

*Report on the Development
and Public Consultation
Processes for the Third-
Party Topical Requirement*



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Introduction

This report describes The IIA's objectives and public consultation processes for establishing the Third-Party Topical Requirement for the internal audit profession. It is intended to promote confidence among IIA members and stakeholders in the rigor, inclusivity, and oversight applied to the processes. The report is divided into these sections:

- Governance and content development processes.
- Processes for releasing a draft for public consultation and receiving, analyzing, and resolving comments to create the final publication.
- Resolution of major themes in the public comments.



Governance and Content Development Processes

The governance and development processes for the Third-Party Topical Requirement, like those for all content comprising The IIA's International Professional Practice Framework® (IPPF®), are designed to ensure that the needs of practitioners and stakeholders are met and that the requirements serve the public interest.

Inception

In 2023, IIA Standards and Guidance staff, together with IIA volunteer boards and councils, began work to create Topical Requirements as part of the IPPF Evolution project, a reevaluation and transformation of the IPPF. The project included updating the 2017 *International Standards for the Professional Practice of Internal Auditing*, resulting in the incorporation of the Code of Ethics, Core Principles, and Definition of Internal Auditing into the revised and newly named Global Internal Audit Standards™. The IPPF Evolution project also resulted in a new IPPF structure that added Topical Requirements as a core element of the IPPF.

A Topical Requirements Task Force comprising members of The IIA's Global Board of Directors, International Internal Audit Standards Board (IIASB), Global Guidance Council (GGC), and staff finalized the details of the Topical Requirements, including their purpose, name, mandatory nature, and the governance process for their development and maintenance.

Purpose

The purpose of Topical Requirements is to enhance the consistency and quality of internal audit services, strengthen the internal audit function's ongoing relevance in the evolving risk landscape, and raise the professionalism and quality of internal auditors' performance. Each Topical Requirement must align with this purpose.

Governance

The due diligence process for Topical Requirements established requirements for the ideation, prioritization, development, public review, approval, and publication of Topical Requirements.

The IIA Global Board of Directors authorized the GGC to work with IIA staff to develop and approve Topical Requirements. GGC members are certified, highly qualified, and experienced



internal audit practitioners representing diverse industries and regions of the world. Members are nominated and vetted for selection for their volunteer roles, which have defined criteria and term limits to promote opportunities for varied perspectives. The GGC is also responsible for reviewing Global Guidance, a component of the IPPF.

The IPPF Oversight Council (IPPFOC) is authorized by the Global Board to monitor The IIA's adherence to the criteria and processes for developing IPPF content, including the Topical Requirements. Council members are representatives from global organizations not directly linked to internal auditing; for example, members represent the Global Network of Director Institutes, International Federation of Accountants, International Foundation for Ethics and Auditing, International Monetary Fund, International Organization of Supreme Audit Institutions, Organisation for Economic Co-operation and Development, and World Bank. The Council evaluates and advises on the rigor of the standard-setting process and The IIA's adherence to established guidelines. Such oversight promotes inclusiveness, transparency, and confidence in the quality of internal audit services among stakeholders globally, which ultimately serves the public interest.

The IIA and IPPFOC published "[Framework for Setting Internal Audit Standards in the Public Interest](#)," which describes a methodology for setting standards to promote quality internal audit services globally. The methodology leverages the combined experience of qualified, competent professionals in a rigorous, professionally directed process to achieve these objectives:

- Determine whether changes to the IPPF are needed by reviewing its existing elements at least once every three years.
- Determine whether elements or concepts should be added to or removed from the IPPF based on research into and an evaluation of the needs of the internal audit profession.
- Update content as determined by the review.
- Release any proposed changes to mandatory content for public consultation.
- Encourage formalized and inclusive stakeholder participation in meetings.
- Review feedback on the proposed content to identify opportunities for improvement or clarification.
- Identify groups of similar comments and organize them into "themes" for disposition, an agreed-upon approach for addressing the comments.
- Publish the new IPPF content and the translations completed by IIA national institutes.
- Develop and publish supplemental materials to create public awareness of the changes and to facilitate implementation.

These and other IPPFOC recommendations to advance The IIA's standard-setting processes were incorporated into the governance process for Topical Requirements.



Overview of the Content Development Process

The Global Board's approval of a new type of content, Topical Requirements, outlined the intention to provide requirements for assessing governance, risk management, and control processes over specified risk areas.

It was determined that Topical Requirements would:

- Ensure consistency and quality in engagement performance.
- Build confidence among internal audit stakeholders.
- Increase the focus on the resource investments required for internal audit functions.
- Strengthen the IPPF's ongoing relevance by addressing pervasive and evolving risks.

These goals were incorporated into the process for developing the Third-Party Topical Requirement. The stages of the process are described generally here, with further details in later sections.

Ideation and Prioritization

IIA staff gathered suggestions for topics from key stakeholders, including IIA members, the public, and IIA volunteers via surveys, focus groups, questionnaires, discussions, and other interactions. IIA staff then compiled this information into a report and presented it to the GGC for consideration. As part of the GGC's annual planning process, the council reviews a list of suggested topics for relevance. The GGC identified and unanimously agreed to third parties as a priority topic. Future annual reviews will include evaluating Topical Requirements that have already been proposed as well as new topics.

Drafting

A draft Third-Party Topical Requirement was prepared for public consultation through a rigorous process that included editorial reviews and discussions between the Project Task Force, Project Advisory Group, IIA staff, and third-party experts. The Project Task Force members were drawn from IIA knowledge groups and national institute leaders, and the Project Advisory Group comprised members of the IASB and GGC, with IIA staff. IIA staff led the effort to gather input from stakeholders, intended to foster the consideration of diverse perspectives. Additionally, the IASB appointed two members to evaluate the draft's consistency with the Standards. The draft was revised based on this input before being finalized and approved by the GGC for public consultation.

Public Consultation

The public consultation draft was available on The IIA's website in English and seven additional languages for 45 days. During that time, the public could download and read the draft in their chosen language, review a separate nonmandatory user guide in English of considerations to assist internal auditors with implementation, answer survey questions, indicating degrees of agreement or disagreement, and comment directly in response to the



survey’s open-ended questions. During this time, IIA staff solicited stakeholder feedback through scheduled video conference sessions and in-person meetings.

Following the public consultation, IIA staff and the GGC considered all input, applying a process of organizing the public comments by themes and discussing themes to reach conclusions and agree on dispositions of the themes. Based on the dispositions, IIA staff, project team members, and subject matter experts with extensive, relevant experience made revisions through successive iterations. The requirements were evaluated to confirm that the intended “baseline” quality had been achieved. Details of the public consultation and disposition processes are described in later sections of this report.

Approval and Publication

The revised draft was submitted as a final version to the GGC for review and approval. Two designated IIASB reviewers conducted a Standards consistency check, and the full IIASB approved that the document was consistent with the Standards. The required two-thirds of GGC members voted to approve the final version, including a decision that a second public consultation was unnecessary. The approval included two publications: the mandatory requirements and the nonmandatory user guide.

Subsequent to GGC and IIASB approval, the IPPFOC conducted a final review and determined adherence to the due diligence process.



Public Consultation Details

Public comments on the Third-Party Topical Requirement were solicited and received in three ways:

- An online survey available in eight languages and promoted through extensive marketing and communications efforts.
- Manual submissions, such as letters, marked-up versions of the exposure draft, and emailed messages.
- Feedback received directly through solicited meetings and events during which representatives of The IIA and GGC delivered presentations to promote awareness of the draft Topical Requirement.

Survey for Public Comment

The primary option for submitting comments was via an online survey. The public comment survey was managed and administered by The IIA's Research and Insights department, which is experienced in designing and conducting professional surveys. The survey tool was configured to gather information about alignment with the purpose of Topical Requirements, if internal auditors would find the Topical Requirement valuable, and appropriateness of the level of detail. The survey also solicited respondents' general comments on the proposed draft and feedback for improvement. IIA national institutes collaborated to translate the draft and the public comment survey. The draft and survey were provided via The IIA's global website in Arabic, Chinese Simplified, English, French, German, Japanese, Portuguese, and Spanish. Additionally, instructional and informational materials were provided in English, and institutes were invited to translate those materials.

The survey opened on 6 March 2025. The IIA used email, social media, public relations, theiia.org website, and other forms of outreach to invite the public worldwide to submit feedback. The survey closed on 20 April 2025.

Ultimately, 524 surveys were completed, providing 309 specific comments. Figure 1 illustrates the number of survey responses from each defined region. The responses represented 72 countries, demonstrating a global response.



Figure 1. Third-Party Topical Requirement Survey Response Data

Responses Received



524

Surveys Completed

309

Comments Provided

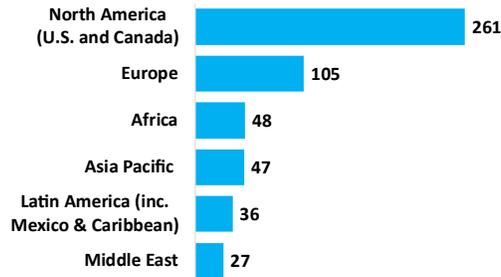


72

Countries/Locations*
Represented

9 Languages

Region Response Rate



³ *including territories and areas of special sovereignty



Survey Tool

For categorization purposes, survey respondents were required to select whether they were answering as an individual, official representative of an organization, or on behalf of the internal audit function.

Excluding administrative questions, the survey contained two types of items. One type asked respondents to select from a set of choices registering a level of agreement with the content of a particular element on a five-point scale: strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree. The other type of item invited respondents to provide free-form text comments.

Manual Submissions

Presentations and Meetings

Throughout the public comment and analysis period, IIA staff gave presentations and conducted meetings with stakeholder groups to promote awareness of the proposed Topical Requirement and solicit feedback.

Meetings with significant stakeholders were held primarily to gather feedback with a public interest perspective on how the Topical Requirement and its effect on the internal audit profession would be perceived and valued.



Letters

Eight organizations submitted letters instead of or in addition to surveys. The letters often provided helpful context about issues or concerns.

Analyses and Identification of Themes

To analyze the public consultation results, GGC members were assigned to one of three content review working groups, each assisted by a dedicated IIA staff member.

Grouping the public comments and tagging them with “themes” signifying common ideas, a process that had been effective during the 2024 publication of the Global Internal Audit Standards™, was used for the Third-Party Topical Requirement. The IPPFOC recommended this methodology to promote quality and enable systematic quantification and a determination of the relative frequency of ideas.

Potential themes were initially identified using an artificial intelligence tool, then carefully vetted by staff, and approved by the GGC. Each working group was responsible for assessing the themes based on a combination of quantitative and qualitative factors, using data from the public comment survey tool and manual submissions (for example, the main points in the letters were also assigned corresponding themes) as well as the members’ professional judgment.

The working groups recommended how to respond to (dispose of) the themes, and the dispositions benefited from the reviewers’ professional competence and due professional care. To promote transparency, all GGC and other project team members had full access to each working group’s public comments and analyses. Themes and the details of the dispositions were refined in successive rounds of reviews, which provided additional opportunities to raise and resolve issues.

The GGC voted to approve all final dispositions by surpassing the two-thirds requirement. The processes for identifying, assessing, and disposing of themes were documented and presented to the IPPFOC for review.

Public Agreement

The public comment survey’s “agreement” rating questions attempted to gauge satisfaction with the elements of the proposed Third-Party Topical Requirement. A stratified view of the results revealed general satisfaction.

Figure 2 shows that the “Strongly Agree + Agree” scores by region for alignment with the purpose of Topical Requirements ranged from 77% to 100%. Figure 3 indicates a range of “Strongly Agree + Agree” from 73% to 100% in the regions that the Third-Party Topical Requirement will be valuable for practitioners. Figure 4 shows the approval for the amount of detail in the Topical Requirement.



No matter the level of agreement with each various aspect of the Third-Party Topical Requirement, disagreements and questions raised were analyzed to detect the reasons and were treated as opportunities to enhance the final version.

Figure 2. Percentages of agreement

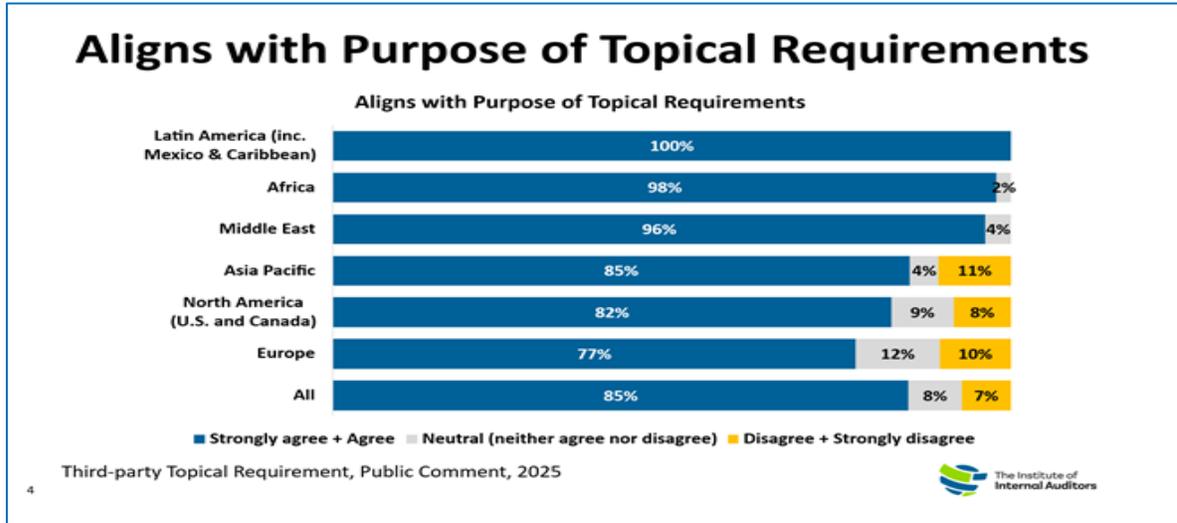


Figure 3. Percentages of agreement

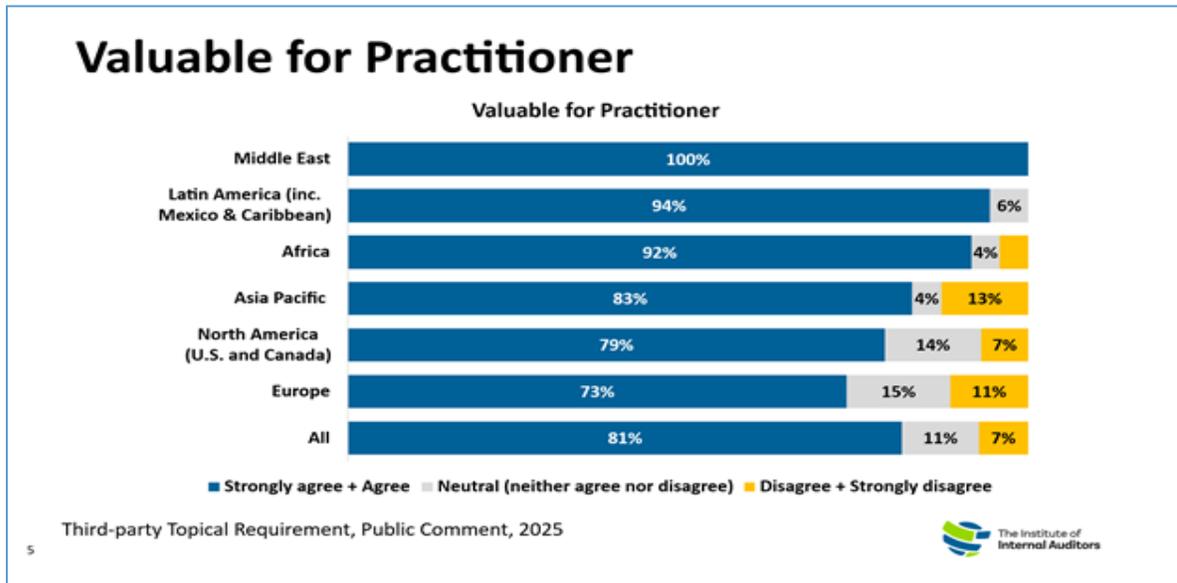
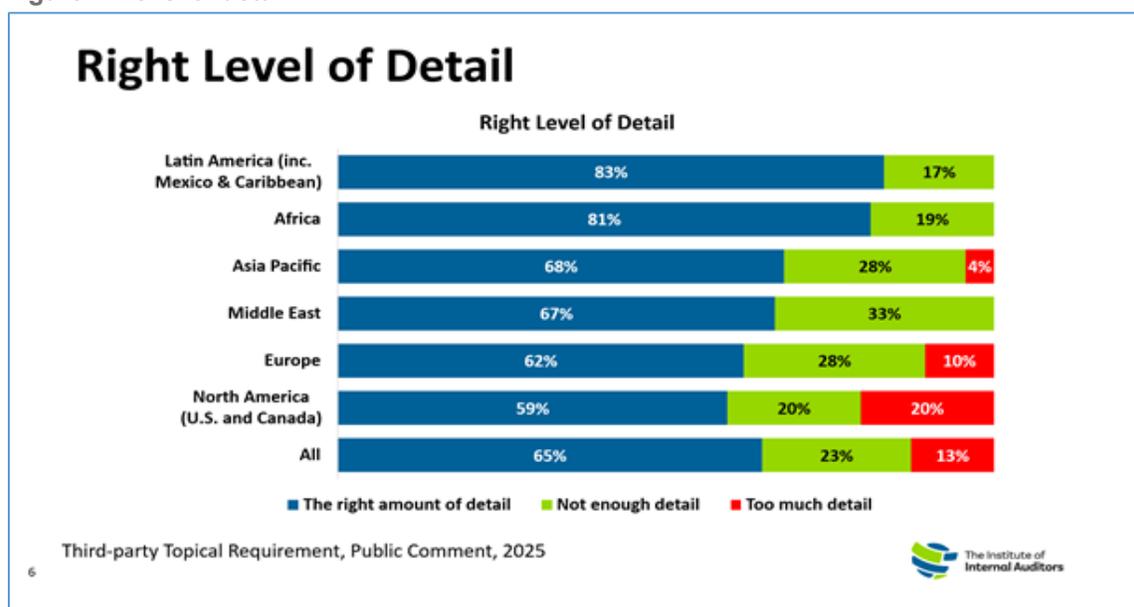


Figure 4. Level of detail



Considerations for Reopening Public Comment

The Global Board established criteria during the issuance of the 2024 Standards to determine whether a revised draft should be opened again for a second public consultation. The same criteria were applied to determining whether to reopen the Third-Party Topical Requirement for additional public comment.

The GGC and two IASB members voted that additional consultation was not required as:

- No new content was added compared to the released version.
- The requirements had not become more restrictive or stringent compared to the released version.
- The changes were based on the comments collected, and no decisions contradicted the majority of the comments or feedback received.

Approvals

Using an online survey tool, the GGC voted to approve the Third-Party Topical Requirement, a publication date of 15 September 2025, and an effective date one year later.

IIA staff met several times with the IPPFOC to review and provide documentation supporting the due diligence exercised in adhering to the criteria for standard-setting in the public interest. The process documentation included steps for reviewing, approving, and issuing the Third-Party Topical Requirement. After a thorough review of the supporting documentation, two assigned representatives of the IPPFOC approved the adequacy of the due diligence on 3 September 2025. The IPPFOC's approval released the document for publishing, translation, and promulgation.

Disposition of Comments by Major Theme

The GGC working groups read each public comment received through surveys, letters, emails, and interactions with stakeholders. They analyzed the comments grouped by theme. This section describes the major themes, providing context and the resulting dispositions. In addition, The IIA developed during this process and has released on the global website [“Topical Requirements Application Guidance”](#) for further clarification.

Theme: Risk Assessment Practices and Scope

Brief Description

This theme combines both general risk-based commentary and specific mentions that relate directly to risk assessment.

Disposition and Rationale

The Topical Requirement was revised to clarify when it is referring to vendor risk assessment and vendor management (program at entity level) risk assessment. Additional edits included:

- Clarifying that monitoring and due diligence of downstream (fourth and beyond) parties be based on risk assessed of those downstream parties.
- Under governance, specifying that the organization identifies who “owns” third-party risk in the organization.
- Specifying “key risks relevant to the organization” for a tailored, risk-based approach.
- Clarifying ongoing or regular risk assessment.
- Adding specific language “...processes are in place for management’s risk-based evaluation of its ongoing business relationship and further action, remediation, termination, as warranted.”
- Clarifying what is meant by “prioritized” third parties.



Theme: Clarifying Requirements for Documentation and Expectations

Brief Description

Comments on this theme requested clearer articulation of what internal auditors should look for and document.

Disposition and Rationale

GGC members reviewed what triggers the application of the Topical Requirement during an audit and added more specific criteria to assessing reputational risks, ethical considerations, and other critical aspects beyond financial checks. In relation to what internal auditors should look for and document, changes were made to simplify and clarify the control requirements. Changes included that a robust due diligence process for sourcing and selecting third parties is in place, and that the process includes criteria for important aspects such as reviewing cybersecurity protocols, conducting financial background checks, and verifying bank details.

Changes were made to clarify that if organizations are required to comply with frameworks that have duplicative requirements, those frameworks can potentially suffice for the requirements within this Topical Requirement; however, a documented reconciliation between the internal audit function's current third-party control testing to the requirements in the Topical Requirement should be performed to ensure adequate coverage.

Theme: Suggestions for Structure or Framing

Brief Description

Feedback highlighted the need to clarify the scope and application of the Topical Requirement, particularly when it applies and how to interpret key terminology. Several comments also proposed improving structural flow and reinforcing internal cross-references across life cycle stages.

Disposition and Rationale

A clarifying statement was added to the Topical Requirement introduction regarding its scope of application, adding a sentence that it applies at two levels: organizationwide and individual third-party relationships. The use of reference material from other parties, such as industry-specific guidance if applicable, was added, as well as illustrative examples in the user guide.



Theme: Stakeholder Communication and Engagement

Brief Description

This theme centers on internal and external communication practices.

Disposition and Rationale

The governance section was edited to define relevant stakeholders and include reference to breaches of laws and regulations. Reference to “business” was deleted, and the criticality of the vendor to the risk appetite was clarified. In the user guide, acknowledgement was added of the different types of service providers, including those that might require more due diligence and effort prior to selection and during onboarding. The concepts of “related parties” and “responsibility of third parties” received additional context and explanation.

In controls, clarification of the offboarding plan was added to ensure contract requirements involving timing and expectations are properly addressed.

Theme: Definition and Prioritization of Third Parties

Brief Description

Comments in this theme reflect concern with the clarity, scope, and practicality of the third-party definition.

Disposition and Rationale

The definition of third party was clarified to emphasize organizations have some flexibility in identifying third parties and should use their own judgment to determine how the term applies to their work.

The definition of “prioritized” for third parties was clarified throughout the Topical Requirement and user guide by emphasizing risk-based ranking, and criteria was added to the user guide to assist with risk (assessment) ranking specific to third parties, such as mission critical and material cost.

Clarity on downstream parties and how to consider the risk assessment of those parties was added. Wording emphasized that higher risk-rated downstream parties should be given more attention, such as greater due diligence and monitoring, and evaluation of continuing business relationships. Also, clarification was provided that greater due diligence includes reviewing specific evidence of compliance with regulations or laws, site visits, and evidence of continuity.



Theme: Alignment with Local Regulations and Existing Practices

Brief Description

Respondents are concerned about either their industry-specific (mostly financial services) or regional-specific (mostly Europe) regulatory requirements and are concerned either with the duplication of efforts or misalignment of requirements.

Disposition and Rationale

Clarification was added to the user guide that regarding global regulations: “(Topical Requirements) are intended to be applied in conjunction with applicable local laws, regulations, and supervisory expectations, which may impose additional or more specific requirements. If the Topical Requirements are already met with prior work or if they are not applicable to the entity, no additional work is required, only evidence of the same.”

Theme: Terminology and Language Clarity in Other Languages

Brief Description

Comments under this theme highlighted linguistic clarity and translation accuracy.

Disposition and Rationale

Language was changed to clarify how the requirements of the Topical Requirement should be used by state/federal government auditors, as well as that resources are needed to meet objectives. The language was edited to be less repetitive, and to clarify what is meant by “downstream.” The list of risks was reviewed for consistency throughout both the Topical Requirement and user guide, and terms were reviewed for clarity and consistency, such as “formal” and types of security risk. Some translation questions were also clarified.

Theme: Internal Audit Capacity

Brief Description

This theme emphasizes flexibility and proportionality.

Disposition and Rationale

Greater emphasis was added that Topical Requirements should be applied using a risk-based approach, allowing internal audit functions to determine scope and depth based on risk assessment. Further guidance was provided through the “Topical Requirements Application Guidance” document. Explicit language was added in the core requirement that professional judgment should guide the extent and nature of assessments based on organizational size, complexity, and risk profile.



Through collaboration, the working groups clarified risk-based prioritization of third parties and appropriate level of assurance for downstream (fourth and beyond) parties based on criticality and risk exposure.

Language for documentation requirements was simplified for exceptions, and to emphasize value of professional judgment in application, flexibility, and principles over prescriptive details. Clarification was added to highlight that the risk-based approach applies regardless of the internal audit function's size.

Theme: Specific Controls or Technical Details

Brief description

Comments focused on specific controls or technical details.

Disposition and Rationale

In the user guide, additional considerations were added in the due diligence process, including references to checking financial background, criminal records, scandals, legal records, blacklists, drivers' records, and possible links to individuals or organizations with questionable reputations or those involved in criminal activities. Reference was added to risks from money laundering, politics, and shareholder structures. Controls were clarified related to segregation of duties for monitoring third-party risk management or compliance.

For data protection risk management, reference was added to address data leakage risk and access to sensitive data, as well as review of service organization controls agreements or comparable documents in the analysis process.

Clarification was added regarding more information on due diligence for the third party delivering their part of the relationship, inadequate change management and risk management practices, and more information defining the third-party life cycle.

Theme: Other Comments

Brief Description

Feedback requested clearer articulation of how the Topical Requirement fits into a broader organizational strategy for managing third-party risk and how this will be addressed in different organizations (large multinationals versus small and medium-sized enterprises.)

Disposition and Rationale

Specific examples in the user guide were added to clarify different scenarios in which the Topical Requirement would apply. The requirements are a baseline for small internal audit functions as well as large, multinational organizations.



Acknowledgements

The IIA is grateful for the guidance and expertise in developing the Third-Party Topical Requirement provided by members of the [Global Guidance Council](#) – internal audit professionals who have generously volunteered their time to ensure the Topical Requirements elevate the professional practice of internal auditing.

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