Governance Structures
Level 3 – Integrated
Funding Mechanisms

Purpose — To establish a robust and transparent funding process that ensures adequate resources to allow the IA activity to discharge its obligations.1

Essential Activities
- Determine the resources needed to effectively carry out the IA activity.
- Include as resources all funding required to support the IA activity in delivering the assurance and advisory services needed to address the risks identified (including administrative and support services).
- Establish a process/mechanism to approve the IA activity’s resource needs that is transparent and sufficiently independent of management influence.
- Identify the impact of resource limitations and communicate the impact to senior management and/or the board.

Outputs
- A robust and transparent funding process is established for the IA activity which is sufficiently independent of management influence.

Outcomes
- Sufficient funding is available to effectively carry out the IA activity.
- The budget allocated to the IA activity considers the risks and impacts of not auditing.

Institutionalizing Practice Examples
- Senior management support to ensure that a funding mechanism is in place that does not impair the independence of internal auditing.
- Formal and documented process for resource allocation to the IA activity.
- Process and funding is tied to the internal audit risk-based plan.

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1Budgetary controls and considerations imposed by administrative reporting lines should not impede the ability of the internal audit activity to accomplish its mission.