The Institute of Internal Auditors

Statement of Position

Three Lines Model

Assurance and Advice in Support of Effective Governance

Contents

Executive Summary

Organizations operate in an environment of increasing complexity, rapid change, and heightened expectations for transparency and performance. In this context, boards and senior management require reliable assurance and well-positioned advice to fulfill their oversight responsibilities and support informed decision-making. This Statement of Position updates the Three Lines Model to clarify how assurance and advisory activities across the organization collectively support effective governance, risk management, compliance, and control processes. It reinforces a principles-based approach that is adaptable to different organizational contexts while maintaining a clear focus on accountability, independence, and coordination.

At its core, the Three Lines Model distinguishes roles while emphasizing their complementary contributions:

1. Management (first line) owns and manages risks and is responsible for the design and operation of processes and controls.
2. Second-line roles provide specialized expertise, support, monitoring, and challenge to enhance risk management, compliance, and control practices.
3. The internal audit function (third line) delivers independent and objective assurance on the effectiveness of governance, risk management, compliance, and control processes, while also providing advisory insights without assuming management responsibility.

The updated Three Lines Model highlights that assurance and advice are distinct but complementary, with both contributing to better decision-making and organizational performance. The nature and depth of these contributions vary by role, reflecting differences in proximity to operations, expertise, and independence.

Independence is emphasized as foundational to credible assurance, supported by appropriate organizational structures and safeguards. At the same time, effective governance requires coordination and transparency across roles, ensuring that independence does not lead to isolation or fragmented insights.

A central theme of this update is the importance of coordination and reliance, where appropriate. By aligning assurance and advisory activities across the organization — including, where relevant, external providers — organizations can reduce duplication, address gaps, and provide a more coherent and reliable view of risk and performance to the board. The Statement also recognizes that organizational structures

will vary, and that roles across the three lines may overlap in practice. It provides guidance on how such arrangements can be managed through clear accountability, transparency, and safeguards to preserve objectivity and avoid self-review risks.

Finally, the model reaffirms the unique role of the internal audit function as the integrator of assurance, offering the board a comprehensive, systemwide perspective on how effectively governance, risk management, compliance, and control processes operate together to support organizational objectives. Overall, this Statement of Position supports boards, senior management, and chief audit executives in designing and aligning assurance and advisory capabilities that are proportionate to organizational needs, responsive to evolving risks, and effective in promoting trust, accountability, and long-term value creation.

Part I - The Three Lines Model

Purpose and Context

Organizations need effective governance, risk management, compliance, and control structures and processes to enable achievement of the organization's mission, strategies, and related objectives. Organizational oversight is the responsibility of the board, which, in turn, provides resources and delegates authority to management to take appropriate actions, including managing risks. To fulfill their oversight responsibilities, boards seek assurance that the organization is functioning as they intend.

Effective governance, risk management, compliance, and control structures and processes enable boards and senior management to make informed decisions, understand the organization's true performance and risks, and steer strategy in line with stakeholder expectations. Stakeholders, including the general community, need to be able to trust information provided by the organization.

The Three Lines Model supports this trust-building by clarifying where boards can obtain the assurance and advice they need, and how these contributions differ across the three lines while remaining coordinated and aligned with governance needs. Management (first line) is responsible for designing and operating the processes that drive performance and manage risks. Management may also establish particular roles (second line) to review, support, monitor, and/or provide advice in specific risk areas. The internal audit function (third line) provides independent and objective assurance on the adequacy and effectiveness of those processes, including on the second line, as well as insightful advisory support where appropriate.

> *This Statement of Position uses the term "board" to refer to various forms of governing bodies and their committees, as described in the Glossary.*

Collaboration and coordination among these roles help ensure that information reaching the board is reliable, balanced, and aligned with the organization's purpose and risk appetite.

The model's principles apply to all organizations, though the implementation of governance, risk management, compliance, and control structures and processes is specific to each organization. Often, organizations implement roles and responsibilities as specified by laws and regulations.

The purpose of this Statement of Position is to:

- Describe the roles, responsibilities, and relationships among the identified parties.
- Recognize decision-makers' need for reliable and balanced information.
- Recognize that organizations make decisions about their structures and processes based on a combination of external and internal factors.
- Emphasize the contribution that coordinated approaches to risk management, assurance, and advice make to achieving objectives, creating and protecting value, and promoting trust among stakeholders.

This update addresses a recurring challenge faced by boards and senior management: how to structure and align assurance and advisory capabilities and manage collaboration and integration so that oversight remains reliable, independent, and proportionate in increasingly complex organizational environments.

The Three Lines Model contributes to good governance in organizations. Good governance supports the organization in serving the public interest and a broad range of stakeholders.

Introduction

This update of the Three Lines Model replaces the prior Position Paper and responds to an evolving governance environment characterized by greater complexity, faster change, and increased expectations for both reliable assurance and well-positioned advice. While the model's core structure remains unchanged as a principles-based framework for an organization's assurance and advisory needs, this revision clarifies how such capabilities across the three lines collectively support effective governance, risk management, compliance, and control processes.

The update also includes practical application guidance for organizations that are not required to maintain separate assurance functions. It illustrates how The IIA sees the implementation of roles and responsibilities evolving in practice and how organizations can make informed decisions to meet their needs. It emphasizes independence of assurance providers along a continuum, recognizes the complementary contributions of all three lines, and highlights the importance of coordination and integration in providing boards and senior management with balanced, reliable information to support decision-making.

This Statement of Position is intended primarily for board members, senior management, and chief audit executives. It will guide those responsible for designing, operating, or evaluating assurance and advisory activities. It explains how building and aligning these capabilities strengthen governance and management.

Principles

The following principles explain how assurance and advisory contributions support governance, and how independence enhances confidence in the information provided to boards.

1. *Boards set purpose, risk appetite, and expectations, and oversee the pursuit of strategic objectives.*
2. *Effective oversight depends on reliable, balanced information on performance, risks, and controls.*
3. *The board and senior management establish accountability by defining roles and responsibilities.*
4. *Distinct sources of assurance, including from an independent source, give boards confidence that governance, risk management, compliance, and control processes are working as intended, achieving objectives, and promoting timely corrective actions.*
5. *Advisory services complement assurance by providing insights, perspectives, and options that support improvement and informed decision-making.*

Independence

Independence is a foundational concept in supporting effective governance. It reflects a combination of organizational structures and safeguards designed to ensure that assurance and advisory activities remain reliable, objective, and free from undue influence.

At the same time, independence should not be interpreted as isolation. If not clearly understood or thoughtfully exercised, perceptions of independence may unintentionally limit cross-functional communication or contribute to misalignment among roles. Preserving independence, therefore, also requires fostering transparency, clarity of responsibilities, and constructive engagement across roles.

Organizational independence is determined by a role's position within the governance structure and the extent to which it can operate without interference. Essential elements of independence are:

- Reporting lines and authority: who the role reports to, and whether it has the mandate to escalate issues without restriction. The positioning within the organization must enable the role to carry out its responsibilities in an unbiased manner, which typically involves functional reporting to the board and administrative reporting to the CEO.
- Autonomy over scope and planning: the ability to decide what assurance work is performed, how it is performed, and what conclusions are drawn.
- Unrestricted access to assets, facilities, properties, information, people, and systems: independence is compromised when access to evidence is filtered or controlled.
- Control over resources: sufficient personnel, expertise, and budget to carry out responsibilities without dependence on the functions being reviewed. Resource limitations affecting assurance must be reported to the appropriate party.
- Protection from retaliation or undue influence: particularly for assurance providers who may raise difficult or sensitive issues.

In addition to organizational positioning, independence and objectivity are reinforced through practical safeguards that address real-world overlaps and evolving roles. These safeguards include:

- Transparent and documented allocation of responsibilities.
- Independent review of activities where self-review or oversight risks may arise.
- Explicit board approval of expanded remits.
- Timely communication of any actual or perceived threats to objectivity.

These elements collectively shape the structural environment that enables (or constrains) independence.

Assurance and Advice

By leveraging the three lines, boards and senior management can strengthen their oversight and decision-making without needing to know every operational detail.

- Assurance helps confirm whether governance, risk management, compliance, and control processes are adequate and effective.
- Advice helps identify emerging issues, areas for improvement, and opportunities to enhance performance and resilience.

Assurance and advice are complementary forms of value that support governance and decision-making. Both assurance and advice are delivered across the three lines, but their nature, depth, and safeguards vary by line, reflecting each line's role, proximity to operations, and degree of independence. Roles closer to operations tend to provide more specific and detailed inputs, while more independent roles provide broader, systemwide assurance and advice. In all cases, appropriate safeguards are necessary to ensure that assurance and advisory activities enhance accountability and do not compromise a practitioner's objectivity or subsequent assurance.

Assurance Engagements

Assurance engagements typically assess the effectiveness and efficiency of the design and implementation of controls to achieve objectives despite various risks. These engagements require independence because the purpose is to provide an objective conclusion about the effectiveness of processes or controls.

Assurance cannot be credible if the reviewer:

- Designs or operates the process.
- Evaluates their own decisions made previously.
- Is influenced by management preferences.

A period of at least 12 months between responsibility for a process or decision and providing assurance in that activity is typically sufficient to safeguard the objectivity of the reviewer. A reviewer's objectivity is also presumed to be improved by structural distance from the supervisory hierarchy of the process or decision owner.

Advisory Engagements

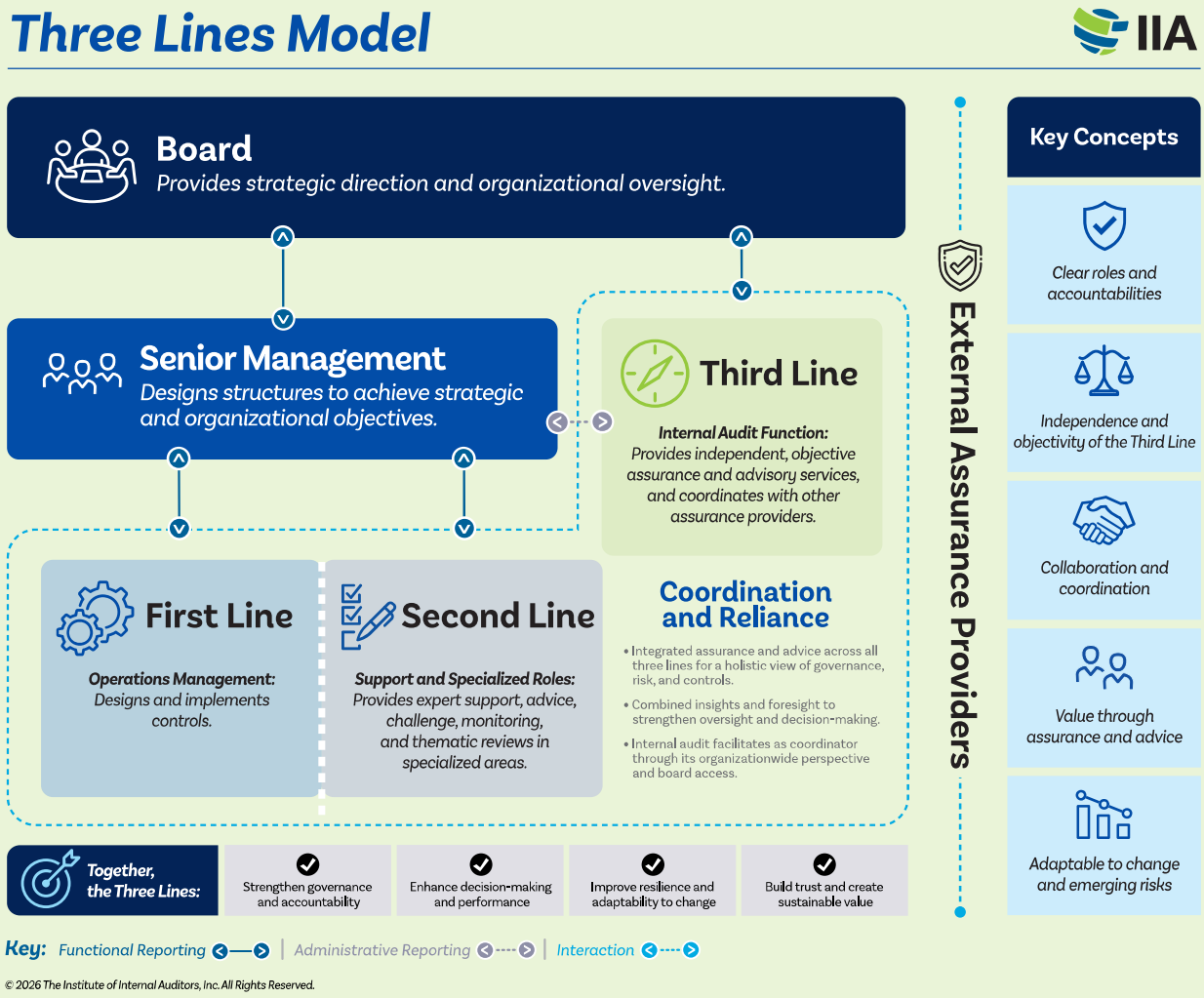
Advisory work involves helping management improve processes, identify risks, or design solutions. It is inherently more collaborative and may create familiarity risks or self-review threats for any assurance provider involved. When safeguards are present, advisory engagements can add significant value without compromising the integrity of future assurance. At the same time, a collaborative approach must not dilute professional skepticism or the responsibility to raise and clearly articulate significant concerns. Advisory engagements should support improvement while maintaining due professional care, objectivity, and the willingness to challenge where necessary.

To protect independence and avoid impairing future assurance work:

- Roles in advisory engagements should be clearly defined.
- The advisor should avoid making management decisions.
- The board should be informed of the nature and scope of advisory work.

The Three Lines Model

Assurance and advice are provided throughout the organization to assess and enhance the organization's ability to achieve its objectives through effective and efficient governance, risk management, compliance, and control processes.



Differences in proximity to operations, scope of expertise, and degree of independence ensure that boards and management receive both informed insights and credible, objective assurance, even though no single line can simultaneously maximize all attributes.

The Three Lines Model includes:

Line	First Line (Management)	Second Line[1] (Support & Specialist Roles)	Third Line[2] (Internal Audit Functions)
Core Roles & Responsibilities	• Day-to-day ownership of risk. • Designs, implements, and operates processes, controls, and day-to-day risk management. • Supervises activities, monitors and reports on performance, and conducts control self-assessments. • Provides operational advice and insights directly linked to execution and performance.	• Provides expert support, advice, challenge, monitoring, and thematic reviews in specialist areas. • Enhances first-line processes through guidance, specialist advice, and targeted assurance. • Reports to a member of senior management or a board-level committee. • Often offers perspectives independent from the first-line reporting hierarchy. • Identifies systemic patterns, emerging risks across functions, and incidents within their domain.	• Provides independent and objective assurance on governance, risk management, compliance, and control effectiveness. • Delivers advisory insights from an independent, systemwide perspective, without assuming management responsibility or decision-making authority. • Reports functionally to the board, enhancing objectivity, transparency, and independence. • Promotes coordination across assurance providers and may facilitate the integration of assurance.

1. Some consider the roles of support functions (such as HR, administration, and building services) to be second-line roles. For clarity, the Three Lines Model regards first-line roles to include both "front of house" and "back office" activities, and second-line roles to comprise those complementary activities focused on risk-related matters.

2. In some organizations, other third-line roles are identified, such as oversight, inspection, investigation, evaluation, and remediation, which may be part of the internal audit function or operate separately.

Line	First Line (Management)	Second Line[1] (Support & Specialist Roles)	Third Line[2] (Internal Audit Functions)
Strengths	• Deep operational knowledge and real-time awareness. • Closest to risks, issues, and performance drivers. • Able to respond quickly and adjust processes.	• More objective than the first line due to organizational separation from the first line. • Challenges and supports the first line. • Brings specialist knowledge (such as risk, compliance, security, quality).	• Highest level of organizational independence and objectivity. • Holistic view across all operations, functions, and risk areas. • Sets its scope of services in agreement with the board and in coordination with other assurance providers. • Has access to all information. • Can report issues without undue influence from management.
Limitations	• Objectivity is constrained due to operational ownership. • May under-recognize or rationalize control weaknesses. • Management may be able to override some controls.	• Sometimes impaired by reporting through management. • May focus on procedural compliance and monitoring rather than full assurance depth.	• Assurance coverage is risk-based and therefore periodic, which may result in less frequent review of lower-risk or emerging areas. • Has less direct operational exposure than first- and second-line roles.
Independence & Objectivity	• Not independent (by design). • Directly responsible for the processes and controls being reviewed. • Professional behavior is critical to support credible reporting and transparency.	• Part of management but may have organizational separation from operations. • Expected to maintain sufficient objectivity to provide credible challenge to the first line.	• Independence is essential and includes organizational positioning with a functional reporting line to the board. • Authority, role, and responsibilities are specified by the board or applicable law. • Operates autonomously and communicates freely. • Required to maintain professional objectivity to deliver credible overall assurance on all lines.

Other Providers of Assurance or Advice

Organizations often receive assurance and advice from external parties who are not considered part of the three lines, each with a different purpose and audience:

External Audit (Statutory or Financial Statement Audit)

External auditors provide assurance to stakeholders outside the organization and typically focus on the reliability of financial statements or other legally required disclosures. Their scope is defined by law or regulation, and their objective is not to replace internal assurance providers, but to offer an independent opinion for stakeholders, creditors, regulators, or the public.

Regulatory Inspections and Compliance Reviews

Regulators and other external parties, such as accreditation agencies, may conduct inspections or require organizations to demonstrate compliance with specific rules (for example, health and safety, data protection, industry-specific risk requirements). These assurance activities also serve external parties and help enforce compliance with mandatory standards. The degree of advice and assurance given may vary among the types of reviewers, and the information they provide may be useful to the organization for understanding the adequacy of controls.

Coordination and Reliance Among the Three Lines

Effective coordination spans both assurance and advisory engagements, enabling insights to inform improvement while assurance provides confidence. Thoughtful reliance, subject to board oversight, reduces overlap, optimizes assurance coverage, avoids assurance fatigue, and supports a more integrated understanding of risks.

In some organizations, coordination and reliance develop into a more structured approach commonly referred to as integrated assurance. Aligning and communicating assurance and advisory engagements across the organization, integrated assurance provides a coherent view of governance, risk management, compliance, and control process effectiveness.

Although not a structural requirement, integrated assurance represents a more mature form of coordination that may be valuable as risks become more complex and interconnected. Its design should reflect organizational context, risk profile, and governance expectations.

Rather than operating in silos, assurance providers — including management monitoring, second-line roles, the internal audit function, and, where relevant, external providers — may align methodologies, share risk information, and coordinate planning. This can improve transparency, reduce duplication, and clarify assurance coverage and gaps.

An assurance map, shared risk taxonomies, aligned reporting, or coordinated planning discussions are useful for supporting coordination and reliance across the organization and for providing integrated assurance. The internal audit function may support these efforts by facilitating coordination and consolidation, given its organizationwide perspective and reporting relationship with the board, while avoiding ownership of second-line activities.

Part II - The Three Lines Model in Practice

Organizational Context

Organizations vary widely in size, structure, complexity, maturity, sector, risk exposure, and external factors influencing their business (for example, regulators), and the implementation of the three lines should reflect these differences. There is no single structure that fits every organization. The need for separate first-, second-, and third-line roles depends largely on the nature and magnitude of risks and might be subject to regulatory restrictions or obligations.

The Distinct Value of the First Line

First-line responsibilities include designing and implementing structures and processes to achieve organizational objectives, including managing risks. The objectives are determined by the organization's strategic, operational, and administrative priorities, which include compliance with relevant laws and regulations, and meeting the needs of various stakeholders. The senior management team — ultimately, the CEO — is accountable to the board for the effectiveness and efficiency of risk management, compliance, and control processes that create and sustain value for stakeholders.

Senior management delegates responsibility for designing and operating specific risk management, compliance, and control processes throughout the organization, which may include outsourcing certain processes. Depending on the organization's size, complexity, legal or regulatory requirements, or other factors, the senior management team may need varying levels or types of assurance and advice to help fulfill their responsibilities.

The Distinct Value of the Second Line

Organizations with complex operations, significant regulatory obligations, or rapidly changing risk profiles often require a more developed second line, providing specialist expertise in areas such as compliance, cybersecurity, safety, financial crime, or operational risk. These specialist roles help guide, support, and challenge the first line and may conduct ongoing monitoring in higher-risk or compliance-heavy environments.

Clarity of accountability for performance, monitoring, and independent assurance remains essential to maintaining effective governance, regardless of organizational structure.

The Distinct Value of the Third Line

Regardless of the organization's size or maturity, the third line plays a unique role. The internal audit function provides a holistic, organizationwide view of how well governance, risk management, compliance, and control activities are functioning as a system. This organizationwide view can promote coordinated assurance efforts and support integrated, board-level reporting.

The third line serves as the ultimate internal assurance provider over internal risks/controls, examining how all parts (including the first and second line) of the governance, risk management, compliance, and control landscape work together and whether they collectively support the organization's objectives.

This distinction clarifies why boards typically decide to establish a third line in the form of an internal audit function: they require assurance over the overall coherence, effectiveness, adequacy, and reliability of the full set of governance, risk management, compliance, and control processes, not just isolated components.

The Board's Rationale for Maintaining the Lines

It is the board's responsibility to ensure that the organization has a balanced, reliable, and structured set of assurance and advisory capabilities. Their decisions on whether to establish, expand, or combine the lines are driven by:

- The strategic importance of certain risks.
- The complexity and scale of operations.
- The level of regulatory or stakeholder expectations, restrictions, or obligations.
- The need for independent, objective assurance and well-positioned advisory insights that the system is working as intended and continues to evolve effectively.

By appropriately designing the lines, the board can ensure that risks are owned, addressed, monitored, and independently assessed in a way that suits the organization's context.

Outsourcing Does Not Change Accountability

Some organizations outsource certain activities to external providers. This may help access specialist skills, manage capacity constraints, or respond to sector-specific needs. However, outsourcing does not change:

- The role of the activity within the Three Lines Model.
- The board's accountability for ensuring that the activity is effective, independent (where required), and appropriately directed.

Organizations frequently engage external service providers to undertake reviews or provide advice. External service providers should be categorized according to the organizational function that engages and directs their work.

The Internal Audit Function's Role as the Integrator of Assurance

While overlaps may occur, the internal audit function retains a distinct role as the line that provides the board with the most comprehensive and integrated view of how the full system of governance, risk management, compliance, and controls is functioning.

This does not diminish the value or expertise of the first and second lines. Rather, it reflects the internal audit function's unique positioning, being functionally accountable to the board and structurally separate from operational decision-making.

Because the internal audit function can draw on the insights, monitoring, and oversight performed by the first and second lines, it is able to provide assurance that connects these contributions and assesses how effectively they work together. The internal audit function's independence ensures that it can choose not to rely on the work of other assurance providers if quality expectations are not met. This final layer of internal assurance helps the board understand whether the overall system is robust, coherent, and aligned with organizational objectives.

Implementation Scenarios

Although the Three Lines Model provides conceptual clarity, real organizations are rarely neat or uniform in how roles are assigned. Differences in size, structure, maturity, and risk exposure mean that responsibilities across the lines may overlap in practice, and individuals may play roles that touch more than one line. This is not inherently problematic; in many cases, it is a pragmatic response to organizational needs. However, it requires careful attention to maintain clarity, accountability, and objectivity.

Also, these practical arrangements are not intended to represent preferred practices to be universally adopted, but rather to provide practical guidance for addressing these often-recurring scenarios. Moreover, in certain highly regulated environments, formal requirements or legal obligations may restrict or prohibit such arrangements.

Managing Second- and Third-Line Activities

There is a difference between blending the activities, where the internal audit function is charged with performing second-line activities, and situations where the chief audit executive is supervising another assurance role, which may occur for practical reasons such as limited capacity, resource constraints, or the absence of dedicated second-line competencies.

For example, the chief audit executive may:

- Supervise certain second-line roles or functions.
- Coordinate specialized risk areas.
- Be responsible for organizationwide monitoring or compliance activities.

These arrangements are often designed to strengthen alignment, coordination, and reliance across assurance, monitoring, and advisory capabilities, enhancing coherence rather than compromising independence. This can help reduce duplication, improve consistency, and provide the board with a more integrated view of risks.

At the same time, overlaps may also consist of shared responsibilities introducing certain risks:

- Blending roles may create confusion about who is responsible for operating controls, who is supervising them, and who is independently assessing them.
- Self-review threats can arise if the same person or function designs, monitors, and then later evaluates the effectiveness of a process.
- Reduced clarity for the board may limit its ability to rely fully on assurance if reporting lines or accountabilities are not clearly articulated.

These risks do not mean that overlaps are inherently problematic; rather, they highlight the importance of clearly defined responsibilities and appropriate safeguards to ensure roles remain complementary and effective. In certain, highly regulated contexts, formal requirements may prohibit these scenarios.

Safeguards to Maintain Clarity and Objectivity

To preserve the integrity of the three lines while reflecting practical realities, organizations can implement measures such as:

- Transparent and documented allocation of responsibilities, for example in the internal audit charter.
- Clear separation between advisory activities and subsequent assurance work.
- Periodic independent reviews of areas in which the chief audit executive has dual responsibilities.
- Board approval of the chief audit executive's remit.
- Explicit communication to the board when potential objectivity risks arise.

With these safeguards in place, overlaps can function effectively, strengthening coordination and insight, without compromising independence or accountability. To preserve the integrity of the three lines, organizations should apply safeguards tailored to the nature of the overlap.

When the Internal Audit Function Performs Second-Line Activities

In situations where the internal audit function carries out a second-line responsibility, the arrangement should be carefully considered, periodically re-evaluated, and fully transparent, recognizing that this creates a direct self-review threat. Safeguards may include:

- Clear, documented justification that the arrangement is necessary.
- Full disclosure to the board of the responsibility being assumed and the risks it creates.
- Ensuring another independent party (internal or external) provides assurance over the area for the duration of the overlap.

These measures help ensure that the internal audit function's objectivity is preserved and that assurance is not compromised.

When the Chief Audit Executive Supervises Another Assurance or Compliance Function

When the chief audit executive oversees a second-line function while the internal audit function remains structurally separate, the safeguards primarily concern organizational clarity and reporting integrity, rather than prohibiting the arrangement outright. Key safeguards include:

- Clear separation between the operational activities of the supervised function and the internal audit function's own assurance work.
- Documented allocation of responsibilities, ensuring the supervised function retains ownership of operations, monitoring, or compliance activities.
- Periodic independent reviews of any area in which the chief audit executive has supervision responsibility, to mitigate perceived or actual threats to objectivity.
- Board approval of the chief audit executive's expanded remit, ensuring the board understands the structure and associated risks.
- Ongoing, explicit communication to the board when potential or perceived objectivity impairments arise.

Glossary

Definitions are mainly adapted from the glossary in The IIA's Global Internal Audit Standards or newly defined here.

advice – Information provided to an organization's stakeholders without providing assurance or taking on management responsibilities.

assurance – Statement intended to increase the level of stakeholders' confidence about an organization's governance, risk management, compliance, and control processes.

assurance map – A high-level document that identifies the holistic risk coverage across the organization by a range of assurance providers. It helps to identify gaps in and duplication of assurance coverage.

audit committee – A committee established by the board to take on prescribed governance functions, including oversight of the internal audit function.

board – Highest-level body charged with governance, such as:

- A board of directors.
- A board of governors or trustees.
- A group of elected officials or political appointees.
- Another body that has authority over the relevant governance functions.

In an organization that has more than one governing body, "board" refers to the body/bodies authorized to provide management and the internal audit function with the appropriate authority, roles, and responsibilities.

If none of the above exist, "board" should be read as referring to the group or person that acts as the organization's highest-level board. The board may delegate certain responsibilities to a committee, such as an audit committee.

chief audit executive – Term used to refer to the head of the internal audit function in an organization. The specific job title and/or responsibilities may vary across organizations.

compliance – Adherence to laws, regulations, contracts, policies, procedures, and other requirements.

control – Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.

governance – The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

risk appetite – The types and amount of risk that an organization is willing to accept in the pursuit of its strategies and objectives. The board establishes the organization's risk appetite.

risk management – A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

stakeholder – A party with a direct or indirect interest in an organization's activities and outcomes. Stakeholders may include the board, management, employees, customers, vendors, shareholders, regulatory agencies, financial institutions, external auditors, the public, and others.

About The Institute of Internal Auditors

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About Statements of Position

Statements of Position communicate The IIA's official stance and vision on critical topics affecting governance, risk management, compliance, and control. They explain how a subject should be interpreted or applied in the context of internal auditing and are used to influence regulators, standard setters, boards, and executives.

This document is principles-based and does not prescribe organizational structures. It should be applied using professional judgment, considering the organization's context, complexity, and governance needs. The Statements of Position are not part of The IIA's International Professional Practices Framework® because they are intended for an executive audience, rather than primarily for internal auditors.

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