



March 20, 2026

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Via email: [Standards-Guidance@theiia.org](mailto:Standards-Guidance@theiia.org)

Re: Society for Corporate Governance Comment Letter on IIA Stakeholder Review Draft – Three Lines Model

Dear Ladies and Gentlemen:

On behalf of the Society for Corporate Governance (the “Society”), we appreciate the opportunity to review and comment on the draft update to the Institute of Internal Auditors’ (IIA) Statement of Position – Three Lines Model.

The Society is a professional membership association of corporate secretaries, general counsel, and other governance professionals serving public companies and other organizations. Our members work closely with boards of directors and senior management on matters relating to governance, board oversight, risk management, compliance, and disclosure. As a result, frameworks that address the interaction among management, oversight functions, internal audit, and the board are of significant interest to our membership.

We commend the IIA for continuing to refine and update the Three Lines Model. Since its introduction, the model has served as a useful conceptual framework for describing how responsibilities for managing risk, providing oversight, and delivering independent assurance can be organized within an organization.

Our comments below are offered with the objective of supporting the continued usefulness of the model while encouraging the IIA to preserve its longstanding principles-based approach and adaptable nature.

### **Support for the Principles-Based Nature of the Model**

The Society supports the continued positioning of the Three Lines Model as a high-level conceptual framework designed to help organizations understand the roles of management, oversight functions, and internal audit in supporting governance, risk management, and control.

We believe the model has been particularly valuable because it describes functional roles rather than prescribing specific organizational structures or governance arrangements. Organizations differ widely in their size, complexity, regulatory environment, and governance practices, and a principles-based framework allows for appropriate flexibility in implementation.

### **Importance of Maintaining Conceptual Flexibility**

We encourage the IIA to continue emphasizing that the Three Lines Model describes general roles and functions rather than mandates any particular organizational design.

In practice, organizations may structure governance, risk management, compliance, legal, and assurance functions in different ways. Responsibilities described in the model may be distributed, combined, or structured differently depending on organizational size, industry practice, geography, complexity, and capabilities.

The draft's expanded discussion of coordination and alignment across the three lines is helpful. At the same time, references to alignment, the use of common frameworks, and integrated assurance perspectives<sup>1</sup> could be interpreted as favoring more formalized or standardized assurance structures. In practice, organizations that have effective and well-tested structures could be perceived as non-compliant due to the draft's emphasis on alignment with a specific framework. Clarification that organizations may achieve coordination through a variety of approaches, and that a different model or approach is not necessarily an indication that an organization faces materially more risk, would help preserve the model's flexibility.

### **Clarification Regarding Board Responsibilities**

The draft recognizes the important role of boards of directors in overseeing governance, risk management, and internal control. We encourage the IIA to clarify that the model is not intended to create, prescribe, or expand governance or other obligations of boards of directors, nor to specify the manner in which such obligations should be carried out.

By way of illustration, boards are described in the draft as determining "what level and combination of assurance and advice is needed."<sup>2</sup> While directionally consistent with board oversight responsibilities, this could be interpreted as suggesting a more active role in structuring assurance activities than is typically exercised in practice.

Similarly, the draft provides that "decisions on reliance should be subject to board or audit committee oversight."<sup>3</sup> Clarification would be helpful that this is intended to refer to oversight of the overall assurance framework, rather than involvement in individual or operational reliance decisions.

In addition, references to the board's accountability for the effectiveness and independence of assurance functions<sup>4</sup> could benefit from clarification, particularly to avoid any interpretation that boards are directly responsible for ensuring the effectiveness and independence of assurance functions, rather than exercising oversight of these matters.

### **Independence and Governance Structures**

The Society supports the emphasis on independence as a foundational element of credible assurance.

At the same time, the draft includes a detailed articulation of "essential elements" of independence, including reporting relationships, authority over scope and planning, unrestricted access to information, and protections from retaliation.<sup>5</sup> While these elements are useful, we encourage the IIA to clarify that these elements do not necessitate a particular governance structure and that organizations may achieve independence in different ways depending on their governance frameworks, complexity, industry, business lines, and regulatory environment, among other factors. To this end, the draft could emphasize that the independence standards covered are intended to be viewed by organizations holistically, and that an organization's assurance function should not be viewed as ineffective or insufficiently independent solely because it does not adopt one or more of the elements, in whole or in part.

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<sup>1</sup> Pages 9 – 10.

<sup>2</sup> Page 4 Principles, Principle 2.

<sup>3</sup> Page 10.

<sup>4</sup> Page 12.

<sup>5</sup> Pages 4 – 5.

## **Distinction Between Assurance and Advisory Activities**

The draft's expanded discussion of advisory activities reflects the evolving role of assurance providers in supporting organizational improvement. At the same time, statements suggesting that boards can strengthen their oversight by leveraging the three lines<sup>6</sup> may depend on how those roles are implemented in practice and may not apply consistently across organizations in all circumstances.

Certain passages describing advisory activities—particularly in the context of maintaining transparency to the board and avoiding impairment of future assurance work—highlight the importance of preserving clear boundaries between management responsibilities and assurance roles.

Clear distinctions are important to support the board's ability to receive independent and objective assurance.

## **Overlapping Responsibilities and Role Clarity**

The draft's discussion of overlapping responsibilities across the three lines is a helpful recognition of practical realities.

For example, the draft describes situations in which internal audit may assume or oversee certain second-line responsibilities, such as coordinating risk areas or conducting monitoring activities.<sup>7</sup> While such arrangements may arise in practice, they may also introduce risks relating to role clarity, self-review, or perceived independence.

In addition, the description of internal audit as operating autonomously, setting its own scope, and communicating freely<sup>8</sup> may be read as suggesting a level of independence that does not fully reflect the broader governance frameworks, policies, and protocols within which internal audit typically – and successfully -- operates. For example, it is common for internal audit to report substantively to a board audit committee, but administratively to a senior member of management and, in any event, to be subject to policies and procedures applicable to employees generally. It is critical that internal audit's risk assessment and audit scoping activities are designed to align, at least generally, with an organization's enterprise risk taxonomy and regulatory and supervisory feedback, as well as its operating model and risk appetite.

We encourage the IIA to emphasize that arrangements involving overlapping responsibilities across the three lines should be carefully considered, supported by appropriate safeguards, and evaluated in light of their potential impact on independence and role clarity, rather than being viewed as a default or expected structure.

## **Avoiding the Creation of De Facto Governance Benchmarks**

Frameworks intended as conceptual guidance are sometimes used in practice as benchmarks for evaluating governance structures or board practices.

We encourage the IIA to reiterate that the Three Lines Model is intended as a conceptual framework rather than a governance standard, benchmarking tool, or auditing checklist, and should not be interpreted as establishing prescriptive governance expectations.

## **Conclusion**

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<sup>6</sup> Page 5.

<sup>7</sup> Page 13.

<sup>8</sup> Page 8.

The Society appreciates the IIA's ongoing efforts to refine and update the Three Lines Model. The model has long served as a valuable reference point for understanding the interaction among management, oversight functions, and internal audit in supporting effective governance.

We encourage the IIA to maintain the model's principles-based, flexible, and conceptual nature, which has been central to its usefulness across a wide range of organizational contexts.

Thank you for considering the Society's comments. We would be pleased to discuss our views further or provide additional input as the IIA continues to develop this important framework.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Randi Val Morrison', with a long horizontal line extending to the right.

Randi Val Morrison  
General Counsel & Chief Knowledge Officer  
Society for Corporate Governance

A handwritten signature in black ink, appearing to read 'Paul F. Washington', with a stylized, cursive style.

Paul F. Washington  
President & Chief Executive Officer  
Society for Corporate Governance