Organizational Relationships and Culture
Level 4 – Managed
CAE Advises and Influences Top-level Management

Purpose — To facilitate the organization’s understanding and appreciation of the vision, leadership, and foresight of the CAE, and to develop a relationship with top-level management that fosters frank exchanges. Senior management values the CAE for advice on strategic issues.

Essential Activities
• The CAE regularly communicates and interacts directly with top-level management.
• The CAE contributes as part of the management team, advising on emerging business and strategic issues.
• The CAE fosters collaboration and trust between internal auditors and organizational management on relevant internal audit and organizational issues.
• The CAE shares knowledge on best-practice business processes with operational managers throughout the organization.
• The CAE sets a strong example of effective, ethical, and insightful management that supports by demonstrating the advice and guidance given to others.
• The CAE supports top-level management by developing a formal, transparent, and cooperative relationship with the external auditor and encourages reliance by the external auditor on internal audit’s work.

Outputs
• Clear, concise, forthright, relevant, and timely communication with top-level management.
• Specific issues/special requests from top-level management for the CAE to address informally and/or formally.

Outcomes
• The IA activity can clearly articulate its strategic and shorter-term goals and the value it delivers to the organization.
• The IA activity’s vision is consistent with that of the organization and aligned with key stakeholders.
• The IA activity’s leadership is respected for vision and foresight.
• Top-level management trusts and values the advice of the CAE and the IA activity.

Institutionalizing Practice Examples
• Senior management supports the relationships and mechanisms established to facilitate the provision of advice from the CAE to top-level management.
• Formal reporting relationship.
• Formal process/mechanism put in place to ensure regular and direct communication and interaction with top-level management.
• Regular in-camera sessions with top-level management.
• Feedback mechanisms for the IA activity (e.g., client surveys).
• Communication sessions (e.g., “town-hall meetings”) among internal auditors and operational management.
• Communication strategy with the external auditor (e.g., attendance at audit committee meetings and formal presentations on external audit strategy and key risks).