

Collaboration Without Compromise

Practitioner Perspectives
on **Internal Audit**,
Risk Management,
and **Governance Practices**



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Introduction

Over the past decade, enterprise risk management (ERM) programs and tools have continued to evolve and mature, raising expectations for greater connectedness in information sharing. At the same time, resource constraints, skill gaps, and historically siloed processes have increased the need for greater coordination and collaboration among risk managers and other functions. Together, these developments have contributed to the reshaping of traditional risk management roles and responsibilities, particularly as they relate to internal audit. Internal audit leaders face both new opportunities and emerging risks, as they are increasingly tasked with additional involvement or responsibilities that extend beyond conventional assurance and advisory activities.

These opportunities and risks can be grouped into four areas, highlighting the significance of this expanding scope of responsibilities for internal audit leaders.

Evolving expectations

The internal audit function operates in an increasingly dynamic environment, with rising demands for agility, collaboration, and strategic insight. Understanding areas of overlap and shared responsibility will help navigate evolving expectations effectively.

Unlocking value through coordination

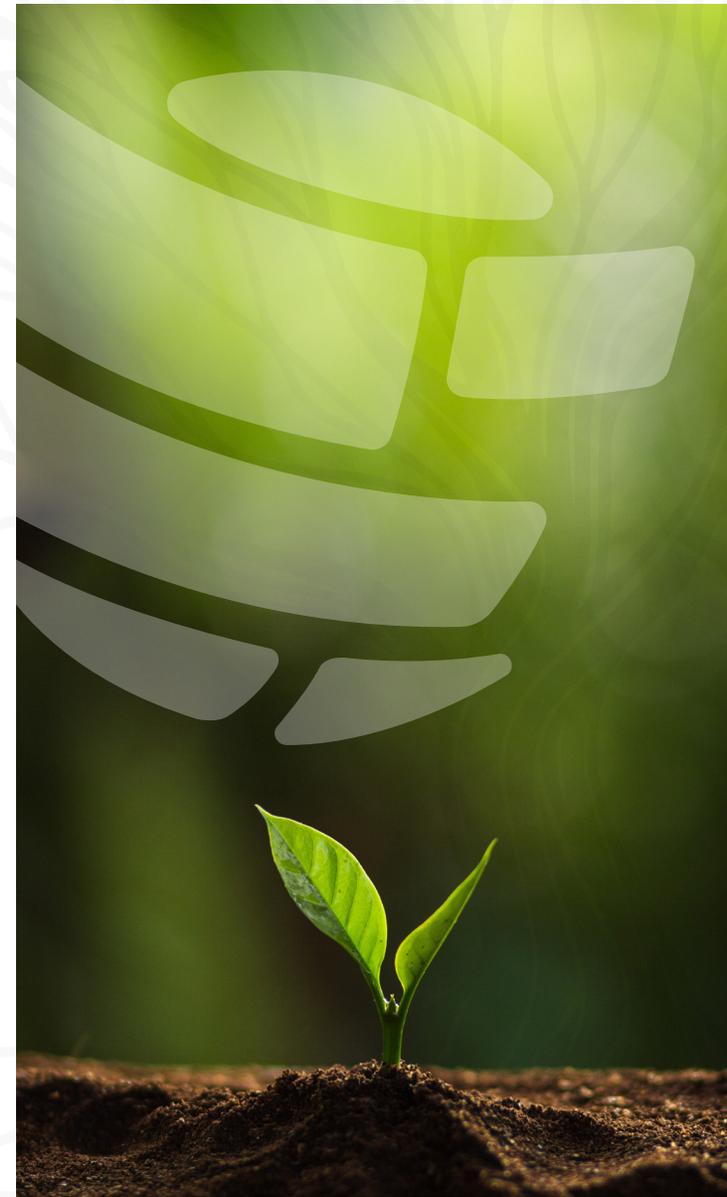
Clarifying roles, responsibilities, and relationships can enable internal audit to enhance collaboration, reduce duplication, and identify opportunities to contribute more strategically to organizational goals and objectives.

Strengthening the function

Collaboration and information sharing on risk management can help internal audit leaders anticipate emerging challenges, align with best practices, and strengthen credibility with stakeholders in the changing assurance and advisory landscape.

Managing risk

Structural overlaps, such as blending functions or supervisory responsibilities over risk personnel, can introduce risks to independence. Recognizing these risks allows chief audit executives (CAEs) and audit teams to implement appropriate safeguards proactively.



The Institute of Internal Auditors' (IIA) Three Lines Model (formerly known as the Three Lines of Defense Model) has long been a fundamental framework of effective governance, risk management, and control. It is designed to provide guidance on structures and processes that help organizations achieve objectives, while strengthening governance and risk management.¹

A key factor of the Three Lines Model is understanding roles and responsibilities among management's first- and second-line roles and internal audit's third-line roles. While survey findings from the Internal Audit Foundation's (Foundation) Risk Research survey, in partnership with Baker Tilly and Wolters Kluwer TeamMate², indicate most organizations (72%) use The IIA's Three Lines Model to define roles and responsibilities between second- and third-line functions, the evolving business landscape warrants closer examination.

As organizations navigate increasing complexity, rapid technological change, and rising expectations for governance and assurance, roles may adapt in practice in ways that differ from formal models. Understanding these practical realities provides opportunities for internal audit functions to learn from one another, strengthen processes and practices, and reflect on whether appropriate safeguards are in place to ensure that assurance and advisory activities remain reliable and objective.

This report presents the findings from the Risk Research survey, conducted between September 18 and November 11, 2025, which garnered responses from over 3,000 internal audit and risk professionals worldwide. It explores the evolution of risk management activities and their impact on roles and boundaries, benchmarks internal audit's role in ERM, measures levels of collaboration, and examines how practitioners assess and maintain internal audit independence.

“As organizations navigate increasing complexity, rapid technological change, and rising expectations for governance and assurance, roles may adapt in practice in ways that differ from formal models.”

Insights from over
3,000
internal audit and risk
professionals
WORLDWIDE

¹ The Institute of Internal Auditors. The IIA's Three Lines Model: An Update of the Three Lines of Defense. (Lake Mary, FL: The Institute of Internal Auditors, 2020), accessed January 2026, <https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>.

² The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q18: Is your organization using the Three Lines Model to define roles and responsibilities between the second- and third-line functions? n=3,235.

Internal Auditors: Balancing Responsibilities

Before examining the findings in detail, it is important to first understand how internal audit responsibilities have evolved over time. There has been steady growth in the percentage of internal auditors reporting increased involvement in second-line activities. The IIA's North American Pulse of Internal Audit (North American Pulse) has tracked the percentage of CAEs reporting responsibility for ERM programs alongside their role as head of internal audit. By 2025, that proportion had risen to 34%.³

In alignment with the data from North American Pulse, the Foundation's global Internal Audit Vision 2035 (Vision 2035) initiative found 32% of CAEs (n=3,483) responsible for ERM programs. More broadly, 71% of CAEs and other senior-level internal auditors reported responsibility for one or more areas beyond internal audit.⁴

Taken together, these findings reflect a meaningful shift in how internal audit roles are evolving in practice. To interpret this shift appropriately, it is important to revisit how such role evolution aligns with the intent of the Three Lines Model.



Note: North American Pulse of Internal Audit (2022 to 2026 reports). Question: In addition to your role as head of internal audit, for which areas are you responsible? (Choose all that apply.) Filtered by those who selected ERM. CAEs and directors only. n=366 to 553.



Note: The Foundation's Internal Audit Vision 2035 Survey, Feb. to March 2024. Q20a: In addition to your role as head of internal audit, for which areas are you responsible? (Choose all that apply.) n=3,483.

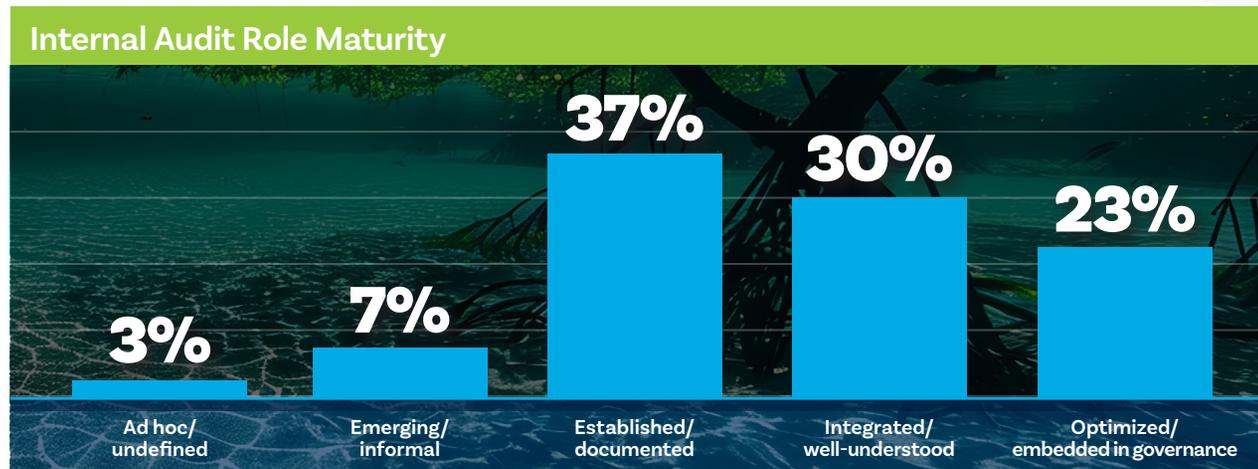
³ The Institute of Internal Auditors. 2026 North American Pulse of Internal Audit. (Lake Mary, FL: Internal Audit Foundation, 2026), <https://www.theiia.org/en/resources/research-and-reports/pulse/>.

⁴ The Institute of Internal Auditors. Internal Audit: Vision 2035 – Creating Our Future Together (Lake Mary, FL: Internal Audit Foundation, 2023), <https://www.theiia.org/globalassets/site/foundation/latest-research-and-products/vision-2035-report.pdf>.

The Three Lines Model not only urges organizations to set and understand clear roles and responsibilities for management, second line, and internal audit; it also encourages coordination among them. At the same time, the Three Lines Model makes clear that, while internal audit’s independence from management ensures it is free from hindrance and bias in its planning and in the execution of its work, independence does not imply complete isolation.

Respondents of today’s Risk Research survey were also asked whether the head of their internal audit function oversees or has assigned responsibilities for any second-line functions, with 32% (n=3,070) reporting their leaders have at least some second-line involvement⁵. Regional differences were noted, with the highest percentage of respondents from Africa (41%) and the lowest from the Middle East (21%). Less than one-third of respondents from Europe and North America (30%) reported they have second-line responsibilities.

To better understand internal audit function maturity, including how clearly roles and responsibilities are embedded within the organization, the survey utilized a modified version of IIA–Netherlands’ Internal Audit Ambition Model⁶. Findings revealed roles are well-documented in most organizations, with only one in 10 relying on ad hoc or informal roles. Just over half of respondents indicated that internal audit’s role is optimized or embedded in governance, or integrated and well-understood within their organizations.



Note: The Foundation’s Risk Research Survey, Sept. to Nov. 2025. Q17: How clearly are the roles and responsibilities of internal audit defined in your organization? n=3,235.

⁵ The Foundation’s Risk Research Survey, Sept. to Nov. 2025. Q13: Does the head of your internal audit function oversee or have assigned responsibilities for any second-line function? n=3,070.

⁶ The Institute of Internal Auditors Netherlands (IIA–Netherlands), “Internal Audit Ambition Model,” accessed January 23, 2026, <https://www.iaa.nl/kwaliteit/ambition-model#introduction>.

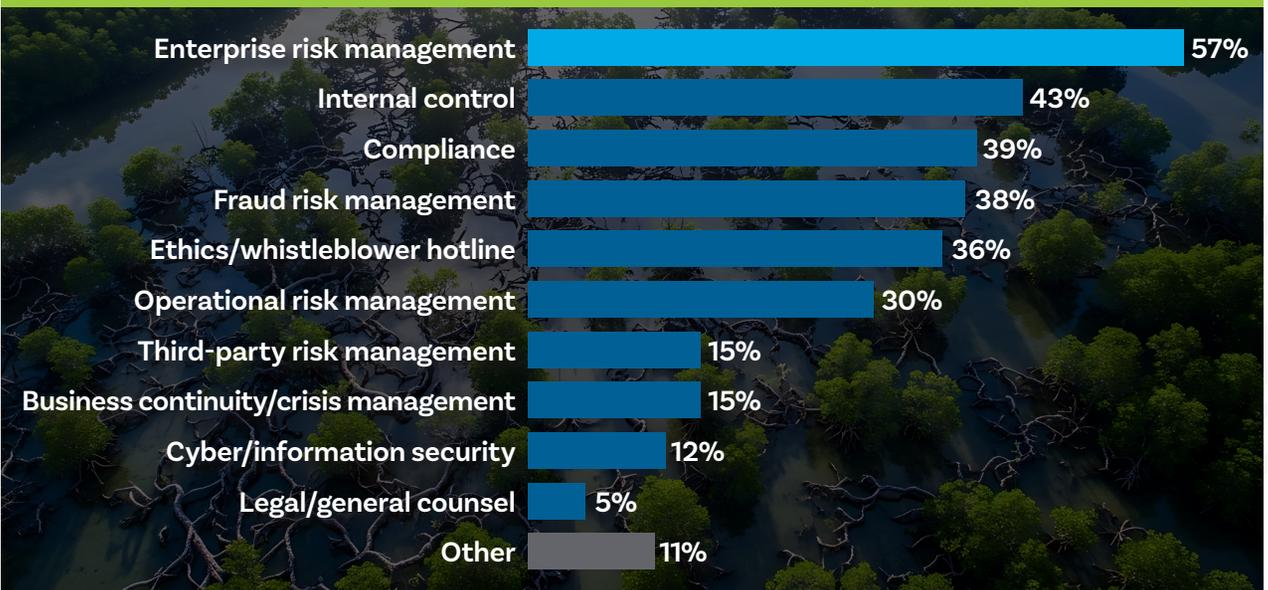
“...independence does not imply complete isolation.”

32%
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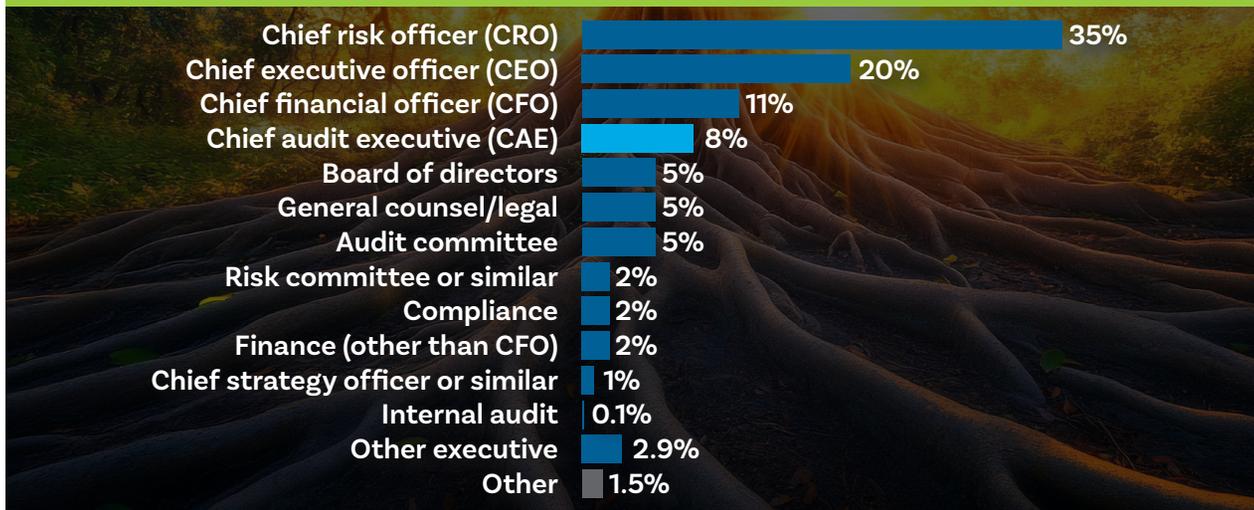
Among the 32% of leaders with additional oversight or assigned responsibilities, the most common areas are ERM (57%), followed by internal control (43%), and compliance (39%). All ten second-line functions listed in the survey were selected by respondents, demonstrating the breadth of roles internal audit leaders may be expected to engage with in practice. Moreover, with 11% of respondents selecting “Other,” the findings suggest that internal audit leaders have the depth of experience and skill required to support areas beyond those specifically listed.

Functions Overseen or Managed by the Head of Internal Audit



Note: The Foundation’s Risk Research Survey, Sept. to Nov. 2025. Q14: Which second-line function does your head of internal audit oversee or have assigned responsibilities for? (Select all that apply.) [Shown if 13 = Yes, internal audit has responsibility for a second-line function.] n=978.

Primary ERM Reporting in Organizations With a Separate ERM Function



Note: The Foundation’s Risk Research Survey, Sept. to Nov. 2025. Q29: Who does your ERM function primarily report to in your organization? n=1,814. Total may not equal 100% due to rounding.

Although these findings point to integration between the second and third lines, particularly through involvement in ERM activities, cases where ERM programs report directly to CAEs remain uncommon. For organizations with separate ERM functions, the findings reveal the majority report to either the chief risk officer (CRO) (35%) or the CEO (20%), with fewer than one in 10 (8%) reporting to the CAE.

Key Findings: Interpreting Synergies in Practice

The expanding responsibilities of internal auditors present opportunities to enhance internal audit's role as an independent evaluator of governance and risk management effectiveness and efficiency. In practice, organizations find value in coordinating risk assessment and risk management across the enterprise. Ninety percent (90%) of respondents indicated a positive outcome from the coordination between the second and third lines, including:

- Improved risk coverage.
- Reduced duplication of effort.
- Strengthened organizational alignment.
- Enhanced communication to the board and more efficient reporting⁷.

As organizations mature and find value in integrated approaches to risk management and control processes, internal audit leaders are often qualified to play a role in ERM and other second-line functions, including compliance, fraud risk management, and ethics/whistleblower hotlines.

For CAEs, this evolving landscape presents three key challenges:

1. Leveraging overlaps and shared responsibilities to provide enhanced risk management and strategic insights.
2. Providing unbiased assurance over second-line functions that fall under their purview.
3. Maintaining the independence of their internal audit functions.

Data from the Risk Research survey points to a trend toward greater synergy between risk and internal audit functions. Thirty-nine percent (39%) of respondents noted that, over the past five years, the relationship between internal audit and risk functions has moved toward greater integration. Looking ahead, this number climbs to 60% for the next five years. When thoughtfully designed through information sharing, coordinated activities, and aligned priorities, such approaches help ensure boards receive reliable information for informed decision-making.



Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q38: In the past five years, how has your organization's approach to the relationship between risk and internal audit functions changed? ["Not sure" removed from analysis.] n=2,862. Q39: In the next five years, how do you expect your organization's approach to the relationship between risk and internal audit functions to change? ["Not sure" removed from analysis.] n=2,857.

⁷ The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q34: What positive outcomes, if any, have you observed from the coordination between the second and third lines in your organization? n=2,867.

Perspectives on Collaboration and Assurance Effectiveness

Assurance activities across the three lines should collectively enhance governance, risk management, and control. To better understand how this operates in practice, survey respondents were asked to share their views on the level of integration between the second and third lines that influences the effectiveness of assurance.

Qualitative analysis of the open-ended responses revealed a largely binary sentiment: respondents either recounted ways in which integration strengthened assurance or emphasized how integration might weaken assurance. The following tables showcase the high-level themes, along with details on how integration can either strengthen effectiveness or potentially weaken it:

Themes	Integration Strengthens Assurance
Expanded Risk Coverage and Reduced Duplication	Increases total risk coverage while reducing duplicated assurance work and audit fatigue.
Information Sharing, Transparency, and Communication	Minimizes duplication through shared risk data, reports, registers, findings, and insights, improving visibility, coherence, and assurance quality.
Clear Role Boundaries to Preserve Independence	Enhances effectiveness through clear role boundaries and safeguards, retaining internal audit objectivity.
Strategic Alignment and Risk-Based Planning	Aligns ERM outputs, audit planning, and priorities, improving relevance to business and board needs.
Common Language, Taxonomy, and Methodological Alignment	Encourages shared risk taxonomy, ratings, tools, and methodologies, enabling reliable and consistent reporting.
Governance Effectiveness and Board-Level Insight	Enhances reporting clarity, assurance mapping, and board oversight when properly governed.
Capability Building and Maturity Enablement	Supports learning, ERM maturation, second-line capability, and institutionalization of risk practices.
Operational Efficiency and Resource Optimization	Aids organizations with limited resources in deploying assurance efforts more efficiently.
Advisory Value Without Ownership Transfer	Enhances foresight and control quality without assuming management responsibility.

Themes	Integration Weakens Assurance
Independence and Objectivity Risk	Challenges internal audit independence due to role overlap, self-review, shared ownership, reporting conflicts, or internal audit performing second-line activities.
Role Clarity and Reporting Structure Concerns	Blurs delineation of responsibilities between lines, shared reporting lines, management pressure affecting assurance, unclear mandates, weak responsibility assignment matrix (RACI), or improper role substitution.
Second-Line Capability and Maturity Constraints	Pressures weak, immature, under-resourced, or inconsistent second-line functions, limiting effective integration.
Cultural, Trust, and Behavioral Barriers	Creates “audit will catch it” dependency, over-reliance on internal audit guidance, or reluctance to rely on other lines.
Over-Integration and Self-Review Threats	Threatens objectivity, increasing likelihood of auditing one’s own work, joint execution, or internal audit influencing management decisions.
Coordination Failures (Too Little Integration)	Hinders communication, fragmenting coordination and creating siloed risk registers, inconsistent methodologies, or lack of shared understanding.
Assurance Quality and Effectiveness Degradation	Reduces credibility, narrows audit perspective, and impairs assurance reliability.
Safeguards Absent or Insufficient	Reduces mechanisms to mitigate integration risks.
Methodological and Tooling Weaknesses	Creates gaps in registers, inconsistent standards, poor tools, or weak risk/control frameworks.

Note: The Foundation’s Risk Research Survey, Sept. to Nov. 2025. Q39 (Optional): In your general opinion, what level of integration between the second and third lines influences the effectiveness of assurance? Please explain. n=500.

Many responses, suggesting assurance is strengthened through integration, emphasized positive outcomes as well as mechanisms and safeguards that enable organizations to realize the benefits of integration while maintaining clear boundaries. In contrast, those who felt assurance could be weakened by integration reflected caution, focusing on potential risks and practical limitations. Specifically, concerns are centered on threats to independence, potential execution failures, structural weaknesses, and insufficient safeguards.

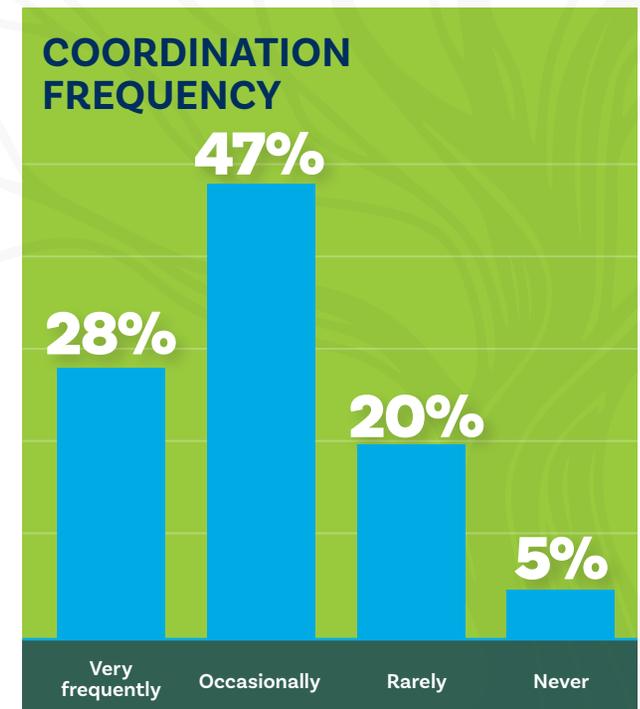
These contrasting perspectives set the stage for examining how coordination between the second line and internal audit actually plays out in practice. Survey respondents provided insights into the positive outcomes they have observed from such collaboration, highlighting the tangible benefits organizations gain when coordination is managed effectively.

The biggest benefit was improved risk coverage (28%), followed by reduced duplication of effort (26%), and stronger organizational alignment (20%). Only one in ten respondents reported no notable outcomes.



Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q34: What positive outcomes, if any, have you observed from the coordination between the second and third lines in your organization? n=2,867. Total may not equal 100% due to rounding.

Additionally, responses show three in four audit functions coordinate risk-related activities with second-line functions with some regularity, including 28% that do so very frequently. This coordination enhances risk coverage, minimizes duplicated efforts, and promotes stronger organizational alignment.



Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q33: In your organization, how frequently do second- and third-line functions coordinate on risk-related activities (e.g., assessments, monitoring, reporting)? n=3,035.

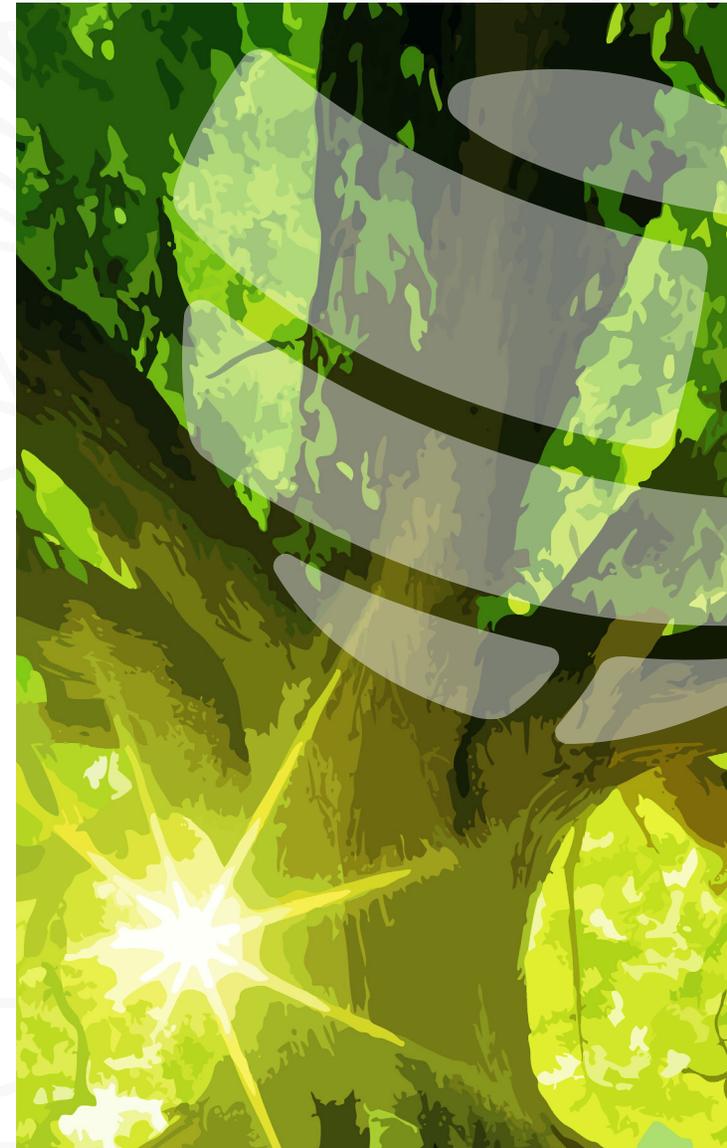
Mapping Internal Audit Responsibilities Across Second-Line Functions

As noted, most practitioners reported their internal audit leaders either oversee or are assigned responsibilities across second-line functions, most frequently in ERM (57%), followed by internal control (43%) and compliance (39%). To explore this further, respondents were asked to describe the responsibilities their internal audit leaders manage or oversee. An analysis was performed to identify the key responsibilities associated with each second-line function.

The following heat map cross-tabulates the 10 second-line functions that internal audit may be asked to assume with the associated responsibilities for each function, along with the likelihood that internal audit is engaged in those activities in practice. It reflects practitioner perspectives on how frequently and consistently these responsibilities are performed by internal audit.

Levels of engagement are organized into a three-tier framework based on likelihood:

Level of Engagement	Description
High likelihood	The activity is central to their role; consistently involved.
Moderate or occasional likelihood	The activity is part of their role, but not consistently; may be seasonal/occasional.
Low likelihood	Rarely involved; responsibility may exist in theory, but not in practice.



As illustrated, internal audit leaders with ERM responsibilities are most likely to engage in risk identification, mapping, and evaluation; risk framework, risk policy, and risk appetite development; and ERM governance, reporting and facilitation.

According to open-ended feedback, they are less likely to engage in business continuity, crisis response, and operational resilience; training, awareness, and behavioral reinforcement; and reporting, performance metrics, and quality review.

Understanding the activities and related responsibilities assigned to internal audit is valuable, as it clarifies the scope of expanding integration, identifies potential overlaps, and highlights areas where independent safeguards may be needed.

Heat Map of Specific Responsibilities Across Second Line										
Specific Responsibilities	Second-Line Function									
	Business Continuity	Compliance	Cyber/ Information Security	ERM	Ethics/ Whistleblower	Fraud Risk	Internal Controls	Legal/ General Counsel	Organizational Risk	Third-Party Risk
Risk Strategy & Frameworks										
Risk identification, mapping, and evaluation	High	Moderate	Moderate	High	Moderate	Low	Low	Low	High	High
Risk framework, risk policy, and risk appetite development	Moderate	Moderate	Low	High	Moderate	Low	Low	Low	High	High
Governance & Oversight										
ERM governance, reporting, and facilitation	Moderate	Moderate	Low	High	Moderate	Low	Moderate	Moderate	Moderate	Moderate
Policy, governance, and committee participation	Moderate	High	Low	Moderate	Moderate	Low	Moderate	High	High	Moderate
Second-line/assurance oversight and monitoring	Low	Moderate	Low	Moderate	Moderate	Low	High	Moderate	Moderate	High
Controls, Compliance & Integrity										
Internal controls (design, testing, ICFR/SOX, evaluation)	Low	Moderate	Low	Low	Moderate	Moderate	High	Moderate	High	Moderate
Compliance program oversight (regulatory, AML, privacy)	Moderate	High	Low	Moderate	Moderate	Low	Moderate	High	High	High
Fraud detection, investigation, and prevention	Moderate	Moderate	Low	Moderate	High	High	Low	Moderate	Moderate	Moderate
Ethics, whistleblower, and conduct oversight	Moderate	Low	Low	Moderate	High	High	Low	High	Moderate	Moderate
Resilience & Response										
Business continuity, crisis response, and operational resilience	High	Low	Moderate	Low	Moderate	Moderate	Low	Low	Moderate	Low
Enablement, Measurement & Continuous Improvement										
Training, awareness, and behavioral reinforcement	Moderate	Moderate	Low	Low	Moderate	Moderate	Moderate	Moderate	Moderate	Low
Reporting, performance metrics, and quality review	Low	High	Low	Low	Moderate	Moderate	High	Moderate	Moderate	Moderate

Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q14: Which second-line function does your head of internal audit oversee or have assigned responsibilities for? (Select all that apply.) n=978. by Q15 (Optional): Please describe the specific second-line responsibilities overseen or managed by the head of internal audit at your organization. n=263.

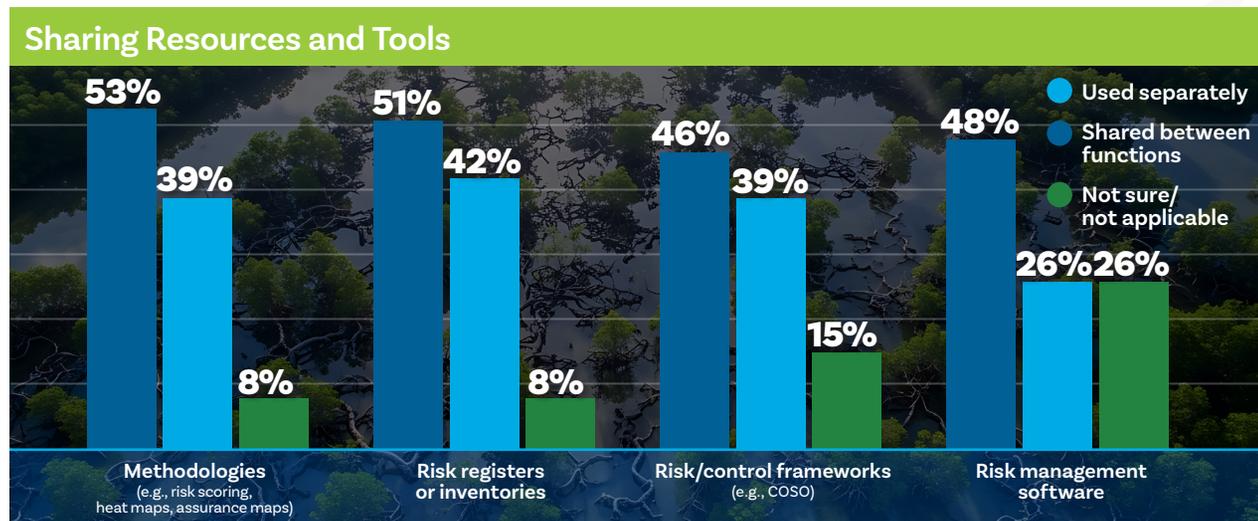
Level of Engagement	Description
High likelihood	The activity is central to their role; consistently involved.
Moderate or occasional likelihood	The activity is part of their role, but not consistently; may be seasonal/ occasional.
Low likelihood	Rarely involved; responsibility may exist in theory, but not in practice.

Observations Between Separate Internal Audit and ERM Functions

The adoption of ERM approaches to risk management has been impressive. More than six in 10 (65%) respondents report their organizations have separate ERM functions⁸. As a provider of assurance and advisory services over risk management processes and internal control, internal audit plays an important role in ERM programs. For respondents whose organizations have a separate ERM function, several survey questions evaluated the frequency and level of collaboration between functions.

Sharing resources and tools

Collaboration is often enabled by shared resources and tools. About four in 10 survey respondents reported sharing resources and tools for methodologies, risk registers or inventories, and risk/control frameworks. Sharing drops to about one in four for risk management software. These findings suggest a missed opportunity to strengthen enterprise-wide risk clarity. When resources and tools are used separately rather than in coordination, risk information may be presented inconsistently, making it more difficult for leadership to compare risks consistently across the organization.



Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q27: In what ways do ERM and internal audit share the following resources or tools within your organization? [Hidden if 21 = Not aware or minimally aware.] [Shown if 22 = Yes, separate ERM function.] n=1,853. Totals may not equal 100% due to rounding.

⁸ The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q22: Does your organization have a separate ERM function? [Hidden if 21 = Not aware or minimally aware.] n=2,858.



Coordinating activities

To better understand collaboration and coordination of activities, four distinct categories were developed to describe how activities are performed:

- **Separately with information share**
Functions execute independently while exchanging information during the activity.
- **Separately with only outputs share**
Functions execute independently and share only the outputs or the final results.
- **Jointly**
Functions plan and execute the activity together with shared accountability.
- **No collaboration**
Functions operate independently with no information or output sharing.

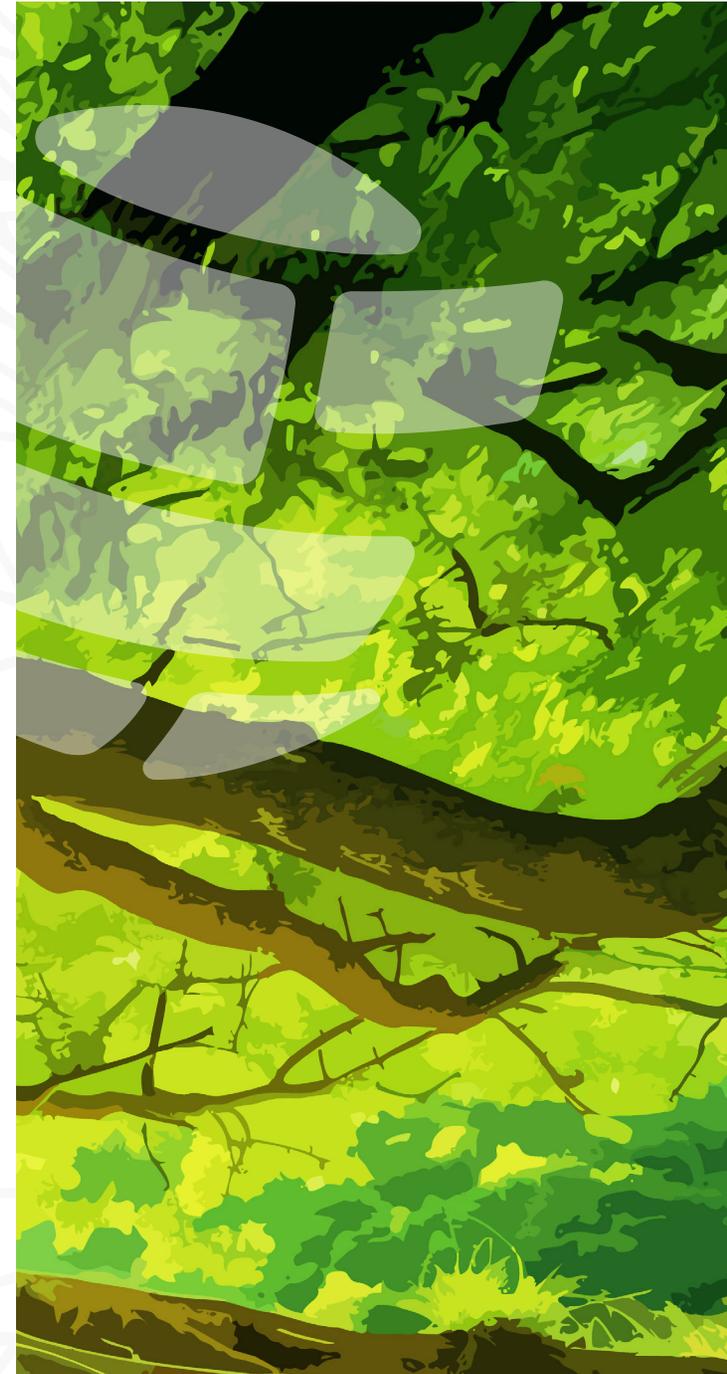
Coordinating Activities				
Risk Type	Performed separately, information shared	Performed separately, outputs shared	Performed jointly	No collaboration
Risk identification	41%	36%	13%	10%
Risk assessment	38%	40%	11%	11%
Maintenance of risk register	29%	37%	10%	24%
Risk monitoring and reporting	32%	42%	8%	17%
Reporting to the governing body	29%	41%	10%	20%
Control and risk response evaluation	30%	42%	9%	19%
Risk event (incident) management	29%	35%	9%	26%

Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q24: In what ways do internal audit and ERM collaborate on the following activities? [Hidden if 21 = Not aware or minimally aware.] [Shown if 22 = Yes, separate ERM function.] n=1,752.

The results reveal that most activities are performed separately, with some form of information sharing. As shown in the table, across all activities, the largest proportions of responses fall into “performed separately, information shared” or “performed separately, outputs shared,” indicating that collaboration tends to occur at the information- or output-sharing level rather than through fully joint execution.

Only 8% to 13% of activities are reported as “performed together,” suggesting that fully integrated risk activities remain uncommon. Risk identification (13%) and risk assessment (11%) are slightly higher, but most processes are largely managed independently.

Activities like risk event (incident) management (26%), maintenance of the risk register (24%), and reporting to the governing body (20%) have higher percentages in “no collaboration,” suggesting areas where internal audit and ERM are less coordinated or operate more independently.



Assigning ownership for risk methods and tools

Accountability for different risk methods and tools are primarily assigned to the ERM function, with internal audit mostly playing a supporting role. Specifically, ERM is responsible for risk registers or inventories (61%), risk management software (58%), risk assessment methodologies (49%), and risk/control frameworks (46%).

Shared ownership (or accountability) is modest, ranging from 7% to 14%, with the highest for frameworks, while independent ownership outside ERM and internal audit is most notable for risk assessment methodologies (29%) and risk register/inventory (21%). Internal audit independently accounts for only 4% to 12% of these tools, with slightly greater involvement in conceptual frameworks.

These results suggest that collaboration between internal audit and ERM primarily occurs around methodologies and frameworks rather than operational tools, reflecting the foundational role these shared tools play in promoting alignment, consistent risk assessment, and a common language across the organization.

“...collaboration between internal audit and ERM primarily occurs around methodologies and frameworks rather than operational tools...”



Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q28: Who has primary ownership or accountability for the following? [Hidden if 21 = Not aware or minimally aware.] [Shown if 22 = Yes, separate ERM function.] n=1,853. Totals may not equal 100% due to rounding.

Identifying barriers and challenges to collaboration

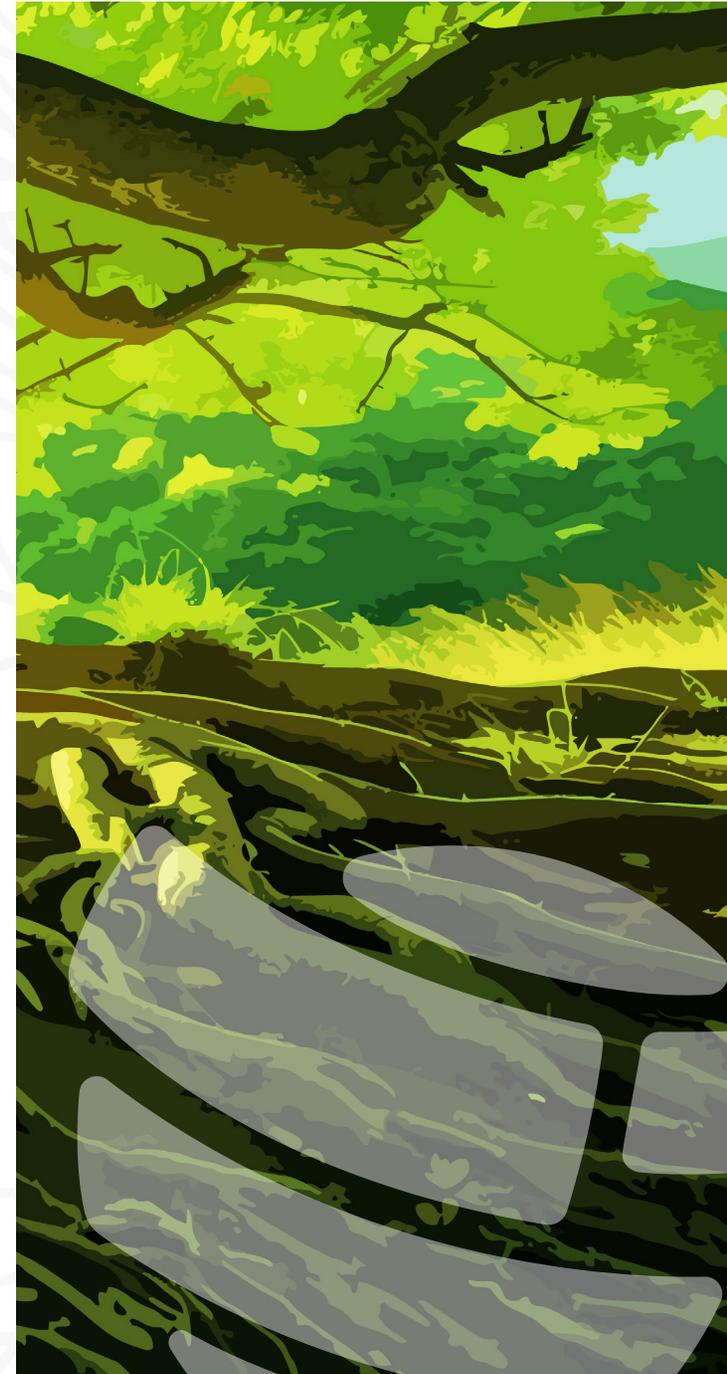
With respect to barriers to collaboration between internal audit and ERM functions, limited resources or competing priorities were cited most frequently (40%), suggesting that collaboration challenges are driven more by capacity and prioritization constraints than by intent.

Other commonly reported barriers included differences in objectives or perspectives (34%), the absence of unified platforms, such as separate IT systems (32%), and siloed processes (31%). Together, these findings indicate that coordination is hindered by organizational design and fragmented infrastructure.

Perceived independence concerns (31%) were also notable, but ranked below resource, alignment, and systems-related issues, indicating that independence concerns are part of the challenge rather than the primary barrier. Overall, the results suggest that collaboration challenges are driven largely by resourcing, structural, and technological factors, and that improving coordination may require systemic changes such as improved prioritization, shared platforms, and greater alignment of objectives.



Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q25: What challenges or barriers, if any, limit collaboration? (Select all that apply.) n=1,853.



Safeguarding Independence

The IIA's **Global Internal Audit Standards™**, a core component of the **International Professional Practices Framework® (IPPF®)**, provide guidance on organizational independence to ensure that internal audit can carry out its responsibilities appropriately. For example, Standard 7.1, Organizational Independence, requires CAEs to discuss with the board and senior management any roles or responsibilities that could impair the internal audit function's independence, either in fact or in appearance. The standard further requires that when CAEs hold one or more ongoing roles beyond internal auditing, appropriate safeguards must be established and documented in the internal audit charter⁹.



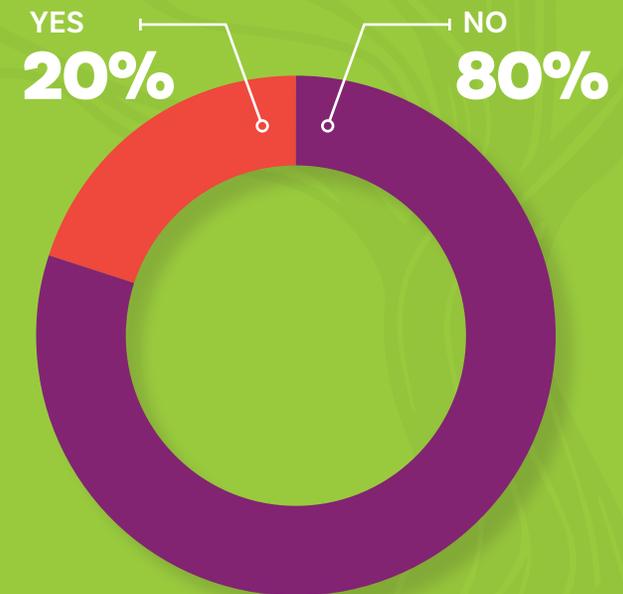
International Professional Practices Framework® (IPPF)

Survey findings indicate that risks to internal audit independence, a concern in theory, is limited in practice. Eight in ten respondents reported there were no shared responsibilities between the second and third lines that posed a risk to internal audit independence.

However, the concern over shared responsibilities and their impact on independence poses a risk for some (20%). This finding aligns with earlier observations regarding challenges or barriers limiting collaboration between organizations with separate internal audit and ERM functions, where 31% cited perceived independence concerns.

“ Eight in ten respondents reported there were no shared responsibilities between the second and third lines that posed a risk to internal audit independence.

SHARED RESPONSIBILITIES AND THEIR RISK TO INDEPENDENCE

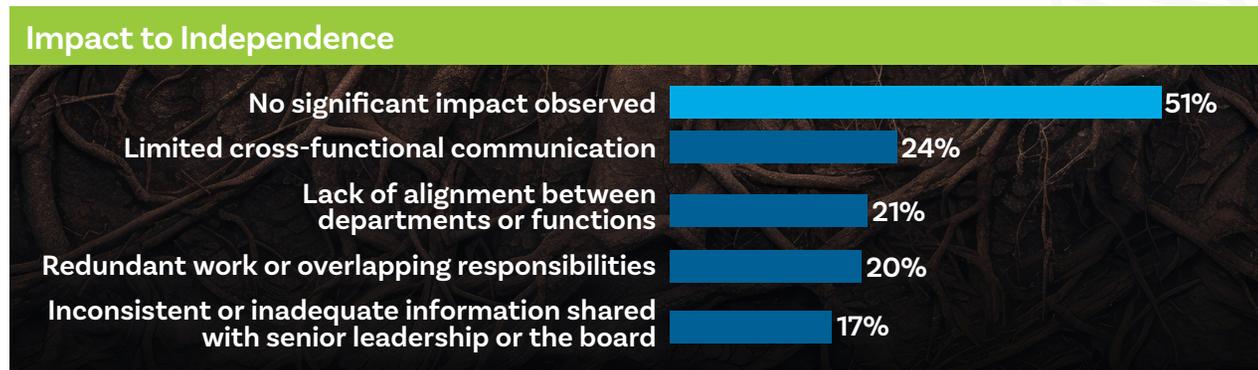


Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q35: Are there any shared responsibilities between the second and third lines in your organization that you believe may pose a risk to the independence of the internal audit function? n=2,914.

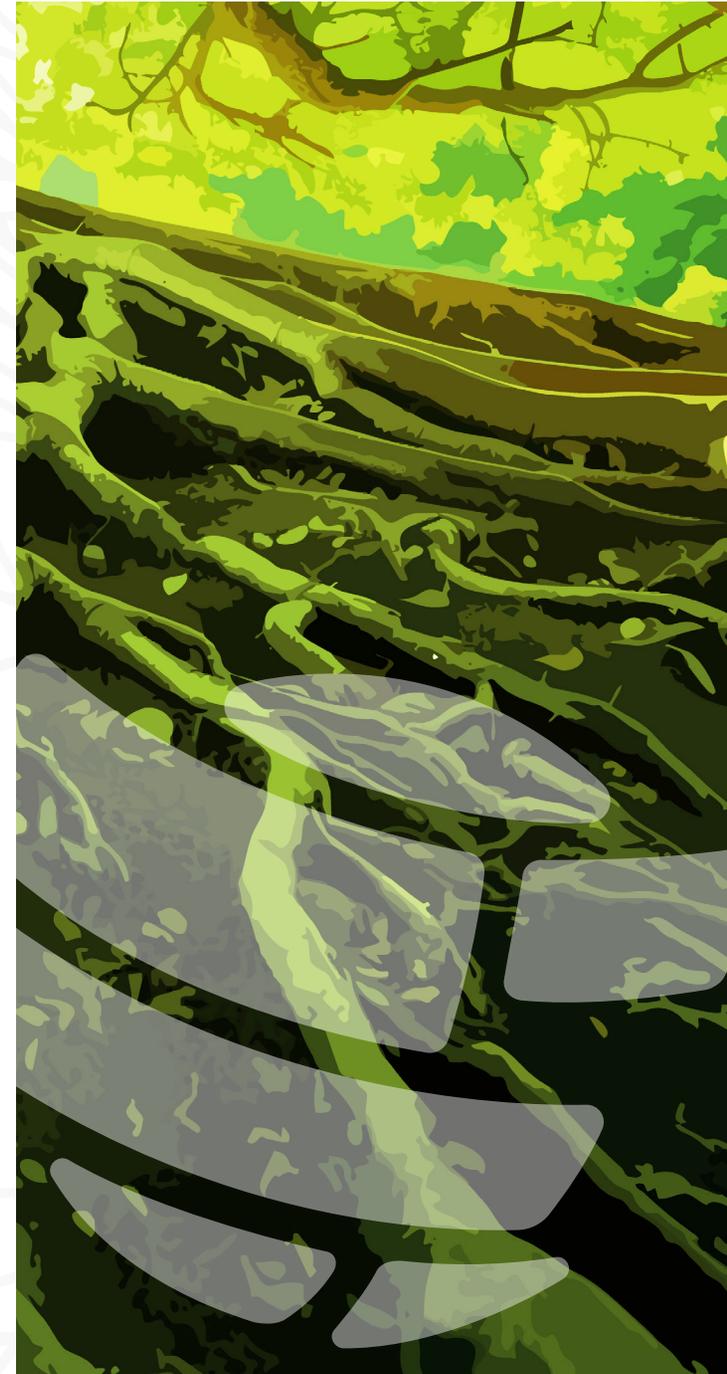
⁹ The Institute of Internal Auditors, Global Internal Audit Standards (Lake Mary, FL: The Institute of Internal Auditors, 2024), Standard 7.1, Organizational Independence, <https://www.theiia.org/en/standards/2024-standards/global-internal-audit-standards/free-documents/complete-global-internal-audit-standards/>.

To explore this issue further, respondents were asked how internal audit's independence, or the perception of independence, has impacted organizational efficiency. Examining this relationship is important for understanding the trade-offs that may arise as internal audit assumes expanded or overlapping responsibilities, and for identifying where governance structures may need to be reinforced to maintain trust and operational effectiveness.

While roughly half of respondents reported no significant impact on efficiency, the remaining respondents indicated that efficiency was affected in several ways, including limited cross-functional communication (24%), weaker alignment between departments or functions (21%), redundant work or overlapping responsibilities (20%), and less effective communication with senior leadership or the board (17%). Taken together, these findings suggest that certain shared responsibilities may pose greater challenges to independence than others, showcasing the need to understand which specific activities are viewed as most problematic.



Note: The Foundation's Risk Research Survey, Sept. to Nov. 2025. Q32: How has internal audit's independence or the perception of independence impacted organizational efficiency within your organization? (Select all that apply.) n=3,235.



Specific shared responsibilities perceived to compromise independence were identified through open-ended responses. Analysis of this qualitative feedback revealed three distinct categories of activities aligned with the organization’s strategic, tactical, and operational levels.

At the strategic level, respondents indicated that independence may be impaired when internal audit assumes responsibility for risk management activities or reporting relationships that position the function as part of management’s risk ownership rather than as an independent assurance provider.

At the tactical level, respondents highlighted concerns related to internal audit designing or implementing controls, policies, or frameworks. This category also captures role conflict arising from dual or overlapping reporting relationships. For example, some chief audit executives reported both administratively and functionally to management for operational, compliance, risk, or finance activities.

At the operational level, concerns centered on internal audit involvement in ongoing monitoring, management follow-up, or ad hoc activities intended to fill undefined structural gaps across the lines. These engagements may gradually shift internal audit into management roles, weakening the distinction between assurance and eroding independence.

Perceived Threats to Internal Audit Independence From Shared Responsibilities

Strategic Management Role Encroachment and Independence Impairments	Internal audit assumes reporting relationships, risk management activities, or compliance responsibilities that belong to management or the second line, creating self-review threats and impairing independence and objectivity.
Tactical Design, Implementation, and Role Conflicts	Internal audit designs or implements controls, develops policies or frameworks, or performs operational and administrative duties, creating potential conflicts between management responsibility and independent assurance and impeding objectivity.
Operational Ongoing Oversight, Investigative, and Role Boundary Conflicts	Internal audit assumes continuous monitoring, management follow-up, fraud or ethics operations, or fills undefined structural gaps across the lines, creating potential role conflicts and weakening objectivity.

Note: The Foundation’s Risk Research Survey, Sept. to Nov. 2025. Q36 (Optional): Please describe the specific shared responsibilities that compromise the independence of the internal audit function. [Shown if 35 = Yes, second and third lines share responsibility.] n=224.

Conclusion

Modern risk management is progressively moving toward enterprise-wide approaches that reduce duplication, break down silos, leverage new technologies, and integrate risk considerations into organizational goals and strategies. Collaboration among key risk players, including shared assessments, register, tools, systems, and coordinated planning, remains a critical driver of these developments.

Organizations are actively recalibrating risk and assurance practices to align with evolving expectations and operational realities, rather than strictly adhering to traditional role definitions. This may involve closer collaboration between internal audit and second-line functions to enhance efficiency and alignment, or increased overlap between their activities. This growing trend highlights the importance of reflecting on effective practices and identifying areas where additional clarity, discipline, or safeguards may be necessary to ensure that collaboration, integration, and coordination strengthen internal audit independence.

As internal audit responsibilities expand alongside growing levels of collaboration, ensuring appropriate safeguards is essential. Thoughtful coordination can reduce redundancy, improve alignment, and allow internal audit to contribute more strategically, particularly in anticipating emerging risks and informing governance decisions. At the same time, the findings serve as a reminder that vigilance is warranted. Structural arrangements that combine oversight responsibilities may offer efficiencies, but can also introduce real or perceived threats to independence. By recognizing these risks and deliberately embedding protective measures, CAEs can support collaboration that enhances value while preserving the independence and objectivity on which internal audit's role depends.

“As internal audit responsibilities expand alongside growing levels of collaboration, ensuring appropriate safeguards is essential.”



Survey Respondent Demographics

T1. Internal Audit Function Size

Range	%	n
1	8%	245
2 to 5	34%	1,057
6 to 10	21%	651
11 to 20	17%	521
21 to 50	12%	375
Over 50	10%	302
NET	100%	3,151

Q40: How many full-time equivalent employees are in your internal audit function (including CAE and sourced staff)? Totals may not equal 100% due to rounding.

T2. Enterprise Risk Management Function Size

Range	%	n
1	19%	464
2 to 5	44%	1,055
6 to 10	14%	345
11 to 20	9%	219
21 to 50	6%	152
Over 50	7%	158
NET	100%	2,393

Q42: How many full-time equivalent employees are in your ERM function? Totals may not equal 100% due to rounding.

T3. Number of Full-Time Employees at Organization

Range	%	n
500 or fewer	27%	840
501 to 1,500	19%	583
1,501 to 5,000	23%	712
5,001 to 10,000	12%	387
10,001 to 50,000	13%	423
More than 50,000	6%	197
NET	100%	3,142

Q43: For your organization, choose the range that best describes the current total number of full-time equivalent employees.

T4. Assets Under Management

Range	%	n
Less than \$100 million	22%	581
At least \$100 million but less than \$500 million	17%	442
At least \$500 million but less than \$1 billion	13%	343
At least \$1 billion but less than \$10 billion	25%	670
At least \$10 billion but less than \$50 billion	13%	353
At least \$50 billion but less than \$1 trillion	7%	196
\$1 trillion or more	3%	68
NET	100%	2,653

Q44: Choose the range that best describes your organization's assets under management in U.S. dollars for the current fiscal year.

T5. Revenue

Range	%	n
Less than \$100 million	28%	744
At least \$100 million but less than \$500 million	22%	589
At least \$500 million but less than \$1 billion	13%	349
At least \$1 billion but less than \$5 billion	19%	511
At least \$5 billion but less than \$10 billion	7%	183
\$10 billion or more	11%	280
NET	100%	2,656

Q45: Choose the range that best describes your organization's expected total revenue in U.S. dollars for the current fiscal year.

T6. Industry		
Industry	%	n
Banking	19.7%	636
Federal, state, and local government	10.8%	349
Manufacturing	7.4%	238
Insurance (excluding health)	7.4%	238
Higher education	4.9%	160
Technology	3.9%	127
Public utilities (excluding private utilities)	4.0%	131
Transportation, distribution, and logistics	3.5%	113
Not-for-profit	3.2%	105
Healthcare - provider	3.2%	103
Oil and gas	2.8%	89
Food and beverage, agribusiness	2.8%	92
Professional services (including legal)	2.5%	81
Power and utilities (privately owned)	2.1%	67
Asset management	1.8%	57
Metals and mining	1.6%	51
E-commerce and large retail	1.4%	46
Construction	1.2%	40
Real Estate	1.2%	38
Automobility and e-mobility	1.1%	34
Life sciences	0.9%	29
Aerospace and defense	0.8%	25
Healthcare - payer	0.8%	25
Hotel and lodging	0.4%	14
Private equity	0.2%	8
Restaurants	0.2%	7
Dealerships	0.2%	8
K-12 education	0.2%	6
Individuals, families, households, and trusts	0.2%	5
Tribes	0.1%	4
Other	9.6%	309
NET	100%	3,235

Q46: What is the primary industry classification of the organization for which you work (or your primary client if you are a service provider)?

T7. Organization Type		
Type	%	n
Publicly traded	30%	947
Privately held	28%	904
Public sector	29%	922
Nonprofit	9%	274
Service provider/consultant	3%	99
Other	2%	60
NET	100%	3,206

Q48: What type of organization do you currently work for?

T8. Region		
Region	%	n
North America	31%	999
Europe	26%	838
Africa	18%	578
Asia	11%	343
Latin America (South America, Central America, Mexico, and the Caribbean)	10%	314
Middle East	3%	96
Oceania (Australia, New Zealand, and the Pacific Islands)	2%	67
NET	100%	3,235

Q49: In what region is your organization based or headquartered?

Project Collaborators

We would like to thank the internal audit leaders, risk professionals, and practitioners who generously shared their time, perspectives, and experiences in completing the Risk Research survey. Their input was essential to shaping the findings and recommendations presented in this report.

This report reflects the collective expertise, insights, and contributions of many individuals across organizations, and the profession. We extend our sincere appreciation to all those who supported the development of this work.

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