

Institute of Internal Auditors – Australia

Annual Report

2012

PRESIDENT'S REPORT



2012 was the 60th anniversary year for the Institute of Internal Auditors - Australia. We reflected on how much our business and economic environment has changed in past decades and realised that our founding fathers in 1952 would not recognise the practice of internal audit as we understand it today. During the 2012 SOPAC particularly, but also at other times during this special year, we celebrated our achievements and looked forward to continuing to provide assistance to our members and others in the profession in supporting their organisations to make the best possible decisions to enhance performance, efficiencies and governance in difficult times.

Your Board is wholeheartedly committed to IIA-Australia's Vision 2020 Strategy as it is the blueprint to help us achieve the highest professional standards of practice, expertise and ethics. We are confident the Vision 2020 Strategy will deliver strong benefits for our profession and the communities and organisations we serve.

I have been privileged as the President of IIA-Australia for the last two years to see the commencement of the delivery of our strategic vision for 2020 - particularly with the launch of the Graduate Certificate in Internal Auditing (GradCertIA). Over 100 students have completed the first modules of the program and 2013 will see the first cohort of graduates completing the program. This is an academically rigorous postgraduate professional education program for those seeking a career in internal audit, governance and risk. It is fully accredited by the higher education regulatory body in accordance with the Australian Qualifications Framework. Upon completion of the program candidates will have achieved an internal auditing qualification of the highest standard and be eligible to apply for professional membership of the Institute of Internal Auditors - Australia.

This qualification is designed to create clear linkages between the knowledge and skills acquired and the practical workplace contexts of the professional internal auditor. It will qualify individuals to undertake professional work in the field of Internal Auditing by applying knowledge and skills in a range of organisational contexts, and will increase their ability to successfully complete the IIA's professional certifications, particularly the Certified Internal Auditor (CIA[®]).

The introduction of the Certification in Risk Management Assurance (CRMA) program in 2012 saw great interest from our members with 40 members applying for the qualification through the professional experience recognition process in 2012. Members also continued to appreciate the benefits of the CIA program with a 4% increase in registrations.

We also continued to attract members to the new professional level of membership. The new 'Professional Membership' designation identifies members by the new post nominal of Certified Member, Institute of Internal Auditors - Australia (CMIIA[®]). This post nominal will signal to employers, peers and the broader community that members have met a prescribed set of competencies. It will be a real asset to internal auditors and will strengthen the quality of the internal audit profession; over time becoming the hallmark of the profession, supported by our professional certifications – the CIA, CRMA and other programs.



During 2012 much progress was made in delivering technical information to members and in making connections to advance our advocacy programs.

2012 was the third year of IIA-Australia's Policy Agenda which articulates the five fundamental elements of a strong governance framework. IIA-Australia would like to see these elements, below, incorporated into Australia's regulatory regime:

1. Internal Audit should be mandatory
2. A strong Audit Committee is essential
3. Internal Audit should operate at a consistently high standard. This requires full adherence to the IIA's International Standards for the Professional Practice of Internal Auditing
4. There must be appropriate reporting lines for the Head of Internal Audit
5. Organisations must have clear accountabilities for risk management, internal control and assurance

IIA-Australia continues to use the Policy Agenda as the basis for our advocacy efforts with government departments and regulators. Key advocacy activities in 2012 included:

- Representing the internal auditing profession on working parties convened by the ASX Corporate Governance Council, Standards Australia, the Australian Audit and Assurance Standards Board and the Global IIA on topics related to governance, risk management and assurance
- Working with the ASX Corporate Governance Council's Chairman, Mr Alan Cameron AO, to progress the interests of our profession and the investing community in robust governance.

While the 60th celebrations and SOPAC 2012 represented a high for the IIA-Australia a number of factors lead to some tough decision making by the Board. The CEO made a formal announcement about his retirement (scheduled in 2013); a number of staff resigned; a review of all business activities indicated that some tightening on expenditure was necessary and that our income generating activities were faltering. As a result, some staff vacancies were not filled, two positions were made redundant and all expenditure was subject to close scrutiny. The Board also accepted a line of credit from the IIA Global (to be used only if necessary). At the end of 2012, the Board was confident that the leaner national office team, with the support of the Board and an interim CEO (seconded from IIA North America) would turn around the IIA-Australia's finances. Happily to date, the financial situation has improved.

The growth and success of IIA-Australia and our profession over 60 years has been driven by the support and engagement of our members. Your input and commitment have allowed IIA-Australia to be more alert and responsive to industry needs and developments. I would like to thank my fellow Board members and the National Office team for their work and determination to make Vision 2020 a success. We continue to offer our members and others associated with internal audit the best in professional education and training programs, and will incorporate member only opportunities for professional development in the form of a members' only webinar series in 2013. With your continued support, I am certain the future for our profession will be very promising indeed.



Catherine Blunt
President and Chairman of the Board

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2012.

The names of each person who has been a director during the year and to the date of this report are:

Directors in Office

David Barry* CMIIA

Catherine Blunt CFIIA CIA

Stefano Giorgini CMIIA CRMA

Claire Hamilton* MIIA(Aust)

Stephen Horne CFIIA CIA CGAP CRMA

Robin Low* MIIA(Aust)

Lee Sullivan CMIIA

Bruce Turner* CFIIA CGAP CRMA

* *Appointed 16 May 2012*

*** *Resigned 31 October 2012*

Resigned Directors

Gary Anderson CMIIA CIA**

Darren Box MIIA(Aust)**

Marita Corbett CMIIA CIA***

Andrew Dix CMIIA****

Cathryn Ingram MIIA(Aust)**

** *Retired 16 May 2012*

**** *Resigned 2 November 2012*

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The position of Company Secretary was held by Mr Christopher McRostie to October 2012 and subsequently by Ms Julie Young at the end of the financial year.

Principal Activities

The principal activities of the Institute of Internal Auditors - Australia (IIA-Australia) in the course of the year were the provision of education and training to members, potential members and the broader business community and the provision of member services. The strategic focus of the IIA-Australia is to enhance and support the professional careers of its members and to promote the role of internal audit for the public good. There were no significant changes in the nature of those activities during the year.

Operating Results

The IIA-Australia produced a deficit for the year ended 31 December 2012 of \$(382,688) (2011 deficit: \$220,170).

Review of Operations

There was an increase of 9% in total operating revenue of the IIA-Australia over the previous financial year. The major factors contributing to this result were:

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- An increase in continuing professional education revenue of 15%. This was largely due to the increased attendance at the SOPAC conference in Sydney vs. the previous year in Melbourne. Also, 2012 marked the inaugural year of the Graduate Certificate program with 127 students registered for three modules over two semesters.
 - A slight reduction in Quality Assessment revenue as the number of billable days in 2012 was approximately 10% less than the previous year.

There was also a reduction in interest revenue earned. This was mainly due to the IIA-Australia's significant investment in the Graduate Certificate in Internal Audit program and increases in operating costs. The IIA-Australia has continued its conservative investment policy with surplus funds invested in term deposits with Australian financial institutions.

Expenditures for the year were primarily for costs supporting our continuing professional education events as well as salaries and personnel costs. There was an increase of 11% in total expenses from ordinary activities and this increased expenditure was mainly attributable to:

- Increased number of professional development events delivered during the year versus the previous year as well as increased costs for a larger SOPAC conference versus 2011.
- An increase in amortization costs due to the new Graduate Certificate course being rolled out in 2012.
- The increased salary costs were mainly due to redundancy payments to structure the staff at a more efficient level of operation.

The Board remains committed to developing and strengthening the status of the profession while at the same time enhancing the IIA-Australia's financial position and reserves. Management of the IIA-Australia is focused on cost control and streamlined delivery of new services to members in 2013. During the year, the Board approved a more streamlined staffing structure to reduce operating costs and align with the development and delivery of new features, such as Member Only Webinars and access to global content for CAEs, to enhance the membership value proposition.

Significant Changes in State of Affairs

Following registration as a higher education institution for a period of five years to 30 November 2016, the IIA-Australia commenced offering the first two modules of the Graduate Certificate in Internal Auditing to suitable candidates beginning in 2012.

The transition process of members to CMIIA[®] (Certified Member Institute Internal Auditors-Australia) continued throughout 2012.

Members Equity was lower at year end compared to the previous year due to a second consecutive year of negative results from operations. To protect the investment of the members and allow the IIA-Australia to continue to provide quality events and benefits that may be at risk due to an unforeseen or unexpected economic downturn, the IIA-Australia has entered into an agreement with The IIA, Inc. to provide a Line of Credit (LOC) up to \$300,000 with a 36 month maturity. At the date of this report, no amount had been drawn against the LOC.



After Balance Date Events

There are no matters or circumstances that have arisen since the end of the financial year which would significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future Developments

The IIA-Australia expects to maintain its present operations along with delivery of the Graduate Certificate of Internal Auditing and the continued transition of members to the new professional designation.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The IIA-Australia will continue to focus on environmentally sustainable operations.

Dividends Paid or Recommended

As a public company limited by guarantee, the IIA-Australia is prohibited from paying a dividend and none was paid.

Indemnifying Officers

During the financial year, the company has maintained insurance coverage for 'Directors and Officers Liability' as part of its association liability insurance. This policy provides cover for Directors and Officers of the IIA-Australia to the extent permitted by the Corporations Act 2001.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 29.

BOARD INFORMATION

Attendance at Directors' Meetings

In 2012 attendance by Directors (including when represented by alternates) at meetings they were entitled to attend, was as follows:

Director	Board		Executive		Audit		Remuneration		Nominations		Education	
	A	E	A	E	A	E	A	E	A	E	A	E
Gary Anderson** CMIIA CIA	3	4			1	1			1	1		
David Barry* CMIIA	6	6					1	1				
Catherine Blunt* CFIIA CIA	10	10	31	36			2	2	2	2		
Darren Box** MIIA(Aust)	1	4	9	15	1	1						
Marita Corbett CMIIA CIA	7	8					1	1				
Andrew Dix CMIIA	8	8					1	1				
Stefano Giorgini* CMIIA CRMA	8	10										
Claire Hamilton* MIIA(Aust)	6	6			2	2						
Stephen Horne CFIIA CIA CGAP CRMA	9	10	29	36							5	5
Cathryn Ingram** MIIA(Aust)	3	4					1	1				
Robin Low* MIIA(Aust)	4	6										
Lee Sullivan CMIIA	8	10	19	24								
Bruce Turner* CFIIA CGAP CRMA	5	6			2	2						
Co-opted Committee Members:												
Ian Rodin MIIA(Aust)					3	3						
Stephen Linden MIIA(Aust)					1	1						
Elma von Wielligh-Louw CMIIA CIA CGAP									2	2		
Fiona Bennett MIIA(Aust)									2	2		
Stephen Helberg CMIIA									2	2	5	5
Philomena Leung MIIA(Aust)											5	5
Jennifer Stewart MIIA(Aust)											5	5
Keith Howson MIIA(Aust)											3	5
Joseph Christopher MIIA(Aust)											3	5
Leonard Gainsford CMIIA CRMA											5	5
Christopher McRostie – Company Secretary	6	6	27	27					1	2		
Julie Young – Company Secretary	2	2										

**Retired 16 May 2012

A = Attended

E = Eligible

*Appointed/Re-appointed 16 May 2012



The Board

The Board is responsible for the stewardship and future wellbeing of the IIA-Australia. The Board exercises leadership, enterprise, integrity and judgment in directing the IIA-Australia to ensure its continuing ability to serve its members as the pre-eminent body of internal audit professionals. The Board pursues and applies a high standard of corporate governance. The Board will always act in the best interests of the IIA-Australia and in a transparent, accountable and responsible manner.

In discharging their Board responsibilities each Director has a duty to act in the best interests of the IIA-Australia as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

Under the Constitution of the company, Directors are elected by members at the AGM of the company, from recommendations made by the Nominations Committee as described in clause 13.4 of the Constitution.

Appointments are for a period normally of two years, with entitlement to re-appointment. Directors' appointments are staggered so that not all Directors' terms expire at the same time.

There are up to thirteen Non-Executive Directors. The Chief Executive Officer (the CEO) of the company performed the functions of the Company Secretary until October 2012 when the Executive Officer was appointed as the Company Secretary. The Board elects its office holders of President and Vice President based on the recommendation of the Nominations Committee.

Directors do not receive remuneration for acting in the capacity of Director nor do they receive retirement benefits. Directors are entitled to reimbursement of expenses incurred in carrying out their duties, in particular travel and accommodation.

Catherine Blunt CFIIA CIA BCom MBA CPA CISA

President

Catherine has extensive experience in internal and external audit, risk management, probity audit and operational reviews. Catherine is the Manager, Internal Audit at Griffith University and has previously worked in Federal and State Government, at Deloitte and the Bank of Queensland. She has been a member of the IIA-Australia since 1995 and joined the Board in 2008, after eight years on the IIA-Australia Qld Chapter Council. Catherine chairs the IIA-Australia Remuneration Committee. She is a member of both the Queensland Residential Tenancy Authority and the University of Sunshine Coast Audit and Risk Committees.

Stephen Horne CFIIA CIA CGAP CRMA BBus (Distn) Grad Cert Mgt Comm FCIS

Vice President

Since joining the NSW public sector in 1978, Stephen has pursued a pathway in organisational review and improvement, leading to his appointment as an Assistant Auditor-General for NSW in 2004. In 2006 Stephen was appointed as chief executive of IAB Services, a Government Trading Enterprise that successfully competes against the private sector as an outsourced provider of a wide range of improvement services including internal audit, management consulting and misconduct investigations to State, Local and Commonwealth Government bodies in NSW. Stephen is a founding member of the Corruption Prevention Network (1994). He is also the author of widely distributed and highly regarded better-practice publications on fraud control and public sector governance. He has been a Member of the IIA-Australia since 1984 being active in the NSW Chapter and nationally before joining the National Board in 2009.

Lee Sullivan CMIIA BCom MBA(Exec) ANZIIF(Fellow) CA

Vice President

Lee is the Group General Manager – Internal Audit, Insurance Australia Group Limited. Lee is a financial services industry participant and has experience working with Australian and overseas corporate and financial service regulators. He has been a member of IIA-Australia since 2007 and his roles include being a member of the IIA-Australia policy committee; a presenter at SOPAC and other IIA-Australia events. Amongst his other roles he is a Member of Board and Finance, Governance and Risk Committees, St Pius X College Chatswood.

Darren Box * MIIA(Aust) BBUS CPA

Vice President

Darren is currently the Chief Finance Officer Department of Human Services (Australia). Darren was most recently the General Manager, Portfolio Audit and Assurance, Centrelink. He has over 18 years experience in the field of public sector audit and financial management with the governments of NSW, ACT, Australia and the United Kingdom. Darren has been a member of the IIA-Australia since 2007; was appointed to the Board in 2010 and chaired the Audit Committee to May 2012.

**Retired 16 May 2012*

Gary Anderson * CMIIA CIA BCom(Hons) CISA CA

Gary is the Chief Executive of Protiviti in Australia. He was previously a senior partner at Ernst & Young and Arthur Andersen. Gary has over 30 years experience as a strong advocate for the profession performing projects and Internal Audit leadership roles in Australia, Asia and the USA. He represented the IIA-Australia on the revision of the ASX Governance Principles and regularly contributes to research. Gary is a Board Member and Audit Committee Chair of Very Special Kids, Director of IIA Inc, past President IIA-Australia, past President ISACA Melbourne and a member of the Advisory Boards for the St. James Ethics Centre, the University of Melbourne and Deakin University; member of IIA-Australia since 1992.

**Retired 16 May 2012*

David Barry * CMIIA BEc CA GAICD

David is Head of Internal Audit, AMP Limited. He is an experienced assurance professional with over 25 years industry experience focused around assurance services, risk management and finance. For the past 15 years David has specialised in the provision of audit assurance within the finance industry where he has taken several leadership roles in promoting the benefits of internal audit. He has been a member of the IIA-Australia since 1993 and an active supporter and advocate through various roles such as Co-Chair of the 2012 SOPAC; host of the 2011 Chief Audit Executive forum; presenter at financial services forums.

**Appointed 16 May 2012*

Marita Corbett * CMIIA CIA BCom CA

Marita is a Partner, Risk Advisory Services, BDO. She is a senior governance, risk advisory and internal audit professional and has over 20 years' experience in professional services, delivering services to clients in state and local government, statutory authorities and government owned corporations, public companies, large private companies and not for profit entities. Amongst her other roles she is Chair, Risk Committee Crime and Misconduct Commission of Queensland, member BDO national board risk committee, advisory roles to numerous boards of government owned, public and private companies and supporter of local and national internal audit sector groups e.g. the Queensland local government internal auditors group. Marita has been a member of the IIA-Australia since 2001 and served on the Queensland Chapter Council as councilor then chair, before joining the Board.

**Resigned 31 October 2012*



Andrew Dix * CMIIA FCA BCom

Andrew was the Executive Director, Risk Management, and Assurance at Telstra Corporation Limited taking up this appointment in February 2004. In this role he lead a group of approximately 60 professionals across Australia and internationally, who assisted in ensuring Telstra's success by providing independent assurance that the internal controls, systems and processes within Telstra were operating effectively in order to provide an appropriate level of control over the key strategic, operational and financial risks facing the company. Before Telstra, Andrew was with the Chartered Accounting firm of Price Waterhouse where he was involved in providing accounting and advisory support to a large number of major Australian companies. Andrew became a member of the IIA-Australia in 2004.

**Resigned 2 November 2012*

Stefano Giorgini CMIIA CRMA BBus FCPA

Stefano has been the Head of Group Risk Assessment and Assurance for BHP Billiton since 2003 which includes responsibilities for risk management, internal audit and insurance activities across the BHP Billiton Group. In prior positions Stefano has been Chief Development Officer, Carbon Steel Materials (2001-2003), and President BHP Iron Ore (2000-2001). He has held various other finance, business development and marketing roles both in Australia and internationally. Stefano is Chairman and director of BHP Billiton Marine & General Insurances Pty Ltd, an audit committee member for the Victorian Department of Transport. He has been a member of IIA-Australia since 2005 and served on the Victoria Chapter Council.

Claire Hamilton * MIIA(Aust) BA(Hons) CA(ICAEW) GAICD

Claire is General Manager Risk & Assurance SP Ausnet and is an experienced and well respected internal audit practitioner with an extremely broad knowledge of Internal Audit, Governance, Risk and Compliance areas. She has over 15 years' experience in the utilities sector in audit, accountancy and risk management. Prior to entering the utilities industry she worked in large accounting firms in both the UK and Australia across a range of sectors including manufacturing, retail and local government. Claire became a member of the IIA-Australia since 2005 and has been an active supporter since this time.

**Appointed 16 May 2012*

Cathryn Ingram * MIIA(Aust) CA BA (Accounting)

Cathryn has been a member of the IIA-Australia since 2000 and joined Board in May 2006. She is a KPMG partner with over 20 years experience in providing governance, risk management and assurance services to Federal Government. Cathryn is the Lead Partner on the provision of outsourced internal audit services to a range of agencies in the government sector. Cathryn currently leads the KPMG Government IT internal audit group based in Canberra.

**Retired 16 May 2012*

Robin Low * MIIA(Aust) BCom FCA MAICD

Robin was until recently the Internal Audit Services Leader PwC Australia and was a member of the PwC global internal audit leadership team. She delivered internal audit to a wide range of organisations and has experience in dealing with boards of listed companies and board audit committees. She has worked in the financial services sector predominantly, including global/multi-national internal audit delivery and some experience in the medical/biotech area. Over many years Robin has been an active supporter of the IIA-Australia and became a member in 2008. She is the current treasurer of the Sydney Medical School Foundation, is a director of The Public Education Foundation and Primary Ethics and has been a regular presenter at IIA-Australia conferences.

** Appointed 16 May 2012*

Bruce Turner * CFIIA CGAP CISA CFE MAICD FIPA FFin AFAIM

Bruce currently is the Chair of several audit committees including that of IIA-Australia, and has occupied a number of major CAE roles, most recently at the ATO. Bruce has an established track record of excellence and achievement in both the leadership and performance of internal audit activities. He has been a member of IIA-Australia since 1984, has hosted member meetings, contributed to publications and presented at conferences. He is a Bob McDonald Award winner. Internationally, Bruce is a member of the IIA Public Sector Committee.

**Appointed 16 May 2012*

Chief Executive Officer * & Company Secretary **

Christopher McRostie MAICD B.Ed

Christopher was appointed in mid 1998 as the Chief Executive Officer and Company Secretary for the IIA-Australia. In his role as CEO of IIA-Australia, Christopher was also part of the IIA's Global Management Team and was on various IIA Global committees and task forces. In the Asia Pacific region he chaired the IIA Regional CEO group. Christopher has an extensive background in association management particularly in the areas of strategic planning, cultural change, continuing professional development and education, marketing, member services and sponsorship.

**Retired 22 March 2013, following a period of leave from 9 October 2012*

***Resigned 3 October 2012*

Chief Executive Officer *

Eugene O'Neill CIA

Eugene O'Neill was appointed as Interim CEO on 10 December 2012. Gene's substantive position is Vice President, North American Relationship Management for The IIA in Altamonte Springs, Florida. In this role, Gene oversees the core membership services offered to 72,000 members in North America, by 159 chapters located throughout the United States, Canada, and the Caribbean islands. Functions and product offerings under his supervision include publications, membership recruitment and retention, chapter services, and customer relations. Gene has served as an association management professional for nearly fifteen years with The IIA.

**Interim period December 2012 – April 2013.*

Company Secretary *

Julie Young FSAE BA MLib(Management)

Julie is currently the Executive Officer with the IIA-Australia, a position concerned with the governance of the organization.

**Appointed 4 October 2012*

Work Undertaken by the Board

Meetings and Committees

The Board has three scheduled face-to-face meetings and two teleconferences each year. Other meetings occur by teleconference as and when required.

Board Committees

Executive: Catherine Blunt CFIIA CIA, Darren Box ** MIIA(Aust), Stephen Horne CFIIA CIA CGAP CRMA, Lee Sullivan * CMIIA, Christopher McRostie*** Eugene O'Neill****

Appointed 16 May 2012 **Retired 16 May 2012 *Retired 22 March 2013 following leave from 9 October 2012*

*****Appointed 10 December 2012*



The Board Executive Committee is a leadership and administrative body, whose role is to assist and advise the Board of Directors in fulfilling its responsibilities to members of IIA-Australia. The Board Executive Committee is not a policy making body, but assists the Board by implementing Board policy. Its primary function is to oversee the implementation of Board/IIA-Australia policy between full board meetings.

Audit: Gary Anderson ** CMIIA CIA, Darren Box** MIIA(Aust), Claire Hamilton * MIIA(Aust), Stephen Linden ** MIIA(Aust), Ian Rodin MIIA(Aust), Bruce Turner * CFIIA CGAP CRMA.

**Appointed 16 May 2012 **Retired 16 May 2012*

The Audit Committee assists the Board with its responsibilities for corporate governance by monitoring that the appropriate mechanisms exist to review probity, governance, risk management and the efficiency and effectiveness of the IIA-Australia's systems, controls and operations. Internal audit findings are reported to the Audit Committee and the CEO.

Remuneration: David Barry CMIIA, Catherine Blunt CFIIA CIA, Marita Corbett*** CMIIA CIA *, Andrew Dix ** CMIIA, Cathryn Ingram** MIIA(Aust).

Appointed 16 May 2012 **Retired 16 May 2012 *Resigned 31 October 2012 ****Appointed 1 November 2012*

The role of the Remuneration Committee is to assist and advise the Board of Directors in fulfilling its responsibilities to members of IIA-Australia on matters relating to the consideration of benefits, bonuses, incentives and remuneration issues of the Chief Executive Officer and IIA-Australia staff. The Remuneration Committee is not a policy making body, but assists the Board by implementing Board policy.

Nominations: Gary Anderson ** CMIIA CIA, Catherine Blunt* CFIIA CIA, Fiona Bennett MIIA(Aust), Andrew Dix*** CMIIA, Stefano Giorgini CMIIA CRMA, Stephen Helberg CMIIA, Elma von Wielligh-Louw CMIIA CIA CGAP. The Committee has the right to co-opt others to assist.

Appointed 18 May 2011 **Retired 16 May 2012 *Resigned 31 October 2012 ****Appointed 1 November 2012*

The role of the Nomination Committee is to assist and advise the Board of Directors in fulfilling its responsibilities to members of IIA-Australia on matters relating to the composition, structure and operation of the Board. The Nomination Committee is not a policy making body, but assists the Board by implementing Board policy and recommending nominations which require Board approval.

Education: Professor Philomena Leung (Chair), Head of Department, Department of Accounting and Finance, Macquarie University; Professor Jennifer Stewart, Professor of Accounting, Griffith Business School, Head of Discipline, Accounting and Business Law, Griffith University; Dr Keith Howson, Faculty Dean/Senior Lecturer, Business and Information Technology, Avondale College; Dr Joseph Christopher Lecturer, School of Accounting, Curtin Business School, Curtin University; Dr Leonard Gainsford, Director Audit and Assurance, Department of Transport, Victoria and Research Fellow at The Centre for Enterprise Performance, Swinburne University of Technology; Stephen Helberg, Executive General Manager Leighton Holdings Ltd; Stephen Horne Vice President, IIA-Australia and Managing Director, IAB Services. All committee members are members of the IIA-Australia.

The role of the Education Committee is to assist the Board in discharging its responsibilities by monitoring and advising on IIA-Australia's professional education program. It contributes to the IIA-Australia's strategic purpose through its foresight and insight on educational matters of concern to the internal auditing profession. One of its main responsibilities is to act as an Academic Board with respect to the academic

oversight of the Graduate Certificate in Internal Auditing, including assessment of students and the approval of results.

2020 Vision

The IIA-Australia has embarked on a vigorous program to achieve its strategic vision for 2020. Our goals by 2020 are that:

- Internal Audit will be seen as essential to the performance and sustainability of any organisation.
- Internal Audit will be universally recognised as a distinct profession.
- All practising internal auditors will be appropriately qualified or report to someone who is.

These are important aspirations that will ensure internal audit and our worthy profession become absolutely integral to sound corporate governance. We have a clear direction to achieve our vision for 2020. We will get there by:

- Continuing to offer our members the best in professional education and training programs.
- Taking an active advocacy role to ensure our key stakeholders including government, regulators, businesses and the broader community, appreciate, support and promote the important role of internal audit.
- Consolidating the new category of 'professional' IIA-Australia membership and the designation CMIIA[®].

Communications with members

The IIA-Australia issues regular email alerts to members. Members also received The *Internal Auditor* bi-monthly – either in hard copy or online. In addition the IIA-Australia is present in the social networking space in order to provide a convenient and easy way for members to network and share ideas.

Ethical Standards

The IIA-Australia has a comprehensive code of ethics to which Directors, as members of the IIA-Australia, subscribe. The Board has also formally adopted the Statement of Ethics of the Australian Institute of Company Directors for Board operations. As noted above, all Board members formally declare potential conflicts of interest or the absence of such conflicts at least annually.

Signed in accordance with a resolution of the Board of Directors.



Catherine Blunt CFIIA CIA

President and Chairman of the Board

22 April 2013

Statement of Comprehensive Income for the Year Ended 31 December 2012

	Note	2012	2011
		\$	\$
Revenue from operating activities			
Subscriptions revenue		1,198,623	1,190,483
Continuing professional education		2,476,303	2,151,857
Internal audit quality assessment		331,179	367,483
Other activities		260,508	217,974
Total revenue from operating activities		4,266,613	3,927,797
Revenue from non operating activities			
Interest		30,716	53,846
Total revenue from ordinary activities		4,297,329	3,981,643
Auditors remuneration		(22,955)	(15,000)
Provision for bad debts		-	-
Bad debts		-	-
Continuing professional education		-(1,511,619)	-(1,270,084)
Depreciation of Property, plant & equipment	6	(33,910)	(34,818)
Amortisation of Intangible	7	(135,892)	(64,623)
Internal audit quality assessment		(293,231)	(330,128)
Operating lease rental expense		(184,087)	(176,582)
Salaries and personnel costs		(1,876,349)	(1,677,631)
Administrative expenses		(253,079)	(257,622)
Inventory write off		-	(5,412)
Other expenses from ordinary activities		(368,896)	(369,913)
Total expenses from ordinary activities		(4,680,017)	(4,201,813)
(Deficit)/Surplus from ordinary activities before income tax		(382,688)	(220,170)
Income tax expense		-	-
Net (deficit)/surplus from ordinary activities after income tax expense		(382,688)	(220,170)
Other Comprehensive Income for the year		-	-
Total Comprehensive (Loss)/Income for the year		(382,688)	(220,170)

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2012

CURRENT ASSETS	Note	2012	2011
Cash and Cash Equivalents	3	340,540	413,938
Trade and Other Receivables	4	239,039	433,823
Inventories		20,696	38,318
Financial Assets	5	212,660	311,537
TOTAL CURRENT ASSETS		812,935	1,197,616
NON CURRENT ASSETS			
Plant and Equipment	6	73,380	82,689
Intangibles	7	695,768	738,094
TOTAL NON CURRENT ASSETS		769,148	820,783
TOTAL ASSETS		1,582,083	2,018,399
CURRENT LIABILITIES			
Trade and Other Payables	8	182,748	355,298
Employee Entitlement Provisions	9	133,947	133,709
Deferred Income		1,212,064	1,093,380
TOTAL CURRENT LIABILITIES		1,528,759	1,582,387
TOTAL LIABILITIES		1,528,759	1,582,387
NET ASSETS		53,324	436,012
MEMBERS FUNDS (EQUITY)		53,324	436,012

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2012

	2012	2011
	\$	\$
Balance at 31 December 2011	436,012	656,182
Total Comprehensive (Loss)/Income for the year	(382,688)	(220,170)
Balance at 31 December 2012	<u>53,324</u>	<u>436,012</u>

Statement of Cash Flows for the Year Ended 31 December 2012

	Note	2012	2011
		\$	\$
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash Flow from Operating Activities			
Receipts from subscriptions		1,198,623	1,190,483
Receipts from courses and other activities		3,808,485	3,109,092
Payments to suppliers and employees		(4,985,932)	(4,744,609)
Interest received		23,590	66,567
Net cash generated by operating activities	11	<u>44,766</u>	<u>(378,467)</u>
Cash Flow From Investing Activities			
Purchases of plant and equipment		(24,601)	(25,868)
Proceeds from sale of plant and equipment		-	91
Purchase of Intangible Asset		(93,563)	(412,933)
Increase in Term Deposit		-	(5,972)
Net cash used in investing activities		<u>(118,164)</u>	<u>(444,682)</u>
Cash Flow From Financing Activities			
		-	-
Net (Decrease) in Cash Held			
		<u>(73,398)</u>	<u>(823,149)</u>
Cash at the beginning of the financial year		413,938	1,237,087
Cash at the End of the Financial Year	3	<u>340,540</u>	<u>413,938</u>

The accompanying notes form an integral part of these financial statements.



CORPORATE INFORMATION

The financial report of the company for the year ended 31 December 2012 was authorised for issue in accordance with the resolution of the Directors on 10 April 2013.

Note 1: Statement of Significant Accounting Policies

The financial report is for The Institute of Internal Auditors-Australia (IIA-Australia) which is a company incorporated and domiciled in Australia. The Institute of Internal Auditors-Australia is a company limited by guarantee.

Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

- (a) Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accrual basis and is based on historical costs, modified where applicable by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Inventories

- (b) Inventories, which represent publications, are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis. The carrying amount of inventories held for distribution is recognised as an expense in the period in which the inventory is distributed.

Plant and equipment

- (c) Each class of property, plant and equipment is carried at cost, less, accumulated depreciation.

Plant and equipment are brought to account at cost. The carrying amounts of plant and equipment are reviewed annually to ensure they are not in excess of the recoverable amount of these assets.

The depreciable amount of all fixed assets is depreciated on a straight line basis over the useful lives of the assets, commencing from the time the asset is held ready for use. The major depreciation periods used for each class of asset:

- Furniture 4-5 years
- Office fittings 10 years
- Computers & software 3-4 years

Assets with an acquisition cost of less than \$500 are expensed in the year of acquisition.



Leasehold improvements are depreciated over the lesser of the unexpired term of the lease or the estimated useful life of the improvements.

Intangibles

- (d) Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation. Intangible assets with finite lives are amortised over their useful life and assessed for impairment at each financial year end.

The amortisation period for the database which was installed ready for use in December 2010 has been assessed as 7 years.

The amortisation period for costs associated with attaining registration as a higher education institution and development of the “*Graduate Certificate in Internal Auditing*” has been assessed as 5 years being the duration of the registration.

The amortization period for costs associated with establishing the CMIIA and AMIIA designations has been assessed as 10 years.

Leases

- (e) Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term. Commitments for future years are disclosed by way of note. The IIA-Australia has no finance leases.

Employee entitlements

- (f) Provision is made for the IIA-Australia’s liability for employee benefits arising from services rendered by employees to balance date. Employee entitlements have been provided for at balance date at an amount that is not less than the net present value of all entitlements including on costs.

Financial instruments

- (g) Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments. The IIA-Australia’s principle financial instruments are comprised of receivables and cash.

Trade receivables are recognised and carried at original invoice amount less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis. An impairment provision is recognised when there is objective evidence that the IIA-Australia will not be able to collect the receivable. Individual debts which are known to be uncollectible are written off when identified.

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of 6 months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above and include short term money securities and deposits at call which are readily convertible to cash in hand and subject to an insignificant risk of changes in value.



Financial Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the IIA-Australia. Payables are normally settled on 30-day terms and no interest is incurred on these liabilities.

Impairment of assets

- (h) At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where it is not possible to estimate the recoverable amount of an asset class, the entity estimates the recoverable amount of the cash-generating unit to which the class of asset belongs.

Revenue Recognition

- (i) Membership subscription revenue is recognised pro-rata over a 12 month period based on the member's anniversary date. Only those membership fees that are attributable to the current financial year are recognised as revenue. Receipts that relate to future periods are treated as deferred income.

Revenue from the provision of other services is recognised upon the delivery of the service to the member. Receipts received before year end in relation to future services to be provided is deferred as a liability.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Deferred income

- (j) Subscriptions and professional development fees relating to the 2013 year but received prior to 31 December 2012 are carried forward in the Balance Sheet as deferred income.

Research and Advocacy contributions

- (k) Research and Advocacy Contributions are shown as a current liability on the Balance Sheet. Payments from this account must be used to support research and/or advocacy of the profession of internal auditing and may be expended over a number of years. The current balance of this account is \$13,200.

Income tax liability

- (l) No provision for income tax has been raised as the IIA-Australia is exempt from the payment of income tax under Division 50 of the Income Tax Assessment Act 1997.

Goods and Services Tax (GST)

- (m) All revenue, expenses and assets are stated net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and Payables in the Balance Sheet are shown inclusive of GST.

Critical accounting estimates and judgments

- (n) The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Economic dependence

- (o) The IIA-Australia is dependent on Institute of Internal Auditors Inc (IIA Inc) for the provision of the international certification program, the provision of course materials for some of the professional development courses provided in Australia, and the provision of some material for the CAE Services program. At the date of this report the Board of Directors has no reason to believe that IIA Inc will not continue to provide those services.
- (p) Following the year end, the Institute of Internal Auditors-Australia entered into a non-revocable revolving line of credit with The Institute of Internal Auditors, Inc. The maximum amount available to the Institute of Internal Auditors-Australia is \$300,000 with a maturity period of 36 months. As of the date of this report, the outstanding amount due on the line of credit was \$0.

Comparative figures

- (q) Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation.

Note 2: Legal and Economic Entity

- (a) The IIA-Australia is a company limited by guarantee; accordingly it has no share capital. If the entity is wound up the constitution states that each member may be required to make a contribution to the assets of the IIA-Australia. This contribution may not exceed the amount of fees and subscription unpaid by the member.
- (b) The IIA-Australia is licensed under the Corporations Act 2001 to omit the word 'Limited' from its name. It is an individual economic entity, without subsidiaries.
- (c) The IIA-Australia has an agreement with IIA Inc, incorporated in the USA, for the provision of stipulated goods and services in return for the payment of affiliation fees. Members of this IIA-Australia are also members of IIA Inc.
- (d) The IIA-Australia's registered office (which is its only place of business) is at Level 7, 133 Castlereagh Street, Sydney, NSW. Its operations and principal activities are set out elsewhere in this Financial Report. The average number of employees during the year was sixteen.

Note 3: Cash and Cash Equivalents

	2012	2011
	\$	\$
Cash at bank and cash equivalents (a)	340,540	413,938

(a) The IIA-Australia's cash equivalents are cash held on deposit with a maturity of less than six months.

Note 4: Trade and Other Receivables

	2012	2011
	\$	\$
Term deposits	96,963	96,963
Trade receivables	129,701	298,873
Other receivables	12,375	37,987
	239,039	433,823
	239,039	433,823

- (a) Receivables include a term deposit with a maturity of more than six months held by the bank as security for the bank's rental guarantee, as required by the lessor.
- (b) Trade receivables include a provision for bad debts of \$0 (2011: \$0). All other current debts are expected to be paid within credit terms. Bad Debts of \$0 (2011: \$0) have been written off during the year ended 31 December 2012.

Note 5: Financial Assets

	2012	2011
	\$	\$
General Event Prepayments	174,443	262,680
Prepaid Insurance	25,182	24,704
Other Prepayments	13,035	24,153
	212,660	311,537
	212,660	311,537

Note 6: Plant and Equipment

	Plant and equipment		Furniture and fittings		Software		Leasehold		Total plant and equipment	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost	197,729	181,691	63,337	58,570	126,900	123,104	1,498	1,498	389,464	364,863
Accumulated depreciation	(156,874)	(137,591)	(52,632)	(49,081)	(105,476)	(94,647)	(1,102)	(855)	(316,084)	(282,174)
Total plant & equip at written down value	40,855	44,100	10,705	9,489	21,424	28,457	396	643	73,380	82,689

Movement in the carrying amounts of each class of asset between the beginning and the end of the current financial year.

	Plant and equipment		Furniture and fittings		Software		Leasehold		Total plant and equipment	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at beginning of the year	44,100	50,450	9,489	11,333	28,457	29,298	643	895	82,689	91,976
Additions	16,038	11,592	4,767	844	3,797	13,432	-	-	24,601	25,868
Disposals/transfer	-	(337)	-	-	-	-	-	-	-	(337)
Depreciation expense	(19,283)	(17,605)	(3,551)	(2,688)	(10,830)	(14,273)	(247)	(252)	(33,910)	(34,818)
Carrying amount at the end of year	40,855	44,100	10,705	9,489	21,424	28,457	396	643	73,380	82,689

Note 7: Intangibles

	2012	2011
	\$	\$
Database at cost	474,977	470,140
Graduate Certificate in Internal Auditing at cost	375,583	293,392
Trademark at cost	51,211	44,674
Less Accumulated Amortisation	(206,003)	(70,112)
	695,768	738,094
	695,768	738,094

Reconciliation

	2012	2011
	\$	\$
Carrying value at the beginning of the year	738,094	389,784
Additions	93,565	412,933
Amortisation	(135,891)	(64,623)
Carrying value at the end of the year	695,768	738,094
	695,768	738,094

**Note 8: Trade and Other Payables**

	2012	2011
	\$	\$
Trade creditors	20,115	100,916
Other creditors	127,600	182,964
Accrued expenses	35,033	71,418
	<u>182,748</u>	<u>355,298</u>

Note 9: Employee Entitlement Provisions

	2012	2011
	\$	\$
Balance at the beginning of year	133,709	117,746
Additions (reduction) to provision	238	15,963
Balance at the end of year	<u>133,947</u>	<u>133,709</u>

Analysis of employee entitlement provision

	2012	2011
	\$	\$
Current provision	133,947	133,709
Non current provision	-	-
	<u>133,947</u>	<u>133,709</u>

Employee entitlements are reported in the accounts at an amount that is not less than the net present value of all entitlements including on costs.

Note 10: Leasing Commitments

Leasing commitments relate in total to lease of premises and office equipment.

	2012	2011
	\$	\$
Not longer than one year	203,096	196,339
Longer than one year but not longer than five years	524,596	721,752
Longer than five years	-	-
	<u>727,692</u>	<u>918,091</u>

The current office premises have been leased for a period of 10 years. This lease will expire in June 2016.

Note 11: Cash Flows Reconciliation

(a) Reconciliation of net cash flow provided by operating activities to operating (deficit)/surplus:

	2012	2011
	\$	\$
Net (deficit)/surplus from ordinary activities	(382,688)	(220,170)
Non cash flow from ordinary activities:		
Depreciation	33,910	34,818
Amortisation	135,891	64,623
Provision for employee entitlements	238	15,963
Provision for bad debts	-	-
Loss on sale of plant and equipment	-	246
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	187,657	(181,971)
(Increase)/decrease in Prepayments	106,004	(115,325)
(Increase)/decrease in inventory	17,621	(12,892)
(Decrease)/increase in trade and other payable	(172,551)	(108,637)
Increase in deferred revenue	118,684	144,878
Cash flow from operations	<u>44,766</u>	<u>(378,467)</u>

Reconciliation of cash

(b) For the purpose of the Statement of Cash Flows, cash includes cash at bank and cash equivalents being cash held on deposit with a maturity of less than six months. Cash at the end of the financial year as shown in the Statement of Cash Flows equals the item "Cash Assets" in the Balance Sheet.

Note 12: Related Party Transactions

- (a) Key management personnel consist of all Directors, the Chief Executive Officer and the senior management team. Except as indicated below, no other Director received any form of remuneration.

Bruce Turner was appointed as Executive Director of IIA-Australia and liaison to the Board from October to December 2012. His total remuneration was \$6,500.

PwC is the provider of internal audit services to the IIA-Australia and contract payments for work undertaken are \$15,500 per year for a three year period. Robin Low was the Partner responsible for the internal audit but transitioned this to another partner on appointment to the Board.

- (b) The names of all Directors who have held office during the financial year are outlined in the table of 'Board Information' on page 3 of this Directors Report.

Compensation Practices

The remuneration committee of the Board of Directors approves the compensation for each key management person and also approves the remuneration levels for all staff.

	2012	2011
Compensation by category	\$	\$
Short term employee benefits	796,725	790,588
Other long term benefits	40,097	34,399
	<hr/>	<hr/>
	836,822	824,987
	<hr/>	<hr/>

Note 13: Financial Instruments

Interest rate risk

- (a) The IIA-Australia's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets, is as follows:

	Weighted average effective interest rate		Floating interest rate		Fixed interest maturing within 1 year	
	2012	2011	2012	2011	2012	2011
	%	%	\$	\$	\$	\$
Cash at bank	0.21	0.32	111,560	(123)		-
Deposits at call	3.74	4.62	56,055	55		-
Term deposits	4.87	6.02	-	-	172,925	414,006
Total financial assets			167,615	(68)	172,925	414,006

Net fair values

- (b) The carrying amount of bank deposits, prepayments, accounts payable and accounts receivable approximate net fair values. The carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet in the notes to the Financial Statements.

Credit risk

- (c) The maximum exposure to credit risk at balance date is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and notes to the financial statements.

The IIA-Australia does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the IIA-Australia.

Note 14: Segment Reporting

The company operates wholly within one segment as a professional association within Australia.

Note 15: Events after Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the result of those operations or the state of affairs of the entity in subsequent financial years.

Note 16: Contingent Liabilities

There are no contingent liabilities as at 31 December 2012.



Directors' Declaration

The Directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the year ended on that date of the entity.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Catherine Blunt CFIIA CIA
President and Chairman of the Board

22 April 2013

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF

THE INSTITUTE OF INTERNAL AUDITORS – AUSTRALIA ABN 80 001 797 557

Report on the Financial Report

We have audited the accompanying financial report of The Institute of Internal Auditors - Australia, which comprises the statement of financial position as at 31 December, 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of The Institute of Internal Auditors - Australia are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of The Institute of Internal Auditors - Australia on 15th March 2013, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of The Institute of Internal Auditors - Australia is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the company's financial position as at **31 December, 2012** and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Watkins Coffey Martin



Richard Watkins, Partner

Dated this 22nd of April 2013

65 Hill Street Roseville NSW 2069

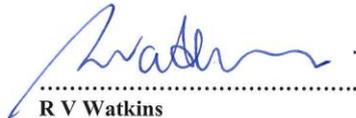


INSTITUTE OF INTERNAL AUDITORS
AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2012 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Watkins Coffey Martin
Chartered Accountants
65 Hill Street, Roseville NSW 2069



.....
R V Watkins
Partner
22 April, 2013

Honour Roll

Without the commitment of volunteers, IIA-Australia could not have achieved what it did in 2012. We are proud to honour the following volunteers. We also thank our sponsors, exhibitors and other contributors throughout the year.

Name	Company
Joel Alzona	Department of Education & Communities
Gary Anderson CMIIA CIA	Protiviti
Damian Angley CFIIA CIA CGAP	Department for Transport, Energy & Infrastructure
Paul Apps	Audit & Risk Management Services
Peter Austen CMIIA CIA	Hydro Tasmania
Henry Awad	Retired
Andrew Baldwin CIA	Deloitte
Dave Barry CMIIA	AMP Services Limited
Fiona Bennett	Independent Director
Nicola Bingham	Ernst & Young
Catherine Blunt CFIIA CIA	Griffith University
Darren Box	Department of Human Services
Des Brady	Retired
Rebecca Bray	City of West Torrens
Joubert Breet CMIIA CIA CCSA CFSA	BDO
Brandon Brown CIA	KPMG
Carol Brown CMIIA CIA	Deakin University
Andrew Burchfield CIA	Andrew Burchfield & Associates – Management Consultants
John Chan CIA	KPMG
Kim Cheater	PwC
Joseph Christopher	Curtin University
Robert Chuah	Department of the Premier and Cabinet (SA)
Stephen Coates CFIIA CIA CGAP	BDO
Andrew Cooke CMIIA CIA CFSA	PricewaterhouseCoopers
Marita Corbett CMIIA CIA	BDO
John Cotton CIA	Lawson Delaney
Francis D'Silva CMIIA CIA	Reserve Bank of Australia
Eric Davis CMIIA CIA CCSA CFSA	HCF
Eric de Haas CMIIA CIA	RSM Bird Cameron
Varuna de Silva CIA	Protiviti
Cathy La Delfa	NSW Department of Education & Communities
Angus Dickinson CMIIA CIA	RSM Bird Cameron
Andrew Dix CMIIA	Telstra
Helen Douglas	Department of Health & Human Services Tasmania
Russell Eade	Attorney-General's Department
Carolyn Eagle CMIIA CIA CGAP	Pacific Chartered Accountants
Joe Eliasaf CIA	Cement Australia Pty Ltd
Rebecca Faloon CMIIA CIA CCSA CRMA	Aurora Energy Pty Ltd
Helen Fernihough CMIIA CIA CCSA	Rio Tinto
Roger Fitzgerald	RSM Bird Cameron
Peter Francis CMIIA CIA	ACEIA
David Fraser CMIIA CIA	Oakton Services Pty Ltd
Maggie Fuselier	PwC
Len Gainsford CMIIA	Department of Transport
Vikram Gharti CIA	Protiviti
Stefano Giorgini CMIIA CRMA	BHP Billiton
Wayne Gorrie CMIIA CIA	KPMG
Simon Griffiths CMIIA CIA	Department of Environment and Heritage Protection
Claire Hamilton	SP AusNet
Mark Harris	External Management Consultants
Mark Harrison CMIIA CIA	Protiviti
Stephen Helberg CMIIA	Consultant
Richard Herman CMIIA CIA	Medibank Private
Andrew Hillbeck	Chevron Australia Pty Ltd
Brian Holding	Retirement Benefits Fund
Greg Hollyman CMIIA CIA CCSA CGAP CFSA CRMA	Australian Taxation Office
Stephen Horne CFIIA CIA CGAP CRMA	IAB Services
Keith Howson	Avondale College
Cathryn Ingram	KPMG

Caryn Isserow CMIIA CIA	QR National
Jean Jansen	Retired
Jack Jansen	Retired
R (Karu) Karunanithi CIA CCSA CGAP CFSA	Department of Ageing, Disability and Homecare
Timothy Kelly CIA CGAP	PricewaterhouseCoopers
Steve Kent	BDO
Marc Kessels	Water Corporation
David Lawler CFIIA CIA	Australian Settlements Limited
Philomena Leung	Macquarie University
Emily Lim	NSW Department of Education & Communities
Stephen Linden	Protiviti
Julie Lister CFIIA CIA	Department for Transport, Energy & Infrastructure
Andrew Little	Ernst & Young
Allan Liu	Rheem Australia Pty Limited
Robin Low	Consultant
Joshua Lu	KPMG
Andrew Macleod CMIIA CIA	Brisbane City Council
Ann Manewell	Warringah Council
Michael Martyn CFIIA CIA CCSA	Department of Education, Training and the Arts Qld
Ben Matthes	Department of Defence
Bob McDonald OAM CFIIA CIA CGAP	Queensland Health
Brooke McGuiggan CIA	State Transit
Amy McKenzie	Protiviti
Kylie McRae CMIIA CIA	Southern Eastern Sydney Local Health District
Laura McNama	BDO
Paul McTaggart CMIIA	Aurora Energy Pty Ltd
Andrew McPherson CMIIA CIA	PricewaterhouseCoopers
Hendri Mentz CIA	Deloitte
Bill Middleton CFIIA CIA	Department of Education & Communities
June Milton	Department for Transport, Energy & Infrastructure
Richard Morris	PaperlinX Limited
Sue Morrison CMIIA CIA	Cessnock City Council
Mohua Mukherjee	Deloitte
Tim Muhlhausler	Galpin Engler Bruins and Dempsey
John Musgrave	Retired
Leonie Navara CMIIA	Department of Education, Employment & Workplace Relations
John Nelson	Retired
Sek Chin Ooi CFIIA CIA CFSA	Toyota Finance Australia Limited
Craig O'Hagan	Deloitte
Phil O'Toole CMIIA	IAB Services
Tony Pang	Retired
Michael Parkinson CFIIA CIA CRMA	KPMG
Beverley Pasanen CMIIA	Tasmanian Audit Office
Amanda Parkes CIA	Elders Rural Services
Keith Peel	Retired
Vince Philpott CMIIA CIA CCSA	World Vision Australia
Krish Pitchumani	Australian Taxation Office
Wendy Preston CMIIA CIA CGAP	Department of Health & Ageing
Collette Pretorius CIA CCSA	Brisbane Girls Grammar School
Christopher Puschak CMIIA CIA CGAP	Protiviti Pty Ltd
Michael Quirk	Willoughby City Council
Ian Rodin	Ernst & Young
Peter Roebuck	University of New South Wales
Leizel Samuel CIA	Queensland Health
Kaiyo Sattha CMIIA CIA CGAP	Griffith University
Michael Schafer CMIIA CIA	Queensland Health
Craig Setter	Department of Education Training & Employment
Katharine Shama CMIIA CIA	PricewaterhouseCoopers
Geoff Simkiss CIA	BDO
Jeff Simpson CMIIA CIA	Governance Insight Pty Limited
Tania Stegemann CMIIA CIA CCSA	Rio Tinto
Ben Stephens CIA	Stantons International Pty Ltd
Jennifer Stewart	Griffith University
Bill Strutton	Retired
Lee Sullivan CMIIA	Insurance Australia Group
Jodie Thomas	Australian Taxation Office
Stephen Tiley CMIIA CIA	Mercy Health
Mandy Tran CIA	Consultant

Colin Tullett	Consultant
Bruce Turner CFIIA CGAP CRMA	Retired
Geoff Underhill	Retired
Wilf van Emmerick	Retired
Elma von Wielligh-Louw CMIIA CIA CGAP	Deloitte
Geoff Walsh	MGW Advisory
Scott Webb CMIIA CIA	IAB Services
Ian Williams	Retired
Tom Wilson	Singtel Optus

Please accept our apologies if we omitted you from the 2012 list, or if your details are incorrect.



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