROM – Purchase the IPPF CD-ROM to have complete digital access any time through your personal computer, available from The IIA Research Foundation Bookstore at www.theiia.org/Bookstore.

Accessing the IPPF has never been easier. Get a copy for you and your team today!
THE IIA’S AUDIT EXECUTIVE CENTER

The center for thought leadership and knowledge exchange

The IIA has a long history of helping professionals in the field share knowledge with one another. In fact, “Progress Through Sharing” is the cornerstone of The IIA. “Since 1992, the Global Audit Information Network (GAIN) has provided IIA members and internal auditors from around the world with a trusted and respected benchmarking service and exchange forum,” says Susan Lione, vice president of North American services. “Now GAIN is becoming part of a valuable new service for IIA members called the Audit Executive Center.”

Chief audit executives (CAEs) and other internal auditors can benefit from two recent GAIN reports released through the Audit Executive Center, 10 Risk Imperatives for Internal Auditing and Internal Auditing and Risk Management. These reports discuss risk management imperatives and the role of internal auditing in risk management processes. They are available for download from the GAIN Knowledge Services Web page at www.theiia.org/GAIN.

IIA members can expect a weekly series of Knowledge Alerts, Briefings, and Reports in 2010. “We will continue to provide CAEs and other internal audit professionals with thought leadership on the latest trends and emerging issues to help them maximize their organization’s internal audit activities,” says Donna Batten, director of CAE services. Some of the topics the center will explore in January 2010 include “A Peer’s Perspective: Rotational Programs,” a Knowledge Report on “Attributes of a Highly Effective Quality Assurance and Improvement Program,” and a Knowledge Alert concerning “Emerging Trends in Fraud Risks.” Please note these titles may change as the topics evolve and are released at www.theiia.org/GAIN.

Global Audit Information Network (GAIN)

GAIN provides internal auditors with valuable benchmarking and an international knowledge exchange forum. Now IIA members can benefit from two new GAIN reports, 10 Risk Imperatives for Internal Auditing and Internal Auditing and Risk Management. The GAIN 2009 Internal Audit Compensation Study is also available at www.theiia.org/2009CompStudy.

Keep watching for these reports and other exciting developments as the new Audit Executive Center fully launches in spring 2010. It’s one of the many ways that The IIA is providing you with numerous opportunities for professional growth and networking.
Is your audit management process driving efficiencies or taking you off course?

Test Drive TeamMate Today
CCHGroup.com/TeamMateTestDrive

CCH® TeamMate
Audit Management System

In today’s economy, if you’re not agile, you risk collision. CCH® TeamMate’s finely-tuned, paperless solution eliminates the painful roadblocks that come with paper-filled binders and arbitrary, disconnected electronic files.

Let our world-leading audit management system get you up to speed. TeamMate streamlines every facet of the audit process including: risk assessment, scheduling, planning, execution, review, report generation, issue tracking, committee reporting, and storage.

Head down the right path. Sign Up for Your Free Test Drive Today!
CCHGroup.com/TeamMateTestDrive