

CAE Career Paths

Characteristics and Competencies of Today's Internal Audit Leaders

MANAGEMENT



Closer Look



Venkataraman Iyer
PhD, CPA



CBOK

The Global Internal Audit
Common Body of Knowledge

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About CBOK

SURVEY FACTS

Respondents	14,518*
Countries	166
Languages	23

EMPLOYEE LEVELS

Chief audit executive (CAE)	26%
Director	13%
Manager	17%
Staff	44%

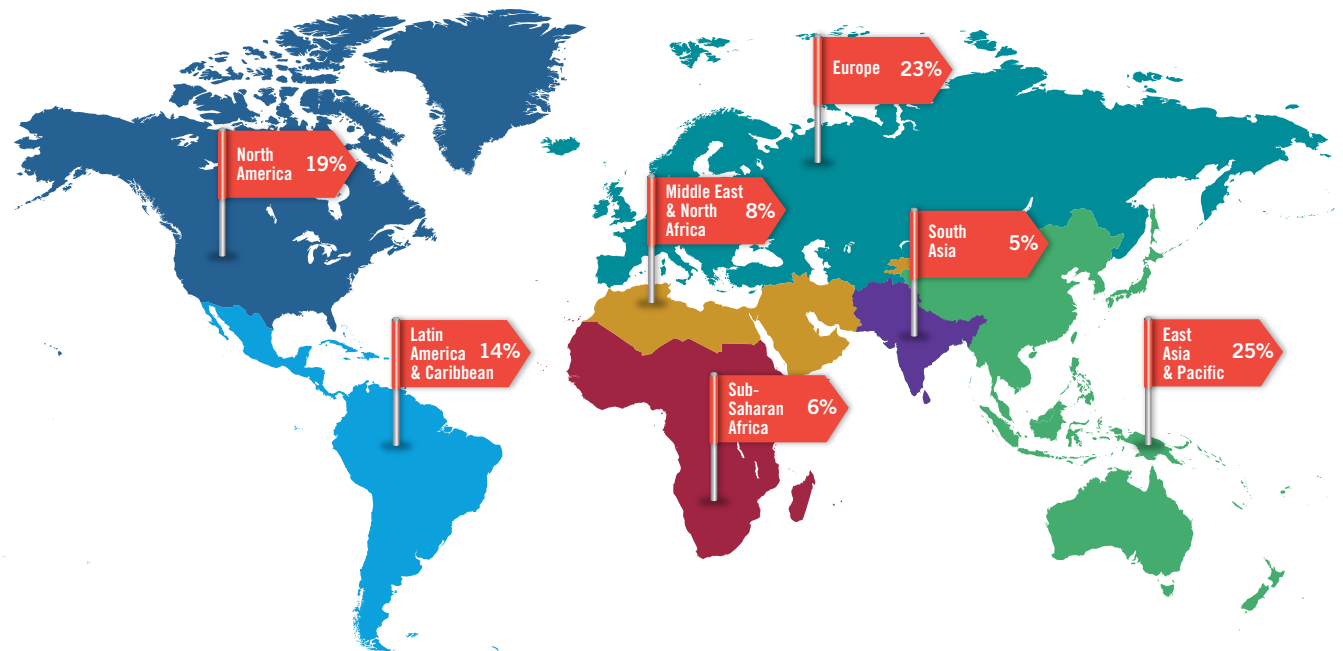
*Response rates vary per question.

The Global Internal Audit Common Body of Knowledge (CBOK) is the world's largest ongoing study of the internal audit profession, including studies of internal audit practitioners and their stakeholders. One of the key components of CBOK 2015 is the global practitioner survey, which provides a comprehensive look at the activities and characteristics of internal auditors worldwide. This project builds on two previous global surveys of internal audit practitioners conducted by The IIA Research Foundation in 2006 (9,366 responses) and 2010 (13,582 responses).

Reports will be released on a monthly basis through July 2016 and can be downloaded free of charge thanks to the generous contributions and support from individuals, professional organizations, IIA chapters, and IIA institutes. More than 25 reports are planned in three formats: 1) core reports, which discuss broad topics, 2) closer looks, which dive deeper into key issues, and 3) fast facts, which focus on a specific region or idea. These reports will explore different aspects of eight knowledge tracks, including technology, risk, talent, and others.

Visit the CBOK Resource Exchange at www.theiia.org/goto/CBOK to download the latest reports as they become available.

CBOK 2015 Practitioner Survey: Participation from Global Regions



Note: Global regions are based on World Bank categories. For Europe, fewer than 1% of respondents were from Central Asia. Survey responses were collected from February 2, 2015, to April 1, 2015. The online survey link was distributed via institute email lists, IIA websites, newsletters, and social media. Partially completed surveys were included in analysis as long as the demographic questions were fully completed. In CBOK 2015 reports, specific questions are referenced as Q1, Q2, and so on. A complete list of survey questions can be downloaded from the CBOK Resource Exchange.

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Management



Risk



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Certifications**



Talent



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Executive Summary

As the leader of the internal audit function, the chief audit executive (CAE) is responsible for its effective and efficient management. Although these traditional advisor/internal watchdog responsibilities are still the CAE's primary priorities, that role is increasingly being called on to provide the services of a business partner or consultant as well.* This expanded sphere of responsibility requires the CAE to acquire and augment certain soft skills in addition to the technical audit skills that are needed to perform the traditional CAE role.

What are those skills? What sort of education, experience, and certifications tend to lead to the CAE position? Organizations want to know so they can identify and groom their next internal audit leaders. Internal auditors who aspire to be CAEs also want to know so they can carefully shape their career paths with the desired target in mind. The CBOK 2015 Global Internal Audit Practitioner Survey addresses many of these questions. Data was gathered on the demographic characteristics of CAEs worldwide and interviews were conducted with global CAEs to identify the types of skills that tend to facilitate a move into the CAE position.

The data shows that the CAEs surveyed are predominantly males between the ages of 40 and 49. They have obtained at least a bachelor's degree, most likely with a major in accounting. They have spent about 13 years in internal audit, seven of them in the CAE position. Most have an internal audit certification, likely a Certified Internal Auditor (CIA) credential.

Of course, those characteristics vary based on geographic region and organization type and size. For example, CAEs in North America tend to be older than CAEs from other regions and more likely to have obtained the CIA certification.

In addition to examining current demographic differences, this report takes a look back in time, comparing data from prior CBOK surveys to the 2015 results to uncover meaningful trends. For example, the percentage of CAEs with an internal audit certification has increased significantly from the 41% reported in 2006 to 53% in 2015.

While education, experience, and certifications are important, they alone are not sufficient to propel someone to the CAE ranks. Personal skills and attributes are also evaluated by organizations seeking to appoint a CAE. This report discusses those soft skills by relaying insights gathered through interviews with a number of global CAEs. These leaders share some of the characteristics and skills they believe are must-haves for aspiring CAEs.

* Richard F. Chambers et al., *The Relationship Advantage: Maximizing Chief Audit Executive Success* (The Korn/Ferry Institute and The Institute of Internal Auditors), 2011.

Introduction

“Internal auditors’ educational background, previous work experience, professional certification, training and development programs, behavioral and technical skills, and competencies affect internal audit quality.”

—Gerrit Sarens in
“Internal Auditing
Research: Where Are We
Going?” *International
Journal of Auditing*,
Volume 13, Issue 1,
March 2009

Excelling at the CAE position requires mastering a wide variety of skills and attributes. The CAE must plan, organize, staff, direct, and control the internal audit function.* Some CAEs are called on to expand their oversight beyond internal audit and assume primary or shared responsibility for the organization’s risk management function and compliance activities.** In addition to performing the required tasks, the CAE is expected to model desired behaviors—to project the tone at the top that shapes a value-adding culture.*** Internal audit’s success depends on the direction provided by its CAE and the organization’s management team. Therefore, finding a CAE with the requisite characteristics is critical for all organizations.

The CBOOK 2015 Global Internal Audit Practitioner Survey queried a global cadre of CAEs to collect data and insights about the CAE career path. This report looks at key findings with respect to age and gender, educational background, certifications, competencies, training, characteristics and skills, and future plans. It provides a benchmark of the educational qualifications, certifications, and experience that, in general, are needed to become a CAE. Where possible, the results of the 2015 survey are viewed through different demographic lenses—such as geographic region—and compared to previous CBOOK survey results.

While technical audit skills and experience are necessary to become a CAE, they are rarely enough. The survey data in this report is supplemented with interviews with CAEs through which they shared their views on various soft skills that organizations look for when appointing a CAE. Aspiring CAEs will want to take note.

* Andrew Carmichael, “The Chief Audit Executive: Understanding the Role and Professional Obligations of a CAE,” Esther R. Sawyer Award Manuscript (Altamonte Springs, FL: The Institute of Internal Auditors), 2014.

** Margaret H. Christ and Michael A. Ricci, *The Evolving Role of the CAE: Taking on Compliance and ERM* (Altamonte Springs, FL: The Institute of Internal Auditors Research Foundation), 2015.

*** James Roth, “How Do Internal Auditors Add Value?,” *Internal Auditor*, February 2003.

1 CAEs: Who They Are and How They Got There

KEY INSIGHT

The median age of the CAEs surveyed is between 40 and 49.

“Internal auditing developed early in North America, and has a complete and mature system in many organizations. So it takes many years to be promoted to CAE from staff.”

—Bing Wang, PhD, Associate Professor, Department of Accounting, Nanjing University, China

Age and Gender

CAE is not an entry-level position. Years of experience and training are necessary to equip the individual to assume the broad array of responsibilities expected of the role. Therefore, it is not surprising that the majority of those in the CAE ranks have already been in the workforce for about 15 years. **Exhibit 1** shows that 77% of the responding CAEs are 40 years old or older. This reflects a slight aging of CAEs since the 2010 survey, when only 70% of the CAEs were 41 or older.

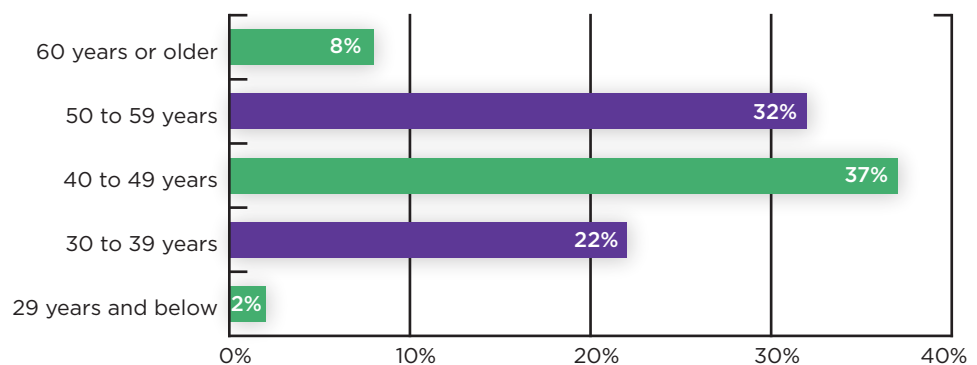
The average age of CAEs is highest in North America, followed by East Asia & Pacific (see **exhibit 2**). About 84% of the CAEs in North America are 40 or older and 55% are 50 or older. Sub-Saharan Africa has the highest percentage of CAEs under the age of 40 (39%),

followed by Middle East & North Africa (33%).

While CAE is a male-dominated position, the proportion of female CAEs worldwide is growing, increasing from 28% in 2010 to 31% in 2015. The gender divide varies across regions. The percentage of male CAEs is much higher in South Asia (93%) and Middle East & North Africa (92%). The highest proportion of female CAEs is in North America (39%), followed by Europe (36%).

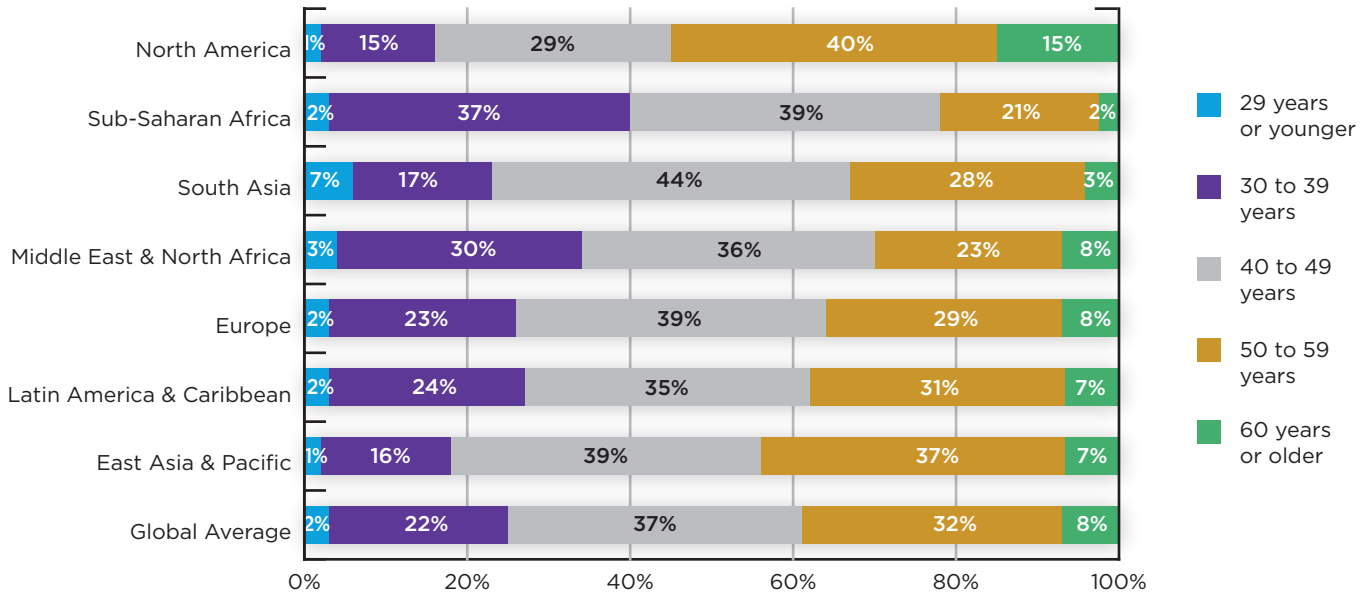
There are gender differences based on industry type as well. The percentage of female CAEs is significantly higher in public sector and not-for-profit organizations (37%) than in other types of organizations.

Exhibit 1 Age of CAEs



Note: Q502: Age. (from Q3) What is your age? $n = 2,969$.

Exhibit 2 Age of CAEs (Regional Differences)



Note: Q502: Age. (from Q3) What is your age? by Q501: Global Region. (from Q6a to Q6h, grouped into World Bank regions) In what region are you based or primarily work?

Educational Background

Education is necessary to successfully carry out the various responsibilities of a CAE, as supported by the 94% of CAEs holding at least a bachelor’s degree. Accounting continues to be the preferred major (or most significant field of study) for the majority of CAEs (64%). In the 2006 study, that figure was a bit lower at 60%. In 2015, accounting (as a major or significant field of study) was followed by internal auditing (44%) and business (43%).

Exhibit 3 shows the regional differences in academic majors or significant fields of study. In Europe, only 45% of CAEs reported majoring in accounting; instead, more European CAEs majored in economics compared to other regions.

Internal Audit Experience

Organizations expect their CAEs to possess a diverse portfolio of skills—skills that are acquired and refined through years of experience. A strong background of internal audit and industry experience provides an advantage for those aspiring to become a CAE.

The CAEs responding to this survey averaged 6.8 years in the CAE role. Before that, they spent 2.1 years as a director, 1.6 years as a manager, and 2.9 years as a staff member, for a total of 13.4 years of experience in internal audit (see exhibit 4).

Experience at the CAE level has increased significantly over previous survey results. The 6.8 years as a CAE reported in 2015 compares dramatically to the 2010 survey, in which 62% of CAEs reported having less than 6 years’

KEY INSIGHT

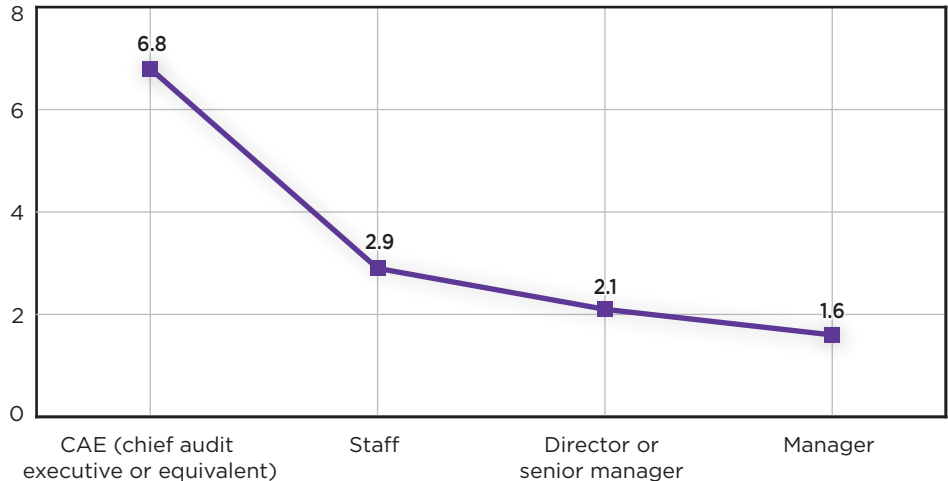
CAEs responding to the 2015 CBOK Practitioner Survey report more experience than their counterparts in the 2006 and 2010 studies.

Exhibit 3 Academic Majors of CAEs

Major or Significant Field of Study	Latin America & Caribbean	East Asia & Pacific	Middle East & North Africa	Europe	Sub-Saharan Africa	South Asia	North America	Net
Accounting	72%	57%	71%	45%	87%	84%	80%	64%
Arts or humanities	4%	4%	1%	4%	0%	2%	7%	4%
Auditing (external)	49%	20%	39%	26%	40%	60%	16%	29%
Auditing (internal)	74%	58%	52%	33%	54%	74%	12%	44%
Business management and business	44%	38%	47%	50%	50%	46%	34%	44%
Computer science or information technology	16%	10%	15%	10%	15%	16%	8%	11%
Economics	15%	16%	33%	45%	26%	43%	10%	26%
Engineering	7%	5%	5%	7%	1%	3%	1%	5%
Finance	44%	22%	41%	39%	49%	59%	20%	34%
Law	10%	12%	13%	17%	20%	35%	2%	12%
Mathematics/statistics	8%	4%	7%	9%	13%	18%	3%	7%

Note: Q5_[5a] What were your academic major(s) or your most significant fields of study? (Choose all that apply.) by Q501: Global region. (From Q6a to Q6h, grouped into World Bank regions) In what region are you based or primarily work? Base n = 3,225; total n = 3,344; 119 missing; 77% filtered out.

Exhibit 4 Years of Experience Per Employee Level



Note: Q10: Approximately how many years of professional experience do you have as an internal auditor in the following positions? n = 3,343.

“I think it is not just a focus of how many years but the type of exposures you have had in either big, complex, or small, simple businesses that matters.”

—Robert Rudloff,
Senior VP-Internal Audit,
MGM Resorts

KEY INSIGHT



The number of CAEs with internal audit certification is higher in North America than in all other regions.

experience in the position. The shift in experience level is even more striking when compared to the 2006 survey, in which 56% of the responding CAEs had been in the position for 5 years or less and only one-fourth had 6 to 10 years’ experience in the role.

CAEs have 5 more years of experience than non-CAEs (staff, manager, senior manager, and director). The average length of internal audit experience of non-CAEs is 8.3 years, whereas more than half (55%) of the CAEs have more than 10 years of internal audit experience, with an average of 13.4 years.

The total internal audit experience of CAEs varies significantly worldwide, ranging from 9.7 years in East Asia & Pacific to 17.6 years in North America (see exhibit 5).

Certification

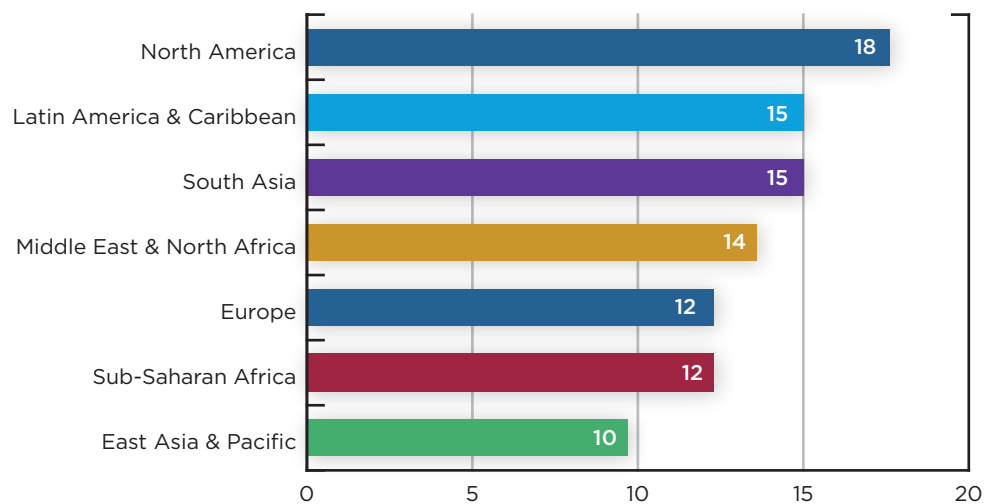
Internal audit certification improves one’s internal audit skills and knowledge and

provides credibility and respect in the profession. It also opens more opportunities for advancement. In particular, the CIA designation is perceived to be indicative of a significant level of competence and to provide career advantages in internal audit positions.* The IIA strongly recommends that all CAEs attain the CIA designation so they can demonstrate a strong understanding of the roles and responsibilities of internal audit, the International Professional Practices Framework (IPPF), and audit technical skills.**

* Patricia M. Myers and Audrey A. Gramling, “The perceived benefits of certified internal auditor designation,” *Managerial Auditing Journal*, Volume 12, Issue 2.

** IIA Practice Guide: Chief Audit Executives—Appointment, Performance Evaluation, and Termination (Altamonte Springs, FL: The Institute of Internal Auditors), 2010.

Exhibit 5 Total Years of Experience



Note: Q520: Total years of experience for internal audit_numeric averages (from Q10) by Q501: Global Region. (from Q6a to Q6h, grouped into World Bank regions) In what region are you based or primarily work?

“Certification provides a certain degree of credibility to your function, especially when the audit goes through external examination. The CAE sets the tone at the top; certification reflects a certain amount of knowledge and experience. It reflects favorably on your audit function.”

—Mike Kidd, CAE,
NewBridge Bank

Given that organizations want a CAE who is competent and knowledgeable about recent developments in the profession, it is not surprising that obtaining an internal audit certification (any type) increases the chance of becoming a CAE. Based on the survey data, this appears to be true for all organization types and for both males and females. More than half (53%) of the CAEs have a certification, compared to only 40% of non-CAEs. Further illustrating the connection between earning a certification and attaining the CAE position is the trend over time; compare 53% of CAEs who responded to the 2015 survey being certified to the 41% reported in 2006.

Having an internal audit certification appears to be particularly advantageous for aspiring CAEs in North America, as evidenced by the fact that two-thirds of North American CAEs are certified—the highest percentage of all the regions. Latin America & Caribbean have the

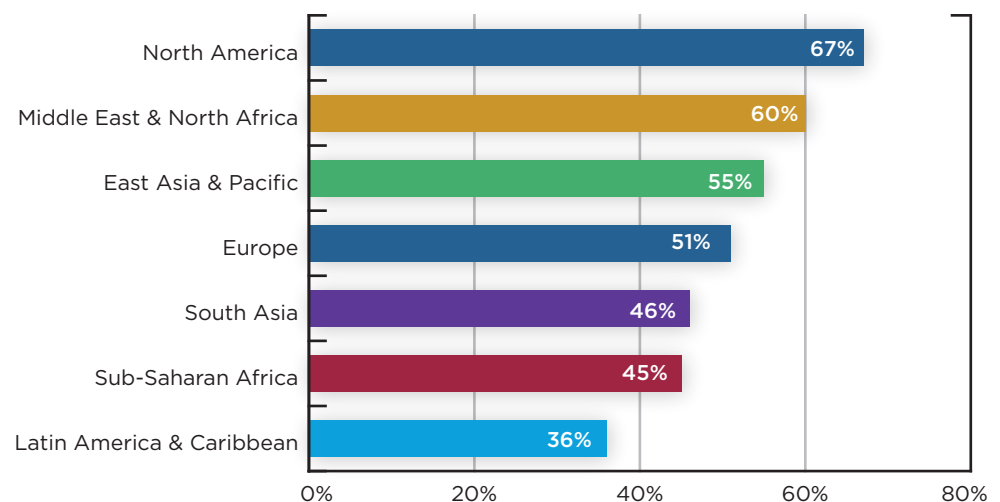
fewest certification-holding CAEs (36%). (See **exhibit 6**.)

Among the CAEs with an internal audit certification, about two-thirds have the CIA, 29% have the Certification in Risk Management Assurance (CRMA), and 23% hold another national internal audit certification (see **exhibit 7**).

North America evidences a significantly higher proportion of CIA certification at the CAE level, as it is held by more than half (55%) of North American CAEs—a full 14 percentage points higher than the region in second position, East Asia & Pacific, with 41%. CIA certification among CAEs is lowest in Latin America & Caribbean (19%). (See **exhibit 8**.)

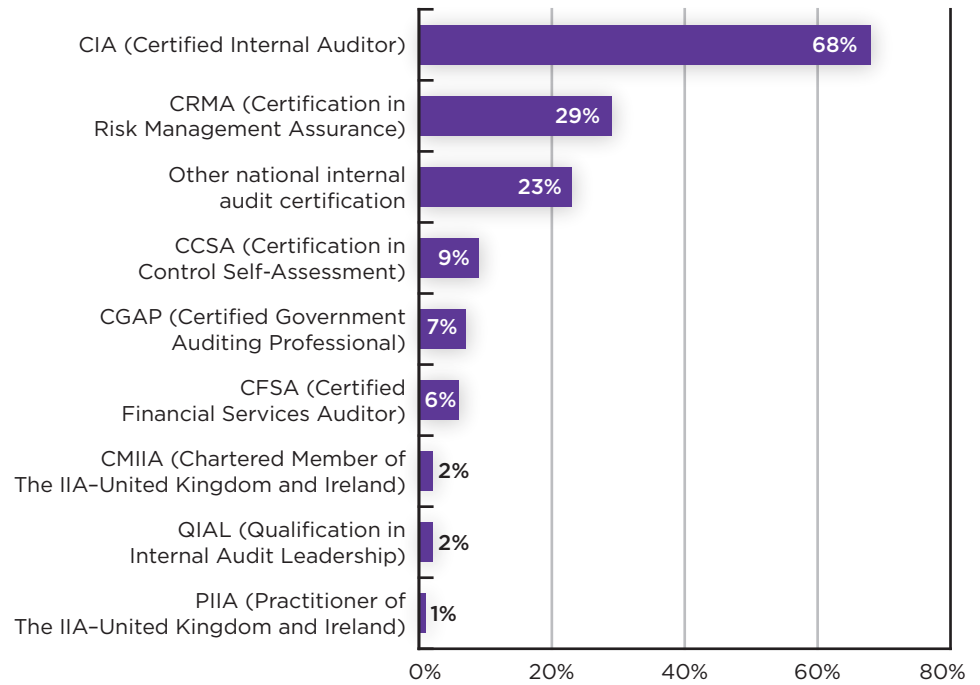
Overall, about 36% of the CAEs surveyed have obtained the CIA certification. This is a slight increase over 2010, when 33% of the CAEs reported holding the certification.

Exhibit 6 Regional Differences in Certification



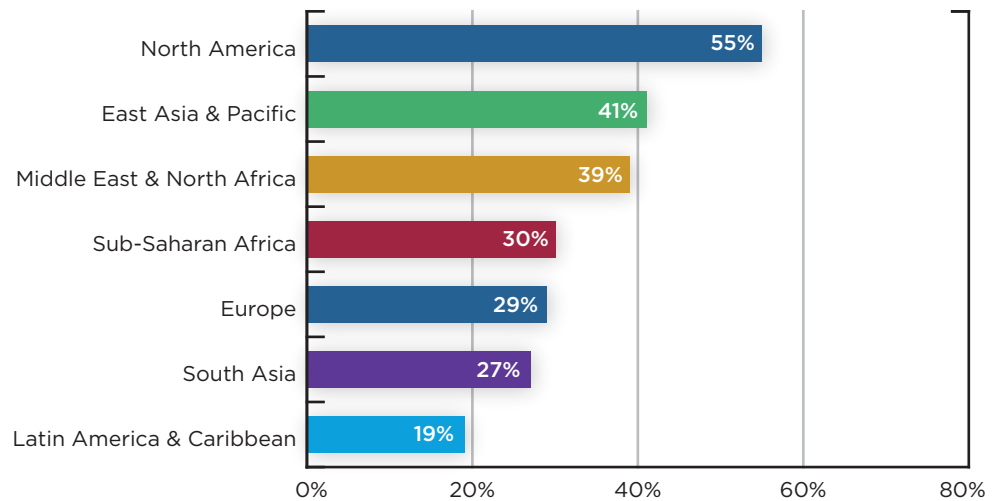
Note: Q501: Global Region by Certification: Has an internal audit certification (any type) from Q21 [Q12].

Exhibit 7 Internal Audit Certifications of CAEs



Note: Q21: [Q12] Which professional certifications and/or qualifications do you have related to internal auditing? (Choose all that apply.)

Exhibit 8 CIA Certifications (Regional Differences)



Note: Q21: [Q12] Which professional certifications and/or qualifications do you have related to internal auditing? (Choose all that apply.) by Q501: Global Region. (from Q6a to Q6h, grouped into World Bank regions) In what region are you based or primarily work?

2 CAEs: What They Know and Where They Are Going

KEY INSIGHT



CAEs report an advanced level of competency in their self-assessment against 10 core competencies published by The IIA.

“*In the Middle East especially, a CAE should be proficient in The IIA framework, international standards, and all related GRC. Knowledge and experience is absolutely key, especially experience related to governance.*”

—Javier Garcia Cuadrado,
Chief Internal Auditor,
Etisalat Group

Competencies

In 2013, The IIA created and published a competency framework for the profession, consisting of 10 core competencies.* While The IIA's framework breaks down the 10 core competencies into 163 specific areas of knowledge, skills, and abilities, the CBOK study refined those 163 areas into a more manageable 42 for the purpose of the survey. The 2015 CBOK study asked CAEs around the world to rate themselves on their perceived level of competency, using the following scale: 1 = Novice, 2 = Trained, 3 = Competent, 4 = Advanced, 5 = Expert.

The sum of the competencies reported by CAEs is 40, with an average of 4 per individual item, indicating an advanced level of competency. The ratings range from a high of 4.3 in ethics to a low of 3.5 in the IPPF (which contains the *International Standards for the Professional Practice of Internal Auditing [Standards]*). CAEs scored significantly higher in all domains compared to non-CAEs (see **exhibit 9**).

The reported competency levels positively correlate with the size of the

* The IIA Global Internal Audit Competency Framework (Altamonte Springs, FL: The Institute of Internal Auditors), 2013.

company. CAEs of smaller companies (assets of less than US \$100 million) report a combined score of 38.7, while those in larger companies (assets of US \$10 billion to \$50 billion) report a combined score of 42.1.

CAEs holding an internal audit certification report a significantly higher level of competency in all dimensions compared to those without a certification.

Training

Training is important for internal auditors at all levels, from the newest hire to the CAE. Indeed, the 2015 survey results indicate that CAEs spend a significant amount of time in training—46.1 hours each year. This is similar to the amount of training received by internal auditors at other experience levels and job titles.

CAEs in publicly traded companies (excluding the financial sector) receive about 40.5 hours of training each year, which is significantly less than the training delivered in other sectors.

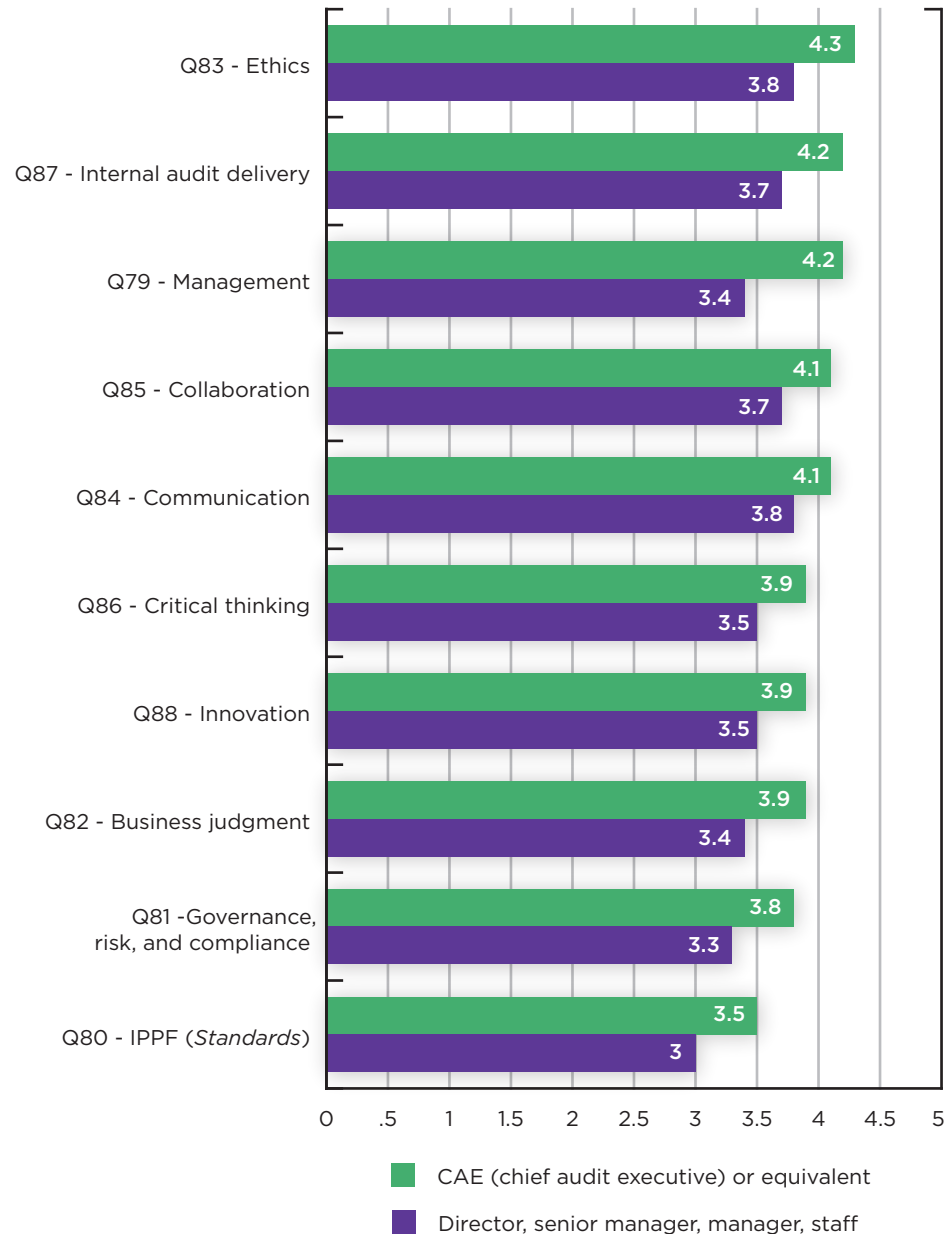
Geographically speaking, CAEs in Latin America & Caribbean receive the most training annually (56.7 hours), and those in East Asia & Pacific receive the least (38.1 hours). (See **exhibit 10**.)

CAEs' self-assessment of their competencies generally tend to increase the more hours of training they receive.

IIA TRAINING OPPORTUNITIES FOR CURRENT AND ASPIRING CAEs

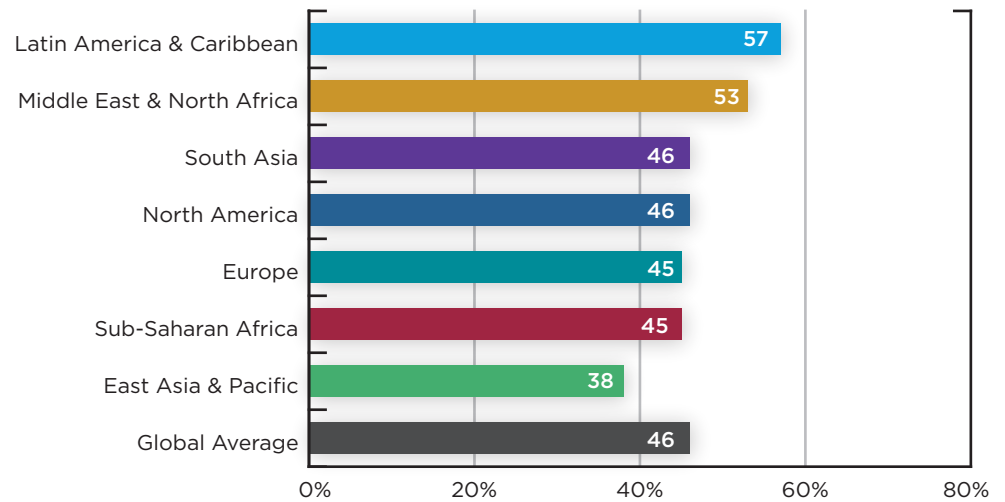
1. Vision University is The IIA's premier CAE development program. This unique, four-day immersive training program brings CAEs and world-class expert instructors together for interactive work sessions and instructive lectures with an innovative yet practical curriculum designed by and for CAEs.
2. The IIA's Qualification in Internal Audit Leadership (QIAL) certification is designed to help internal auditors build and enhance their skills to establish their credibility as a leader of the future. It is beginning to gain traction among CAEs, with 1% having earned it at the time of the 2015 survey.

Exhibit 9 CAE Competency Self-Assessments



Note: [Q79-Q88] Competency Self-Assessments_10 Domains Combined by Q503: Staff Level. (from Q9a, Q9b, Q9d, Q9h, Q9i) What is your position as an internal auditor in the organization?

Exhibit 10 Hours of Training



Note: Q823_1: [Q14]. How many hours of formal training related to the internal audit profession do you receive per year? Hours of training per year: (used for Q504) by Q501: Global Region. (from Q6a to Q6h, grouped into World Bank regions) In what region are you based or primarily work?

ACTION STEPS

If CAEs need training even after attaining the position, then they undoubtedly needed it early in their career as well. Organizations benefit from a strong pool of talent in their senior internal audit ranks; those individuals are likely to be leading the internal audit activity one day. According to Dick Anderson, CBOK Co-Chair, here are some practices CAEs can use to build the skills and experience of their senior staff:

1. Use executives outside internal audit to mentor or coach in special circumstances. Regardless of who does the mentoring, it has been shown to be essential for junior auditors wishing to advance. It can be formal or informal, as long as it has the ultimate goal of transferring knowledge and experience. Mentoring is especially useful in coaching on soft skills (C. Guillot, "Mentoring That Matters," *Internal Auditor*, April 4, 2014).
2. Provide audit staff with opportunities to gain exposure to the audit committee.
3. Grant senior staff broader audit responsibilities so they can see more of the organization.
4. Provide senior staff with opportunities to serve on committees or task forces that deal with broader issues outside of internal audit so they can gain business experience and exposure to higher levels of management.

WHAT MAKES A SUCCESSFUL CAE?

In 2010, IIA President and CEO Richard Chambers outlined the following characteristics of a highly successful CAE: superior business acumen, dynamic communication skills, unflinching integrity and ethics, breadth of experience, excellent grasp of business risks, a gift for developing talent, and unwavering courage.

In 2011, Chambers and Korn Ferry identified an additional one they consider a prerequisite for success for CAEs: relationship acumen, which is the ability to establish and maintain strong connections with key stakeholders.

Sources: Richard F. Chambers and Paul McDonald, "Top 7 Attributes of Effective Internal Auditors" (BankInfo Security, December 14, 2010). Richard F. Chambers et al., *The Relationship Advantage: Maximizing Chief Audit Executive Success* (The Korn/Ferry Institute and The Institute of Internal Auditors), 2011.

5. Create new or temporary titles that position possible candidates for broader responsibilities.
6. Have a succession plan and share it with the audit committee to demonstrate proper planning, and ensure that they are identifying and grooming a successor.

Characteristics and Skills Needed to Become a CAE

The research for this publication included interviews with several CAEs, in which they offered their insights on the skills that organizations seek when appointing a CAE. Their comments make it clear that, while technical knowledge is important, it alone is not enough to advance to the CAE level. Their suggested attributes follow.

Understanding of Business and Risks

CAEs should have deep knowledge of the business and the ability to evaluate risks faced by the entity. In 2009, PricewaterhouseCoopers issued a white paper discussing internal audit's need to understand and navigate the risks inherent in the fast-changing global economy. The publication cited the "accumulated knowledge and experience of CAEs who are deeply familiar with the entities in which they have spent their careers" as a key asset.*

* "Business upheaval: Internal audit weighs its role amid the recession and evolving enterprise risks," State of the Internal Audit Profession Study, PricewaterhouseCoopers, 2009.

Leadership and Ethics

The CAE is the leader of internal audit and should set the tone at the top, leading by example. Peter Funck, CIA, Swedish Transport Administration, says, "In Europe, it is more common to have a flat structure in the internal audit function rather than a hierarchical structure such as CAE, senior manager, manager, and staff. A flat structure is when you have the CAE and then just the team members all at the same rank. In these instances, a CAE should be more like a coach. It is a different profile." Robert Rudloff, senior VP-internal audit, MGM Resorts, commented, "You have to lead by example. You have to make sure that you're always conducting yourself at the highest levels of ethical standards."

Strategic Thinking

The CAE must be able to take a holistic view of the organization, visualizing future opportunities and risks, and anticipating the role internal audit must play in each. According to Mike Kidd, CAE, NewBridge Bank, "A CAE should have the ability to think strategically, cognizant of the mission and vision of the organization. A CAE should also have the ability to collaborate. It is not an adversarial environment anymore."

Critical Thinking

CAEs often face critical and complex issues. They must be able to analyze those issues objectively to ensure that subsequent decisions are sound, practical, and effective. Carlos Ibañez Herrera, senior manager, internal audit–South America Region, Newmont Mining Corporation, and director, IIA–Peru, says, “A CAE should have the skills to manage the audit team and also the relationship with the management. A thorough knowledge of IPPF is necessary for leading the audits and for dealing with the management, but business judgment is one of the main skills a CAE should have. Strong ethics and critical thinking skills are also necessary. We need critical thinking to identify strategic issues inside our team and in our business and how to take care of them.”

Breadth of Knowledge

CAEs should have an understanding of all aspects of the business. “You have to speak the same language that your CEO is speaking, your IT person is speaking, your lawyer is speaking. You can only achieve this through specialization and personal development,” says Javier Garcia Cuadrado, chief internal auditor, Etisalat Group. Robert Rudloff noted, “CAEs should have a very wide view of the business that they are in; they have got to be able to understand what the company is doing, what its lines of business are, and where its risks are, without getting down to all the nuts and bolts of everything that goes on.”

Executive Presence

CAEs should be similar in approach, tone, manner, and communication style to the top executives of the organization.

In other words, they should be “one of them.” “You have to have executive presence to become a CAE because you are going to be sitting in board rooms with the board of directors and audit committee, and if you are uncomfortable doing that, it doesn’t matter how good an auditor you are,” says Rudloff.

Excellent Communication

CAEs provide the link between the internal audit function and top management and should be able to communicate effectively with all stakeholders. The attributes these CAEs discussed during their interviews overlap significantly with the competencies against which the surveyed CAEs self-assessed, as illustrated in **exhibit 9**. This indicates a strong consensus that attributes relating to ethics, communication, relationship building, management skills, and technical knowledge are necessary elements of the CAE portfolio. Aspiring CAEs would be well served to evaluate the list against their own characteristics and address any gaps.

Of course, there are no shortcuts to the CAE position. As with any job, it is not possible to check items off a list and consider oneself qualified. Intangible factors—such as soft skills—can short-circuit the best-laid plans. As noted by Rudloff, “If you don’t have the right fit with the organization, with the culture of the organization, it doesn’t matter what degrees you have, what your background is. You’re probably not going to move into the CAE spot.”

Future Plans

CAEs appear to be committed to their profession and their position. **Exhibit 11** shows their future plans, with nearly

KEY INSIGHT

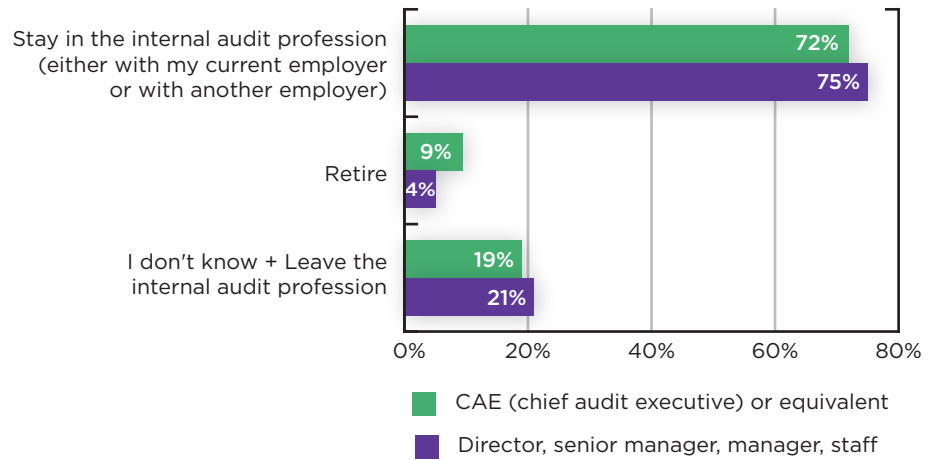


Most of the CAEs who were surveyed plan to stay in the internal audit profession.

“For most staff in internal audit, being a CAE is their career goal, but some excellent internal auditors should also be in the company’s senior management after acting as CAE.”

—Bing Wang, PhD,
Associate Professor,
Department of
Accounting, Nanjing
University, China

Exhibit 11 CAE Career Plans



Note: Q83: [Q36] In the next five years, what are your career plans related to internal auditing? by Q503: Staff Level. (from Q9a, Q9b, Q9d, Q9h, Q9i) What is your position as an internal auditor in the organization?

three-quarters planning to remain in the profession where they work now or at another organization.

Some regional differences exist. Among CAEs in North America, 15% plan to retire in the next five years, a significantly higher percentage than reported in the rest of the world. The percentage of CAEs who plan to stay in the

internal audit profession is lowest in East Asia & Pacific (63%), followed by North America (67%). The highest percentage of CAEs planning to stay in internal audit is in Latin America & Caribbean, at 85%. Only 67% of CAEs of publicly traded companies plan to stay in internal audit.

Conclusion

CAEs hold a highly responsible, respected, and challenging position in their organizations. They provide leadership to the internal audit function and convey the expectations of management to the audit staff. At the same time, they interact with top management and the audit committee as they communicate audit findings.

There is no single career path guaranteed to lead to becoming a CAE or functioning successfully once in the position. The requirements for success vary across regions and organization types and sizes. Nevertheless, some basic qualifications seem to prevail. Relevant education, experience, and professional certification in internal audit are important, but these alone do not necessarily qualify someone to be a CAE. Organizations also look for personal characteristics such as the ability to establish and maintain strong connections with key stakeholders, and soft skills such as strong leadership ability, critical thinking, and an ability to communicate effectively.

Organizations and internal auditors both benefit when aspiring CAEs receive relevant training, including mentorship. Internal auditors expand their skills and knowledge and, therefore, their value to their organizations, and organizations build a ready pool of CAE candidates to provide the next generation of internal audit leadership.

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About the Author

Venkat Iyer, PhD, CPA, is a professor of accounting at the Bryan School of Business and Economics, University of North Carolina at Greensboro, USA. Dr. Iyer has experience working as an external auditor in a large accounting firm in India and as an internal auditor for a large public company. He is very active in the IIA–Triad Chapter. He recently wrote a report titled *Job Satisfaction for Internal Auditors: How to Retain Top Talent*, which was published by The IIARF.

About the Project Team

CBOK Development Team

CBOK Co-Chairs:

Dick Anderson (United States)

Jean Coroller (France)

Practitioner Survey Subcommittee Chair:

Michael Parkinson (Australia)

IIARF Vice President: Bonnie Ulmer

Primary Data Analyst: Dr. Po-ju Chen

Project Managers: Selma Kuurstra and
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Contact Us

The Institute of Internal Auditors Global Headquarters
247 Maitland Avenue
Altamonte Springs, Florida 32701-4201, USA

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