Governing the Internal Audit Function

Everyone Has a Role to Play

The success of an internal audit function requires the support of both the board and senior management. This three-way partnership helps the organization stay on track, manage risk, and make smart decisions. Internal audit brings independent, risk-focused, and objective advice to both the board and management offering not just insight on what's happening now, but foresight for what's ahead.

Structure Matters

The reporting lines shown here reflect a globally recognized model that identifies a well-positioned and effective governance and reporting structure. The Institute of Internal Auditors' (IIA®) model outlines the roles and responsibilities of the board, senior management, and the internal audit function. When this structure is in place, internal audit is most effective, enabling organizations to strengthen accountability, improve oversight, and reduce risk.

Independent and Objective Assurance

Internal audit's independent assurance role is unique within an organization, positioning the function to play a vital role in value creation and protection. Independence is critical to the internal audit function's objectivity, authority, and credibility.



GOVERNING BODY

Responsible for the overall strategic direction and success of the organization (e.g., board of directors, boards of trustees, city council, etc.).

Maintains accountability of management activities, including compliance with legal, regulatory, and ethical expectations.

Establishes and oversees an independent, objective, properly resourced, and competent internal audit function.

Approves internal audit charter that defines the function's authority, role, and responsibilities.









MANAGEMENT

Leads and directs the execution of organizational objectives set forth by the governing body.

Establishes and maintains appropriate structures and processes for the management of operations and risk (e.g., CEO, CFO, CTO, senior management team, etc.).





INTERNAL AUDIT

Maintains direct accountability to the governing body and independence from management.

Provides independent and objective advice to promote the improvement and achievement of organizational objectives.

Led by the Chief Audit Executive (CAE) or an internal auditor with a similar title/role.



Accountability, reporting



Delegation, direction, resources, oversight



Alignment, communication coordination, collaboration

