

April 30, 2021

The Honorable Gary Gensler
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Gensler:

On behalf of The Institute of Internal Auditors (IIA) and our Global Board of Directors, I want to congratulate you on your appointment as Chairman of the Securities and Exchange Commission and thank you for your service.

The IIA is the only global provider of standards, guidance and certifications for the internal audit profession. We also are the recognized advocate and educator on the crucial role internal audit plays in ensuring sound governance in the public and private sectors. Founded in 1941, The IIA has more than 200,000 members in over 170 countries and territories, including nearly 62,000 in the United States.

The IIA strongly urges that concrete steps be taken to improve governance in publicly traded companies with the goal of protecting investors, other stakeholders, and the general public. Publicly traded companies are entrusted with capital from investors and have a responsibility to those shareholders. Indeed, the SEC describes public companies as “a key part of the American economy. They play a major role in the savings, investment, and retirement plans of many Americans.” Excellence in corporate governance is crucial for public companies to meet their obligations. Further, we agree wholeheartedly with you that “ensuring that investors are protected – is the fundamental responsibility of the SEC.”

In 2015, The IIA called on the SEC to require all publicly traded companies to have an internal audit function. We are not the only organization that sees an imperative for such a requirement. For more than a decade, the New York Stock Exchange has required all listed companies to have an internal audit function in place, upon or within the first year of listing. But the NYSE accounts for only a portion of all U.S. publicly traded companies, including those perhaps most vulnerable to governance failures.

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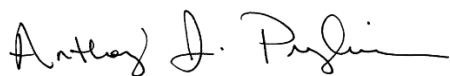
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Additionally, a number of Asian exchanges, including those in Hong Kong and Malaysia, require internal audit functions for listed companies.

In some of its past enforcement decisions, the SEC has required changes to a company's auditing structure, however, only after a wrongdoing had occurred. We believe there is greater value in addressing the root cause of such problems to mitigate the potential for a seriously negative impact. Listed companies should acknowledge, through public disclosure to their shareholders, whether they not only have an internal audit function, but one that is independent, unbiased, and free from any conflict of interest, to help avoid situations that might ultimately warrant an investigation.

The IIA believes internal audit is ideally placed to help organizations evaluate opportunities, assess changes to operations and reporting, meet regulations, and be a catalyst for innovation and improvement for sustainability. Thank you for recognizing the important role effective governance and internal audit play in serving the public good and protecting investors and other stakeholders.

Sincerely,

A handwritten signature in black ink, reading "Anthony J. Pugliese". The signature is fluid and cursive, with a long horizontal stroke at the end.

Anthony J. Pugliese, CPA, CGMA, CITP
President and Chief Executive Officer
The Institute of Internal Auditors, Global Headquarters

cc: Kathy Anderson, Managing Director, Government & Stakeholder Relations
Brad Jones, Director of Government Relations