Organizational Relationships and Culture
Level 3 – Integrated
Integral Component of Management Team

Purpose – To participate in the organization’s management activities in some form as a valued member of the management team. Although the CAE does not carry out management’s responsibilities, he or she is included in communications and forums of the management team, and as an observer, is able to maintain a channel of communication with senior management.

Essential Activities
- The CAE keeps abreast of management priorities and changing business processes and new initiatives.
- Senior management shares the organization’s key management plans and information reports with the CAE (e.g., strategic and business plans and financial reports).
- The CAE shares key management plans and issues with the staff of the IA activity.
- The CAE participates and contributes, as appropriate, on key management committees/forums as part of the organization’s management team.
- The CAE encourages internal audit staff involvement in key organizational committees, as appropriate.
- Senior management is consulted and contributes to the development of internal audit plans.
- Information concerning the plans and activities of the IA activity is regularly exchanged with senior management.
- The IA activity liaises with and coordinates the external auditors’ work on behalf of management.

Outputs
- The CAE and other senior managers in the IA activity participate with the organization’s management at key management events (committees, forums) and receive all relevant management-related communications. Participation and attendance at management forums provide an opportunity for the CAE to be apprised of strategic and operational developments and to raise high-level risk, systems, procedures, and control-type issues at an early stage.

Outcomes
- The IA activity’s leaders are seen as integral (fundamental) to the organization’s management team and contribute to achieving organizational results.

Institutionalizing Practice Examples
- Senior management visibly supports and demonstrates through its actions that the CAE is a valued member of the management team.
- Internal audit charter includes CAE’s role as part of the management team.
- Organizational policy formally includes the CAE as a member of the organization’s management team.
- The CAE is part of the organization’s management distribution list that includes all the key organization’s decisions.
- Formal briefing package/presentations for senior management on the IA activity.