Interaction with the Board

2nd Edition

Global Practice Guide

Companion IIA Audit Tool:

- *Chief Audit Executive Job Description*

Aligns with the Global Internal Audit Standards

The Institute of Internal Auditors

GENERAL GUIDANCE

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Executive Summary

The board's role is to provide overall direction, oversight, accountability, and stewardship of an organization on behalf of its shareholders, stakeholders, members, citizens, or owners. The board relies on the chief audit executive as a trusted source of independent, risk-based, and objective assurance, advice, insight, and foresight regarding whether the organization is being governed effectively, risks are being managed appropriately, and controls are functioning as intended. It relies on the internal audit function to surface the right issues, explain their significance in business terms, and preserve an independent line of sight over governance, risk management, and control processes.

Throughout this guide, references to the "board" should be read as applying to whichever body performs the board's governance functions, consistent with the definition of "board" in the Global Internal Audit Standards. This guide provides a practical methodology for structuring the shared responsibility for effective board interaction between the board, senior management, and the chief audit executive. It translates the related principles and essential conditions in the Global Internal Audit Standards into routines, decision rules, and communication practices that help the chief audit executive engage the board with clarity, credibility, and discipline.

This guide:

- Helps the chief audit executive define the board interaction model for the internal audit function, clarify accountability between the board and senior management, and establish a repeatable cadence for communication.
- Addresses the practical realities that often complicate chief audit executive-board interaction. It sets out ways to handle disagreements with management and disagreements with the board.
- Helps the board exercise informed oversight, helps the chief audit executive communicate with authority and independence, and helps the internal audit function provide the board and senior management with independent, risk-based, and objective assurance, advice, insight, and foresight grounded in adherence to the Global Internal Audit Standards.
- Helps to establish a joint responsibility between the board, senior management, and the chief audit executive to ensure the internal audit function has or develops the qualifications and abilities to understand the organization's strategic objectives and to communicate and advise effectively at the highest levels of the organization.

This guide supersedes "Interaction with the Board," published in 2011.

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Introduction

Interaction with the **board** is one of the defining responsibilities of the **chief audit executive**. The quality of that interaction shapes the authority of the **internal audit function**, the speed with which significant issues are escalated and addressed, and the confidence **stakeholders** place in the internal audit function. Boards and internal audit functions share a common objective: supporting effective **governance**, **risk management**, and **control processes**. While governance structures vary across organizations and jurisdictions, the need for clear, effective, and candid interaction between the board and the internal audit function is universal (Standard 1.1 Honesty and Professional Courage). A strong relationship does not emerge from personality alone. It emerges from governance design, disciplined communication, and mutual clarity about what the board needs from the internal audit function and what the internal audit function needs from the board. Internal audit's effectiveness depends on both the chief audit executive's actions and the board's active fulfillment of its governance responsibilities.

Note

Terms appearing in **bold blue** are defined in the Global Internal Audit Standards. To understand and implement the Standards correctly, it is necessary to understand and adopt the specific meanings and usage of the terms as described in the glossary.

The Standards use the word "must" in the Requirements sections and the words "should" and "may" to specify common and preferred practices in the Considerations for Implementation sections.

This guide is organized around the board-related elements of the Global Internal Audit Standards, particularly the principles and standards in Domain III: Governing the Internal Audit Function. Domain III (Principles 6, 7, and 8) establish the governance conditions that enable an effective internal audit function. The principles make clear that internal audit's effectiveness depends not only on the **competence** of internal auditors (Standard 3.1 Competency and the Global Practice Guide "Internal Auditing Competency Framework"), but also on the actions and engagement of the board. The guidance translates the requirements into concrete practices for committees, boards, governing bodies, and internal audit functions operating in public and private environments, and Standard 8.1 Board Interaction acts as the operational mechanism for board oversight.

Under Domain III, the board is responsible for authorizing the internal audit function, ensuring its organizational **independence**, and overseeing its effectiveness, resources, and quality (See Standards 7.1 Organizational Independence, 8.2 Resources, 8.3 Quality, 8.4 External Quality Assessment, and 12.1 Internal Quality Assessment, and the Performance Measurement Tool). The

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internal audit function needs the board's support for it to be effective (Standard 8.1). The chief audit executive, in turn, is responsible for enabling the board to fulfill these responsibilities by providing accurate, objective, clear, concise, constructive, complete, and timely internal audit communications (Standard 11.2 Effective Communication). The chief audit executive is also responsible for providing independent, risk-based, and objective **assurance**, advice, insight, and foresight (Domain I: Purpose of Internal Auditing).

This guide begins with foundational governance arrangements such as the **internal audit mandate**, charter, direct reporting line, and access rights. It then addresses the recurring processes that sustain effective communication, including meeting cadence, reporting materials, executive sessions, and issue escalation. It next addresses challenge scenarios, because the value of **internal auditing** is often tested when management resists **findings**, the board questions priorities, or long-outstanding actions remain unresolved. Finally, it addresses ongoing relationship maintenance through quality assessments, self-review, and adaptation to the organization's changing **risk** profile and strategic priorities.

The guidance assumes that chief audit executives need more than a statement of principles; they need a way to operationalize those principles across annual planning, board and committee meetings, one-on-one discussions, budget cycles, performance evaluations, and quality reviews. Internal audit leaders should tailor the methodology to the organization's size, maturity, regulatory environment, board and committee structure, and culture (refer to the Organizational Behavior Topical Requirement). They should also document the approach in the **internal audit charter** (Standard 6.2 Internal Audit Charter), **methodologies** (Standard 9.3 Methodologies), annual planning materials (Standard 9.4 Internal Audit Plan), and board communications (Standards 8.1 Board Interaction and 11.1 Building Relationships and Communicating with Stakeholders) so that expectations are clear, repeatable, and defensible.

This guide assumes that the chief audit executive is supported by an internal audit leadership team that prepares materials, tracks commitments, and reinforces consistent messages to the board. According to Domain IV: Managing the Internal Audit Function, "The chief audit executive may delegate appropriate responsibilities to other qualified professionals in the internal audit function but retains ultimate accountability." Although board interaction may be led by the chief audit executive, it is rarely a one-person activity. Audit directors, professional practices leaders, issue follow-up owners, and quality leaders should understand how their work flows into board communications.

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Principles of Chief Audit Executive-Board Interaction

The Global Internal Audit Standards place board interaction at the center of an effective internal audit function (Standard 8.1 Board Interaction). They make clear that the board does not merely receive final **engagement** communication. The board establishes the internal audit mandate (Standard 6.1 Internal Audit Mandate), approves the internal audit charter (Standard 6.2 Internal Audit Charter), supports the internal audit function's authority and access (Standard 6.3 Board and Senior Management Support), protects independence (Standard 7.1 Organizational Independence), oversees resources and quality (Standards 8.2 Resources, 8.3 Quality, 8.4 External Quality Assessment, and 12.1 Internal Quality Assessment), and engages with the chief audit executive on matters that affect the internal audit function's ability to fulfill its purpose. In turn, the chief audit executive provides the board with accurate, objective, clear, concise, constructive, complete, and timely internal audit information, perspective, and escalation needed for the board to exercise meaningful oversight.

Chief audit executives should align their board interaction directly with the Standards (Standard 4.1 Conformance with the Global Internal Audit Standards). There should be clearly defined roles and responsibilities documented in the internal audit charter (Standard 6.2). The model should identify which approvals belong to the board, which communications are required or expected, which matters warrant escalation outside the normal meeting cycle, and how the internal audit function will evidence conformance. The model should also define how the internal audit function coordinates with **senior management** so that the board receives accurate, objective, clear, concise, constructive, complete, and timely information (Standard 11.2 Effective Communication). A documented interaction model reduces ambiguity, strengthens accountability, and creates a stable basis for performance assessment. See Appendix for Public Sector and Other Governance Models.

Chief audit executives should be able to demonstrate not only that interactions with the board occurred, but also that those interactions addressed the board's responsibilities under Domain III, including authorization of the internal audit function, organizational independence, board interaction, resources, quality, and external quality assessment. Approvals, executive sessions, budget discussions, resource analyses, independence confirmations, quality reports, and external assessment follow-up should be traceable through agendas, minutes, memoranda, dashboards, and action logs. This documentation is valuable for conformance, but it is equally valuable for continuity when board membership or audit leadership changes.

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Chief Audit Executive's Role in Ensuring That the Board's Charter, Activities, and Processes Are Appropriate

The chief audit executive should help the board understand what an effective internal audit governance framework requires. That responsibility does not mean the chief audit executive governs the board. It means the chief audit executive brings informed judgment, knowledge of the Standards, and benchmarking insight into discussions about board charters, meeting agendas, executive sessions, information flows, and issue-escalation protocols (Standard 8.1). A well-positioned chief audit executive actively identifies gaps in board processes that could weaken oversight of internal audit, such as unclear authority over the internal audit charter, limited time for private sessions, or insufficient attention to audit quality, budget, and personnel matters.

In practice, the chief audit executive should review the board or audit committee charter for alignment with the internal audit mandate (Standard 6.1), including approval authority over the internal audit charter (Standard 6.2), **internal audit plan** (Standard 9.4), budget (Standard 10.1 Financial Resource Management), strategy (Standard 9.2 Internal Audit Strategy), appointment and removal of the chief audit executive, and oversight of independence (Standard 7.1) and quality assessments (Standards 8.3, 8.4, and 12.1). Refer to Global Practice Guides "Developing a Risk-Based Internal Audit Plan" and "Developing an Internal Audit Strategy" and companion tools. Where the governing documents do not clearly articulate these responsibilities, the chief audit executive should propose revisions supported by concise rationale. In addition, the chief audit executive should encourage meeting calendars and standing agenda items that reserve time for audit planning, significant themes, emerging risk discussions, unresolved high-risk actions, quality results, and executive sessions without management present (Standards 6.3 and 7.1).

Board interaction is more effective when the chief audit executive and board agree on the frequency, format, and level of detail for communications. Although not a requirement, the chief audit executive may establish a documented board communication protocol within the internal audit mandate that covers regular reporting, interim escalation, advance distribution of materials, expectations for pre-reads, and procedures for obtaining feedback between meetings. By helping the board adopt appropriate processes, the chief audit executive strengthens oversight without blurring the line between advising on governance and assuming governance responsibility.

A useful leading practice is an annual governance scan focused on the board's internal audit-related processes. The chief audit executive can assess whether agendas are appropriately balanced between routine reporting and substantive risk discussions, whether executive sessions occur consistently, whether materials are received early enough for thoughtful review, and whether the board is receiving sufficient visibility over quality, resources, and unresolved issues. Findings from that scan can be discussed with the board chair as part of a constructive improvement dialogue rather than as a formal critique.

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Board's Role in Authorizing and Supporting the Internal Audit Function

The board authorizes the internal audit function by establishing and approving its mandate and the internal audit charter (Standards 6.1 and 6.2). That step is not ceremonial. The mandate gives the internal audit function the authority to assess governance, risk management, and control processes across the organization (Standard 9.1 Understanding Governance, Risk Management, and Control Processes), while the internal audit charter, which includes the mandate, translates that authority into operating terms such as scope, access rights, reporting relationships, and expectations for management support. When the board actively owns this authorization, the internal audit function enters the organization with a clear governance foundation rather than as a function dependent on management preference or informal influence.

Board support should continue after the internal audit charter is approved. The board should actively support the authority and effectiveness of the internal audit function, reinforce its legitimacy across the organization, and make clear that the internal auditors have unrestricted access to people, records, systems, and physical properties necessary to fulfill its mandate. It should also approve the internal audit plan (Standard 9.4), budget (Standards 8.2 and 10.1), and resource plan (Standards 8.2 and 10.2 Human Resources Management) and inquire whether restrictions on scope, authority, access, or personnel are limiting performance. When the board asks these questions consistently, it sends a message that the internal audit function is a governance asset, not an optional service provider.

Chief audit executive methodology should convert that board role into explicit touchpoints. At minimum, the annual board cycle should include review of the internal audit mandate and charter where needed (Standards 6.1 and 6.2), approval of the internal audit plan (Standard 9.4) and budget (Standard 10.1), confirmation of access rights, discussion of management support, and periodic private sessions with the chief audit executive (Standard 6.3). The chief audit executive should document these interactions in meeting materials and minutes and should use them to reinforce that board authorization is the source of the internal audit function's standing throughout the organization.

Support is especially visible in moments of friction. When management resists access, questions the value of coverage on sensitive topics, or seeks to narrow communication to the board, the board's response signals whether authorization is real. Boards that reinforce the internal audit mandate in those moments strengthen the entire **control** environment (Standard 6.3 Board and Senior Management Support). Boards that remain passive can unintentionally teach the organization that the internal audit function's authority is conditional. The chief audit executive should therefore brief the board not only on approvals needed but also on the practical behaviors that demonstrate support across the year.

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Ensuring Independence and Objectivity of the Chief Audit Executive

Independence and **objectivity** are sustained through structure, behavior, and disclosure. The board should ensure that the chief audit executive has a functional reporting relationship to the board or audit committee and unrestricted private access to the board and audit committee chair (Standard 7.1). The chief audit executive must confirm the organizational independence of the internal audit function to the board at least annually, including any incidents where independence may have been impaired and the safeguards employed (Standard 7.1). Impairments to objectivity in fact or appearance must be disclosed promptly (Standard 2.3 Disclosing Impairments to Objectivity). This is especially important when the chief audit executive is asked to support investigations, transformation programs, **compliance** initiatives, or other activities that could blur the line between assurance and management responsibility.

The board should also understand that objectivity can erode gradually (Standards 2.1 Individual Objectivity and 2.2 Safeguarding Objectivity). Pressure to soften language, avoid sensitive, high-risk, and politically difficult engagements, delay reporting, or defer escalation may not appear as a formal impairment, but they can weaken the internal audit function over time (Standard 2.3). The chief audit executive should monitor these pressures and address them early with the board. Clear disclosure, careful assignment decisions, documented safeguards, and a strong board relationship allow the chief audit executive to protect independence before small compromises become embedded in the organization's operating culture.

Oversight of Resources, Quality, and External Assessments

Board oversight extends beyond individual **engagement results** to the capability of the internal audit function itself. The board should understand whether the internal audit function has the financial support (Standard 10.1), personnel (Standard 10.2), expertise (Standard 3.1), and technology (Standard 10.3 Technological Resources) required to deliver the approved plan and respond to emerging risk. It should not assume adequacy because a budget exists. Instead, it should ask whether the mix of skills matches the risk profile, whether specialized capabilities are available when needed, and whether resource gaps are forcing deferrals, reduced coverage, or superficial work.

The board also oversees the **quality assurance and improvement program**. At least annually, the chief audit executive must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed (Standard 8.3 Quality). For internal and external quality assessments, such communications include:

- The internal audit functions conformance with the Standards and achievement of performance objectives.
- If applicable, compliance with laws and/or regulations relevant to internal auditing.
- If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement. The board should view quality not as a compliance exercise but as

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evidence that the internal audit function is performing in conformance with the Standards (Standard 4.1 Conformance with the Global Internal Audit Standards) and improving its effectiveness. Quality results should influence how the board evaluates the internal audit function and the chief audit executive.

External quality assessments deserve board-level attention because they provide an independent perspective on conformance and performance (Standard 8.4 External Quality Assessment). The chief audit executive must develop a plan for an external quality assessment and discuss it with the board. Standard 8.4 establishes essential conditions that the board review and approve that plan, and that its approval cover, at a minimum, the scope and frequency of assessments, the competencies and independence of the assessor, and the rationale for any self-assessment with independent validation. A disciplined approach to resources and quality signals that the board is governing the internal audit function as a strategic assurance function rather than merely receiving its output.

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Essential Conditions for Effective Interaction

The Standards describe certain conditions as essential because, without them, effective internal auditing becomes difficult to sustain and sometimes impossible to demonstrate. For chief audit executives, these conditions should be translated into controls over the board relationship. The internal audit function should not rely on tradition or informal goodwill when independence, access, evaluation, or compensation is at stake. The function should test whether the essential conditions exist in practice and raise deficiencies when they do not.

Internal audit methodology should therefore include an annual review of essential conditions. The review should confirm that the chief audit executive has unrestricted access (Standard 6.3), that a direct reporting line to the board or equivalent is functioning as intended (Standard 7.1), that the chief audit executive is supported through regular, direct communications with the board (Standard 8.1), and that the board participates appropriately in the chief audit executive's evaluation and remuneration (Standard 7.1). Where the board or senior management disagrees with an essential condition, Domain III requires the chief audit executive to emphasize, with examples, how the absence may affect conformance; and, where agreement is reached that a condition is unnecessary, to document the reasons and the compensating alternative conditions. This approach creates transparency and supports conformance readiness.

Essential conditions should be reflected in the internal audit charter (Standard 6.2), board communication protocol, and annual quality documentation (Standard 8.3). When they appear only in Standards manuals or training decks, they can be forgotten in day-to-day practice. By embedding them in operating documents and annual checklists, the chief audit executive turns abstract requirements into observable governance controls. This approach also makes it easier to brief a new board chair or new general counsel on why these conditions matter. See also the Chief Audit Executive's Domain III Toolkit.

Unrestricted Access to Information and Personnel

Unrestricted access is a prerequisite for credible assurance. An internal audit function cannot assess governance, risk management, and control processes if management can selectively limit access to records, systems, personnel, or facilities. The chief audit executive should therefore treat access rights as a governance condition, not a logistical convenience. The internal audit charter and board communications should state clearly that the internal audit function may access all the information and people necessary to fulfill its mandate, subject only to lawful restrictions, with possibly certain protocols for especially sensitive data, which should still be available to internal auditors (Standards 6.1 and 6.2).

Methodology should define how the internal audit function obtains and uses access in practice (Standard 9.3). This includes protocols for requesting information, time frames for management

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responses, procedures for handling privileged or regulated information, and escalation steps when access is delayed, filtered, or denied. This also includes access to cloud environments, **outsourced** service providers, artificial intelligence (AI) systems, and third-party data. The chief audit executive should differentiate ordinary delays from significant access restrictions. When restrictions impede scope, timing, testing, or evidence quality, the chief audit executive should inform the board promptly, explain the effect on assurance, and recommend corrective action. The board should expect to hear about access issues early, before they distort, including but not limited to, results.

Access also depends on tone. Boards and senior management should reinforce throughout the organization that the internal audit function's inquiries are legitimate and expected. The chief audit executive can strengthen that culture by communicating transparently, protecting confidentiality (Standard 5.2), and avoiding unnecessary disruption. Still, respectful conduct should never be confused with negotiable authority. When leaders try to route all requests through intermediaries, restrict interviews, or withhold source information, the chief audit executive should treat the matter as a board issue because the **integrity** of the internal audit mandate is at risk.

Sensitive information often requires special handling, but special handling should not become a hidden form of restriction. The chief audit executive should work with legal, compliance, information security, and privacy leaders to define secure protocols for reviewing privileged materials, regulated data, and confidential investigations (Standards 1.3 Legal and Ethical Behavior, 5.1 Use of Information, and 5.2 Protection of Information). Those protocols should preserve the board-approved authority of the internal audit function while respecting legitimate legal and operational safeguards. When designed up front, they reduce the **likelihood** that high-risk areas become difficult to audit because access terms are negotiated case by case under pressure.

Direct Reporting Line to the Board

Standard 7.1 Organizational Independence Considerations for Implementation identifies administrative reporting to the chief executive officer or equivalent as leading practice, and notes that reporting to another senior officer may achieve the same objective if appropriate safeguards are implemented. A direct reporting line to the board or governing body is imperative to the internal audit function's organizational independence. It enables the chief audit executive to communicate significant matters without interference and ensures that governance concerns can be escalated beyond management when necessary, consistent with the chief audit executive's obligations under Standards 1.1 Honesty and Professional Courage, 1.2 Organization's Ethical Expectations, and 1.3 Legal and Ethical Behavior.

The relationship should be functional and active, not nominal. In practice, that means the chief audit executive has routine access to the board chair or audit committee chair, attends relevant board meetings, participates in executive sessions, and can request additional discussion when circumstances warrant. The board should hear directly from the chief audit executive regarding the internal audit plan, budget, significant results, quality matters, and potential impairments to independence (Standard 6.3 Board and Senior Management Support).

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To make the reporting line effective, the board and chief audit executive should ensure that communication includes both formal and informal elements. Formal elements include the annual agenda, quarterly reporting packs and their secure storage, executive-session protocols, and escalation **criteria**. Informal elements include periodic check-ins with the board chair, pre-meeting calls to clarify priorities, and targeted interim updates on urgent matters. The purpose of these interactions is not to lobby the board, but to ensure that the board has current information and can provide timely direction when events move faster than the meeting calendar.

Problems arise when the reporting line exists on paper, but management controls access to the board or filters what reaches it. The chief audit executive should watch for warning signs such as canceled executive sessions, required preclearance of board materials by management, or pressure to delay communication of sensitive issues. When such conditions appear, the chief audit executive should address them directly with the board chair and document the discussion. A direct reporting line is effective only when the board actively protects it.

Board Involvement in Chief Audit Executive Evaluation and Remuneration

Board or audit committee involvement in evaluating and compensating the chief audit executive protects independence and aligns incentives with the purpose of internal auditing (Standard 7.1 Organizational Independence). If management alone determines the chief audit executive's performance rating, salary adjustments, or variable compensation, the chief audit executive may face explicit or implicit pressure to prioritize management preferences over objective reporting. Board or audit committee input reduces that risk by linking evaluation to the internal audit charter execution, engagement quality, meaningful communication, sound judgment, and contribution to governance, risk management, and control processes rather than to convenience or popularity.

A sound methodology for evaluating the chief audit executive should rely on shared and clearly defined criteria aligned with the organization's governance objectives, risk priorities, and professional standards. The methodology should incorporate both qualitative and quantitative measures, obtain input from key stakeholders, and assess the chief audit executive's effectiveness in maintaining independence, delivering assurance and advisory work, supporting strategic objectives, and leading the internal audit function.

The board should assess the chief audit executive against factors such as conformance with the Standards, quality of board communication, effectiveness of planning, appropriateness of issue escalation, stewardship of resources, leadership of the internal audit function, and progress on quality-improvement actions. (See also the Chief Audit Executive Job Description tool.) Standard 7.1 establishes as essential conditions that the board provide input to senior management to support the performance evaluation and remuneration of the chief audit executive and that senior management solicit input from the board on those matters.

Chief audit executive-board interaction becomes stronger when expectations are set in advance. The board or audit committee chair and chief audit executive should discuss annual performance

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objectives early in the year, revisit them during the cycle, and distinguish clearly between performance feedback and attempts to influence engagement judgments. Compensation structures should avoid metrics that could distort objectivity, such as rewarding the chief audit executive primarily for management satisfaction, the number of findings issued, or cost savings imposed on audited areas (Standard 2.2 Safeguarding Objectivity Considerations for Implementation). The board's role is to reinforce independence while still holding the chief audit executive fully accountable for quality and effectiveness.

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Ongoing Dialogue and Communication

A board relationship remains effective only when communication is continuous, purposeful, and adapted to changing conditions (Standard 8.1). The chief audit executive should not wait for quarterly meetings to surface material developments or to learn what concerns the board most. Instead, the internal audit function should maintain a disciplined dialogue that combines scheduled reporting with timely interim contact, recurring risk conversations, and direct feedback on the usefulness of information received. Ongoing dialogue turns the board from a downstream recipient of reports into an informed oversight partner.

The most effective chief audit executives establish a board communication plan for the year. The plan identifies standing agenda items, decision points, expected deep dives, executive sessions, and likely emerging risk topics. It also defines the documents that will support each interaction, the owners responsible for preparation, the degree of coordination required with management, and the time needed for board members to review material in advance. This planning discipline reduces last-minute reporting, improves relevance, and helps the internal audit function engage the board at the level of insight rather than simply at the level of data.

Strong dialogue also depends on message discipline inside the internal audit function. Internal audit leaders who brief the chief audit executive should know the board's priorities, the agreed severity language, and the distinction between facts, judgments, and recommendations. The chief audit executive should review major messages before board meetings so that the board hears a coherent narrative across written materials, oral remarks, and answers to questions. Consistency does not mean over-scripting; it means ensuring that the internal audit function communicates with one voice on what matters most.

Notification of Significant Changes in the Standards

Domain III provides that the chief audit executive should discuss the essential conditions with the board and senior management if, for example, the Standards change significantly. Where a change potentially affects the mandate or charter, Standard 8.1 Board Interaction requires the chief audit executive to report it. This is to ensure the board remains aware of developments that may influence its oversight responsibilities, the expectations placed on the internal audit function, and the organization's overall governance framework.

The chief audit executive's communication should focus on the practical implications of the changes rather than technical details. The board should understand what has changed, why the changes are important to governance, risk management, and control processes, the actions management and the internal audit function are taking in response, and whether board approvals, internal audit charter amendments, or governance updates are required. This enables the board to discharge its oversight responsibilities effectively while ensuring the internal audit

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function continues to operate in alignment with leading professional standards and stakeholder expectations.

When major changes occur, the chief audit executive should provide a structured implementation plan. That plan should identify affected stakeholders, required training, quality-assessment implications, and changes to board reporting or oversight expectations. It should also explain any gaps between current practice and the new requirements, the remediation timeline, and the resources needed for implementation. By presenting Standards changes as a managed program, the chief audit executive reassures the board that conformance is being handled deliberately and that the board can discharge its oversight responsibilities confidently.

The board should also hear about changes in enough time to act. If the Standards create new expectations regarding the internal audit charter, board interaction, quality assessments, or the chief audit executive's evaluation, the chief audit executive should place those matters on the board agenda well before an external quality assessment or annual planning cycle exposes the gap. Early communication supports structured and effective governance, enabling the organization to address gaps proactively rather than through reactive remediation.

Ongoing Discussion of Changes in the Regulatory and Business Environment Relating to Governance, Risk Management, and Control Processes

The chief audit executive should **periodically** reassess whether the approved annual internal audit plan remains aligned with changes in the regulatory and business environment, emerging risks, and the organization's evolving risk profile, and discuss any proposed adjustments with the board (Standards 9.1 Understanding Governance, Risk Management, and Control Processes and 9.4 Internal Audit Plan). These discussions move the internal audit function from a backward-looking function to a strategically relevant one. They should cover not only new laws and regulations but also enforcement trends, major litigation themes, technology developments, cyber threats, third-party dependencies, geopolitical shifts, transformation programs, and changes in business model or stakeholder expectations that may require changes in internal audit function coverage.

The most effective discussions connect external developments to internal consequences. Rather than giving the board a generic regulatory update, the chief audit executive should explain how a development could affect governance, risk management, and control processes, compliance obligations, data quality, operational resilience, or reporting accuracy. The chief audit executive should also indicate what response is underway, where assurance gaps may exist, and whether the internal audit function recommends adjustments to the internal audit plan. This business translation is what makes board dialogue valuable. See also Standards 9.5 Coordination and Reliance, 11.1 Building Relationships and Communicating with Stakeholders, 11.2 Effective Communication, and 11.3 Communicating Results. The internal audit function should coordinate these discussions with senior management but should not subordinate its independent perspective to management's narrative. Where management sees a development as routine, but the chief audit executive sees a governance, risk management, or control processes implication,

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the chief audit executive should say so respectfully and clearly. Over time, boards come to depend on the chief audit executive not only for confirming management's view but also for challenging assumptions when risk is understated, or implementation confidence is premature (Standard 11.5 Communicating the Acceptance of Risks).

Structured Meetings and Follow-Up Discussions

Structured meetings are the backbone of effective chief audit executive-board interaction. Each meeting should have a clear purpose, a disciplined agenda, and materials tailored to the decisions or oversight activities expected from the board. Routine topics often include approval items, plan status, significant findings and themes, emerging risks, overdue actions, quality results, and any impairments to independence. While day-to-day administration of budget and resourcing may rest with the executive to whom the chief audit executive reports administratively, or determined by statute, the board retains oversight of the resources and approves the budget of the internal audit function (Standards 6.3 Board and Senior Management Support and 8.2. Resources). Executive sessions without management should occur regularly with enough time reserved for genuine dialogue rather than as a brief procedural add-on at the end of a crowded agenda (Standard 7.1).

Regular pre- and post-meeting contact with the board chair can improve effectiveness without undermining collective governance. Pre-meeting conversations help align on the agenda, likely points of interest, and the depth needed on certain topics. Post-meeting conversations help the chief audit executive gauge whether the board received the intended message and what additional information may be useful. These interactions should support transparency and governance efficiency, not create side channels that replace full-board discussion.

Meeting discipline, including follow-up meetings, should extend to minutes and action logs. Board support should confirm that board decisions, requests, and escalations are recorded clearly enough to drive follow-up and to evidence conformance later. Where management commitments are made in the meeting, board support should ensure that ownership and due dates are captured promptly and reflected in the internal audit function's follow-up mechanisms. Good documentation turns a productive meeting into sustained governance action rather than a one-time exchange of views.

Customization of Presentations and Materials for Board Engagement

Board materials should be designed for decision support and oversight, not for archival completeness. Chief audit executives often weaken their message by sending operational details that obscure significance or by using generic templates that do not match the board's expertise and time constraints. Effective materials are concise, logically ordered, and explicit about what the board is being asked to note, discuss, challenge, or approve. They should present risk **significance**, **root causes**, management responses, and implications for the internal audit plan in language that supports governance (Standards 11.2 Effective Communication and 11.3 Communicating Results).

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Customization begins with understanding the audience. Some boards want trend analysis, thematic views, and forward-looking insight. Others require more explanation of methodology, regulatory context, or issue severity. The chief audit executive should tailor visuals, level of detail, and framing accordingly while maintaining factual integrity. Dashboards can be useful, but only when they clarify rather than compress complex issues into misleading colors or counts. Narrative context remains essential, especially for matters involving culture, strategic execution, cyber risk, major transformation, or control breakdowns with reputational consequences.

The board package should align with the oral presentation, management commentary, and issue trackers so that members do not receive conflicting messages. Each paper should identify the owner, objective, and recommended board action. Significant matters should state clearly why they matter now, what management has done, what remains unresolved, and whether the chief audit executive believes that management has accepted a level of risk that may exceed the organization's **risk appetite** or **tolerance** (Standard 11.5 Communicating the Acceptance of Risks). When presentations are customized with that discipline, board interaction becomes more focused, probing, and useful.

Customization should also consider the decision window. A board package delivered for an approval meeting should look different from a package delivered for a strategic discussion or a crisis update. Approval materials should isolate the decision, the basis for recommendations, and the implications of each option. Deep-dive materials should give more context, trend information, and alternative viewpoints. Urgent updates should strip away nonessential content and focus on what changed, the potential **impact**, and what the board needs to know or decide before the next scheduled meeting (Standards 8.1 Board Interaction and 11.2 Effective Communication).

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Addressing Challenges and Disagreements

The strength of the chief audit executive-board interaction is tested most visibly during disagreements. Routine reporting can appear smooth even when the relationship lacks resilience, but disputes over scope, findings, ratings, resources, or unresolved actions reveal whether the governance framework truly supports independence and effective oversight. Chief audit executives should therefore treat challenge scenarios as predictable features of the role and build response protocols in advance. A methodology for disagreements protects objectivity, reduces improvisation, and keeps attention on evidence and governance consequences rather than on personalities.

Disagreement protocols should define escalation thresholds, documentation expectations, responsibilities for informing management and the board, and the circumstances in which the chief audit executive should seek private discussion with the board chair or committee. They should also address how the internal audit function will preserve a respectful working relationship while remaining clear about the implications of unresolved disputes (Standard 1.1 Honesty and Professional Courage). The goal is not to win arguments. The goal is to ensure that significant governance, risk management, and control process issues are surfaced accurately and addressed through the appropriate authority.

The chief audit executive's personal conduct during disagreements influences the board's confidence as much as the substance of the issue. Boards tend to trust chief audit executives who remain measured, evidence-based, and solution-oriented under pressure. They are less likely to trust leaders who escalate too quickly, personalize disputes, or appear to use the board as leverage in routine management tensions. A sound methodology, therefore, combines firm escalation criteria with expectations for professionalism, fact-checking, and balanced presentation of all relevant perspectives.

Handling Disagreements with Senior Management or Other Stakeholders

Disagreements with management are common and often legitimate. Management may challenge the scope of an engagement, dispute factual findings, resist severity ratings, or disagree with root-cause analysis, timelines, or the need for escalation. The chief audit executive should approach these disagreements through a disciplined process that begins with verifying facts, listening carefully to management's perspective, and testing whether the dispute reflects new evidence, a difference in judgment, or simple discomfort with the result. A calm, evidence-based response often resolves issues that initially appear adversarial (Standards 4.2 Due Professional Care and 4.3 Professional Skepticism). When disagreement remains material, the chief audit executive should distinguish between issues that can be handled within the normal

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engagement process and issues that affect the board's oversight responsibilities. Differences regarding wording or minor timing adjustments rarely require escalation. But disputes that could misstate risk exposure, delay corrective action, restrict scope, or impair the internal audit function's independence should be raised through defined channels. The chief audit executive should document the issue, the positions taken, the evidence considered, and the impact on assurance. Escalation should focus on governance, risk management, and control process consequences, not on attributing blame.

The chief audit executive should also model fairness. Management deserves an accurate presentation of its perspective, especially when matters are escalated to the board. The internal audit function should avoid surprise escalation when a direct and timely discussion with management could have clarified the issue first. Still, fairness does not require dilution. The chief audit executive must communicate unacceptable levels of risk. When the chief audit executive concludes that management has accepted a level of risk that exceeds the organization's risk appetite or risk tolerance, the matter must be discussed with senior management. If the chief audit executive determines that the matter has not been resolved by senior management, the matter must be escalated to the board (Standard 11.5 Communicating the Acceptance of Risks). The reason for the escalation and its resolution should be clearly documented within the internal audit function's artifacts.

Handling Disagreements Between the Chief Audit Executive and the Board

Disagreements between the chief audit executive and the board can arise over the internal audit plan, priorities, reporting expectations, severity judgments, budget requests, quality conclusions, or the proper response to management resistance. These disagreements are sensitive because the board is both the overseer of the internal audit function and the body the chief audit executive depends on for authorization and independence. The chief audit executive should, therefore, engage the board with respect, precision, and candor, making sure the disagreement is framed as a governance issue requiring judgment rather than as a challenge to authority (Standard 1.1 Honesty and Professional Courage).

When the board's direction could weaken the internal audit function's ability to fulfill its mandate or conform with the Standards, the chief audit executive should explain the consequences directly and with examples. This may include reduced coverage, delayed assurance on key risks, impaired independence, or weakened evidence for concluding that controls are effective. The chief audit executive should present alternatives where possible, such as phased coverage, cosourcing, revised communication formats, or safeguards that address the board's concern without undermining the internal audit function. Clear options often make disagreement more constructive.

If the board ultimately chooses a course that the chief audit executive believes creates a significant governance problem, the chief audit executive should document the discussion and the basis for the concern. Depending on the issue, the chief audit executive may need to reflect the matter in the internal audit charter, quality documentation, or communications regarding conformance with the Standards and resource limitations. The discipline of documentation

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matters because not every disagreement can be resolved immediately, and future evaluations or quality assessments may require evidence that the chief audit executive raised the issue appropriately.

Outstanding Follow-Up Items

Persistent overdue actions are a common source of board frustration and a revealing indicator of governance effectiveness (Standard 15.2 Confirming the Implementation of Recommendations or Action Plans). A long list of aging issues can signal weak accountability, unrealistic action plans, poor ownership, or a culture that tolerates unresolved control deficiencies. The chief audit executive should not treat follow-up reporting as an administrative appendix, given its importance. It should be a disciplined process that distinguishes routine delay from risk-significant inaction, and that helps the board see whether management's response is reducing risk at the pace promised.

The internal audit function's methodology should define aging thresholds, risk-based escalation rules, and the evidence needed to close an issue. Internal auditors must confirm implementation following an established methodology that includes inquiring about progress, performing follow-up assessments using a risk-based approach, and updating the status in a tracking system (Standard 15.2 Confirming the Implementation of Recommendations or Action Plans). Board reports should highlight all the overdue items, barriers to closure, revised target dates, and the chief audit executive's view on residual risk. Trend analysis is especially useful because it shows whether the organization is improving its responsiveness or simply rotating issues through revised due dates without meaningful remediation.

When follow-up items remain unresolved beyond the organization's tolerance for delay, the chief audit executive should escalate the issue to the board and explain why continued delay matters. In some cases, the dispute is no longer about project management but about risk acceptance. The chief audit executive should then frame the conversation accordingly, making clear whether management has effectively accepted a level of risk that exceeds the organization's stated appetite or tolerance (Standard 11.5 Communicating the Acceptance of Risks). Boards need that clarity to decide whether to intervene.

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Ongoing Relationship Maintenance

Chief audit executive-board interaction should be maintained intentionally, not assumed to remain effective because meetings continue to occur. Board composition changes, committee chairs rotate, business priorities shift, and the internal audit function itself evolves. Without periodic refresh, communication can become formulaic, trust can erode silently, and legacy protocols can persist long after they stop serving the organization. The chief audit executive should therefore treat relationship maintenance as part of the governance and quality agenda rather than as an informal courtesy.

A practical maintenance model includes periodic review of the board interaction framework, direct feedback from the board on the usefulness of the internal audit function's communications, and structured reflection within the internal audit function's leadership team on how effectively board needs are being met. The board relationship is strongest when both parties see it as a living governance mechanism that deserves periodic recalibration.

Relationship maintenance should also include forward-looking succession and continuity planning. Board members change, chief audit executives retire or move, and key committee dynamics can shift quickly. The internal audit function should maintain current briefing materials, internal audit charters, communication protocols, and quality documentation that allow a new chief audit executive or new board chair to understand the relationship model without reconstructing it from memory. Continuity protects independence and preserves progress made in strengthening governance.

Periodic Review and Quality Assessment of Conformance with the Standards

Periodic review of chief audit executive-board interaction should be integrated into the quality assurance and improvement program (Standards 4.1 Conformance with the Global Internal Audit Standards and 8.3 Quality). The internal audit function should assess not only whether required communications occurred but also whether they were timely, relevant, and effective in enabling board oversight. Review criteria may include the internal audit charter alignment, frequency of executive sessions, adequacy of documentation on approvals and escalation, board understanding of the internal audit plan, handling of impairments to independence, resource discussions, and follow-up on quality assessment actions. These reviews help convert the Standards from external expectations into internal operating discipline.

The chief audit executive should use both internal assessments (Standard 12.1 Internal Quality Assessment) and external quality assessments (Standard 8.4 External Quality Assessment) to test the board relationship. Internal assessments can examine the current practice in detail and

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identify quick improvements. External assessments bring an independent perspective on whether the board's oversight and the chief audit executive's communications support conformance and effectiveness.

The chief audit executive develops the external quality assessment plan, discusses it with the board, and ensures that the assessor or assessment team are qualified and independent. Standard 8.4 establishes as an essential condition that the board require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor. The chief audit executive should discuss assessment results with the board candidly, including any deficiencies, improvement opportunities, and proposed timelines. An essential condition is that the board review and approve the chief audit executive's action plans to address identified deficiencies and opportunities for improvement, if applicable. In addition, an essential condition is that the board approve a timeline for completion of the action plans and monitor the chief audit executive's progress. Boards generally value this transparency because it demonstrates maturity and commitment to continuous improvement.

Relationship reviews should also produce action. If assessments show that reporting is too detailed, executive sessions are inconsistent, resource discussions are superficial, or escalation criteria are unclear, the chief audit executive should convert those findings into specific improvements with owners and deadlines. The board should monitor those actions the same way it monitors management's actions on internal audit issues. That symmetry reinforces that the internal audit function is also accountable for improving its own governance and performance.

Continuous Improvement and Adaptation to Changing Organizational Needs

Continuous improvement requires the chief audit executive to keep the board relationship aligned with the organization's strategy, risk profile, and maturity. A board overseeing major acquisitions, digital transformation, cyber threats, third-party concentration, or global regulatory change needs different insight than a board focused on a stable operating environment. The chief audit executive should therefore refresh the communication model regularly, reconsider the skills and data used in reporting, and adapt board discussions to the issues that are genuinely material.

Adaptation also includes responding to board feedback and anticipating what new board members need to become effective consumers of internal audit function information. The chief audit executive can support onboarding through short briefings on the internal audit mandate, plan development process, rating methodology, follow-up practices, and executive-session norms. Over time, the chief audit executive should also look for ways to make interactions more efficient and insightful, whether through better dashboards, deeper thematic reporting, more timely interim updates, or closer integration of internal audit function results with enterprise risk discussions.

An effective chief audit executive does not measure success by the volume of reporting delivered to the board. Success is better measured by whether the board has the right

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information at the right time, whether the internal audit function's independence remains protected, whether significant issues are escalated and addressed, and whether the board views the internal audit function as a trusted contributor to governance. Continuous improvement keeps the relationship focused on these outcomes and helps the internal audit function remain relevant as organizational needs change (Standards 3.1 Competency, 3.2 Continuing Professional Development, 7.2 Chief Audit Executive Qualifications, and 12.3 Oversee and Improve Engagement Performance).

Periodic feedback conversations with the board chair can help the chief audit executive test whether improvement efforts are working. Useful questions include whether the board is receiving the right amount of detail, whether emerging risks are being surfaced early enough, whether executive sessions are adding value, and whether the board sees the internal audit function as sufficiently forward-looking. Feedback should be summarized, acted on, and revisited. In this way, continuous improvement becomes an observable practice rather than a general aspiration.

Effective interaction between the board and the internal audit function is not static. It should evolve as organizational strategy, risk profiles, and external expectations change. Sustaining this interaction requires periodic review of governance arrangements, internal audit function performance, and the adequacy of communication practices.

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Appendix: Public Sector and Other Governance Models

Public Sector Governance Arrangements

Public sector organizations often operate under governance arrangements that differ significantly from those in the private sector. Public sector organizations may not have a board in the traditional corporate sense. A direct oversight body specific to the organization with external individuals may not exist, or a governing body may include elected officials, councils, commissions, or legislative oversight entities, and authority and accountability may be distributed across multiple stakeholders.

Leading practices include 1) clearly identifying the governing body responsible for overseeing the internal audit function, 2) formalizing reporting lines and access rights, and 3) ensuring that the chief audit executive supports the governing bodies in understanding their responsibilities under the Standards (Standard 6.3 Board and Senior Management Support).

Examples of Asian Governance Models

Japan

Listed companies in Japan adopt one of three governance structures prescribed by the Companies Act. In each of them, a body or bodies corresponding to the "board" as defined in the Standards exist, and each structure includes a statutory audit body. Because the roles of the governing bodies differ by structure, the body or bodies corresponding to the "board" may differ from standard to standard, according to the authority and responsibilities each standard requires. Statutory law contains no express provision conferring on the audit body in any of these structures the authority to appoint or remove the chief audit executive or to allocate the internal audit function's budget; in practice, these arrangements are determined by each organization.

Leading practices include 1) identifying which body or bodies perform the activities identified as essential conditions in Domain III of the Standards, 2) documenting the governing structure to which the internal audit function reports and how it is consistent with the Standards' definition of "board" (Domain III), and recording the internal audit function's organizational position and reporting relationships in the internal audit charter (Standard 6.2), 3) where there is disagreement on an essential condition, following the procedure set out in Domain III, Disagreements on Essential Conditions, and 4) consulting application guidance issued by the IIA Japan for the jurisdiction. (*Courtesy of IIA–Japan*)

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Indonesia

Indonesian limited liability companies (Perseroan Terbatas) have three statutory corporate organs: the general meeting of shareholders, the board of directors, and the board of commissioners. They operate under a two-board system in which the board of directors is responsible for managing the company and the board of commissioners performs supervisory and advisory functions. Where required or established, an audit committee supports the board of commissioners in carrying out its oversight responsibilities. Other types of entities in Indonesia, including public-sector entities, foundations, cooperatives, and associations, may have different governance structures under applicable laws and regulations. Sector-specific regulations may also impose additional governance and internal audit requirements. Accordingly, the body or bodies that fulfil the responsibilities attributed to the "board" under the Standards may differ depending on the organization's legal form, applicable laws and regulations, delegated authority, and the responsibilities required by the relevant standard.

Leading practices include 1) identifying which body or bodies perform the activities identified as essential conditions in Domain III of the Standards, taking into account applicable Indonesian laws and regulations and delegated authorities; 2) documenting the organization's governance structure, the body or bodies to which the internal audit function reports, how these arrangements are consistent with the Standards' definition of "board," and the internal audit function's organizational position and reporting relationships in the internal audit charter (Standard 6.2); 3) where there is disagreement on an essential condition, following the procedure set out in Domain III, Disagreements on Essential Conditions; and 4) referring, as appropriate, to relevant publications issued by The IIA's institute in Indonesia, including its Statement of Position addressing the application of the Global Internal Audit Standards within Indonesia's governance structure. (*Courtesy of IIA–Indonesia*)

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