Governance Structures
Level 5 – Optimizing
Independence, Power, and Authority of the IA Activity

Purpose — To fully actualize the IA activity’s independence, power, and authority.

Essential Activities
- Confirm, garner support, and formally approve/sanction the appropriate mandate for the IA activity.
- Communicate the independence, power, and authority of the IA activity throughout the organization, to its stakeholders, and to the public.
- Explore and assess leading internal audit practices in other jurisdictions to enhance the independence and objectivity of the IA activity.
- Tailor and apply leading practices external to the organization to improve the governance, risk management, and control processes within the organization, including the means by which the oversight body discharges its responsibilities.

Outputs
- The full independence, power, and authority of the IA activity are formally concretized (e.g., through legislation, legal mandate, management, and oversight body support).
- The words and actions of senior management, the oversight body, and all key stakeholders demonstrate full acceptance for and support of the IA activity.

Outcomes
- The IA activity is not a discretionary policy of management.
- The IA activity has uncompromising independence, power, and authority in determining the scope of internal auditing, performing its work, and communicating its results.
- The internal activity has full organizational independence.
- The organization’s culture clearly recognizes and accepts the value of internal auditing.
- Government and organizational consensus exists on the role of internal auditing.

Institutionalizing Practice Examples
- Visible support by senior management for continuous improvement of internal auditing, including enhancing its breadth and scope.
- Strategic information and communication strategy advocating the independence, power, and authority of internal auditing.
- Benchmarking key success factors for IA activities globally (e.g., legislation, audit committee mandate, internal audit charter, organizational policy).