

# Engage the Audit Committee

The Global Internal Audit Common Body of Knowledge (CBOK), the world's largest ongoing study of internal audit indicated that 69 percent of Chief Audit Executives (CAEs) report functionally to the audit committee.

In today's world, having the right reporting line for internal audit is even more crucial to the foundation of the function than ever before. CAEs often meet privately with the audit committee. While these meetings are important, leading internal audit functions are engaging the audit committee beyond the typical formalized processes in creative ways.



## THE STANDARDS: CAE REQUIRED COMMUNICATIONS

- Must periodically review the Internal Audit Department Charter and present it to senior management and the Audit Committee for review and approval. (Standard 1000)
- Should discuss the Definition of Internal Auditing, the Code of Ethics, and the IIA *Standards* with senior management and the Audit Committee. (Standard 1010)
- Must confirm to the Audit Committee, at least annually, the organizational independence of the internal auditing activity. (Standard 1110)
- Must communicate and interact directly with the Audit Committee. (Standard 1111)
- Must discuss with the Audit Committee the form and frequency of external assessment as well as the qualifications and independence of the external assessor or assessment team, including any potential conflicts of interest. (Standard 1312)
- Must communicate the results of the quality assurance and improvement program to senior management and the Audit Committee. (Standard 1320)
- Must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the Audit Committee for review and approval and also communicate the impact of resource limitations. (Standard 2020)
- Must report periodically to senior management and the Audit Committee on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Audit Committee. (Standard 2060)

# SUCCESSFUL ENGAGEMENT PRACTICES – BEYOND THE STANDARDS

Progressive CAEs are creating stronger relationships with their audit committee under new approaches:

## Exposure to Team Talent and Team Development

Including key members of your team in your audit committee meetings provides an opportunity to expose the level of talent while providing a valuable learning opportunity to your staff. In addition, you can set the stage to cultivate and establish your successor. The exposure provides optimal executive level interface to hone communication, strategic business, and presentation skills. Look to include your staff at the various touch points to build the transparency with the audit committee, while building the awareness and insights with your staff into their specific needs and priorities.

## Annual Internal Audit Conferences and Training

Many internal audit functions hold annual team conferences and training. Leading internal audit functions invite audit committee chairs to attend these annual internal audit trainings as the keynote speaker. Frequent and direct interaction between internal audit management, internal audit staff, and the audit committee is a successful internal audit practice that supports the fiduciary oversight responsibility of the audit committee. Additionally, the forum is an excellent opportunity for the audit committee chair to meet members of the team and for the team to understand, first hand, the expectations of the audit committee.

## Going Beyond the Private Sessions

CAEs are encouraging sessions between the audit committee chair and the internal audit staff without the CAE. This can provide the audit committee with an opportunity to obtain insight into individual backgrounds, credentials, and skill sets as well as establishing you as a confident leader.

**Meeting and exceeding the requirements by engaging the audit committee with your team is an opportunity to build a more effective and transparent partnership.**

## Need further insight into engagement strategies?

Let IIA Quality Services be your trusted adviser. Our experts can assist you in audit committee engagement and more related to your Quality Assurance and Improvement Program (QAIP).

Contact us at [quality@theiia.org](mailto:quality@theiia.org)  
or +1-407-937-1399.

## About IIA Quality Services

IIA Quality Services' mission is to elevate the professionalism within internal auditing and conformance to the *International Standards for the Professional Practice of Internal Auditing* by providing knowledge resources to internal audit activities. IIA Quality Services' experts provide full-scope external assessments, validations of self-assessments, and readiness assessments.

