

## PUBLIC POLICY ISSUE BRIEF

### Promoting Good Governance and Investor Protections in Public Companies

**Overview:** Structuring an independent, effective internal audit function is an essential corporate governance practice for promoting organizational transparency, accountability, and trust. Based upon the model set forth by the New York Stock Exchange, The IIA supports establishing robust internal audit programs at all companies listed on a U.S. stock exchange.

**Role of Internal Audit:** An internal audit function, adhering to The IIA's [Global Internal Audit Standards™](#), provides **independent, risk-based, and objective** assurance over risk management, governance and internal control processes.

Since internal audit is independent from management – and reports directly to the organization's governing body – it is properly positioned to enhance value and strengthen credibility with stakeholders. The internal audit role represents a core consumer protection and enterprise risk function that promotes operational **transparency** and **accountability**.

Governing bodies face increasing responsibilities to ensure accurate financial reporting for shareholders and regulators. Internal audit proactively identifies risk and assures effective controls, reducing burdens and enabling boards of directors and their audit committees to guide the organization toward its mission and shareholder goals.



#### IIA Key Objectives

**Recognize the Importance of Risk Management:** The IIA supports a greater policy emphasis regarding the need for enhanced risk management and governance processes among U.S. listed companies.

**Enhance Investor Confidence:** Strengthen oversight at companies listed on U.S. stock exchanges through a required internal audit-led assurance program. The independent oversight performed by internal audit will promote greater transparency and confidence among boards of directors, audit committees and shareholders.

**Utilize Internal Audit Expertise:** Since internal audit is at the vanguard of monitoring the effectiveness of risk management and internal controls, The IIA encourages policymakers to use the profession's knowledge in the development of robust governance standards at U.S. stock exchanges.

#### IIA Corporate Governance Resources

Below is additional information regarding internal audit and its pivotal role in corporate governance:

- [Internal Auditing: Adding Value Across the Board](#)
- [The Value of Internal Auditing for Stakeholders](#)

For any questions regarding the internal audit profession, please contact Michael Downing, Senior Director for North American Advocacy, at [Michael.Downing@TheIIA.org](mailto:Michael.Downing@TheIIA.org).