

Dear Q&A

I understand good practice internal audit reporting arrangements are for the chief audit executive to report functionally for internal audit operations to the audit committee through the chair, and administratively to the chief executive officer. But who should assess chief audit executive performance?

Answer

The chief audit executive will generally have performance measures contained in an employment contract or a professional development plan, which are used for the purpose of assessing performance and effectiveness.

There should also be performance measures specifically for the internal audit function itself, which will invariably be used as a guide to chief audit executive performance and effectiveness.

The audit committee chair should have direct input to the chief audit executive performance assessment process. After all, the chief audit executive reports functionally for internal audit operations to the audit committee through the chair. It should not be just the chief executive officer making the chief audit executive performance assessment in isolation of the audit committee. Where chief audit executive administrative reporting may be delegated to a senior executive other than the chief executive officer, it is more important for the audit committee chair to have direct input to the chief audit executive performance assessment process.