



# Internal Audit

## *The Trusted Advisors, Vol. 3*



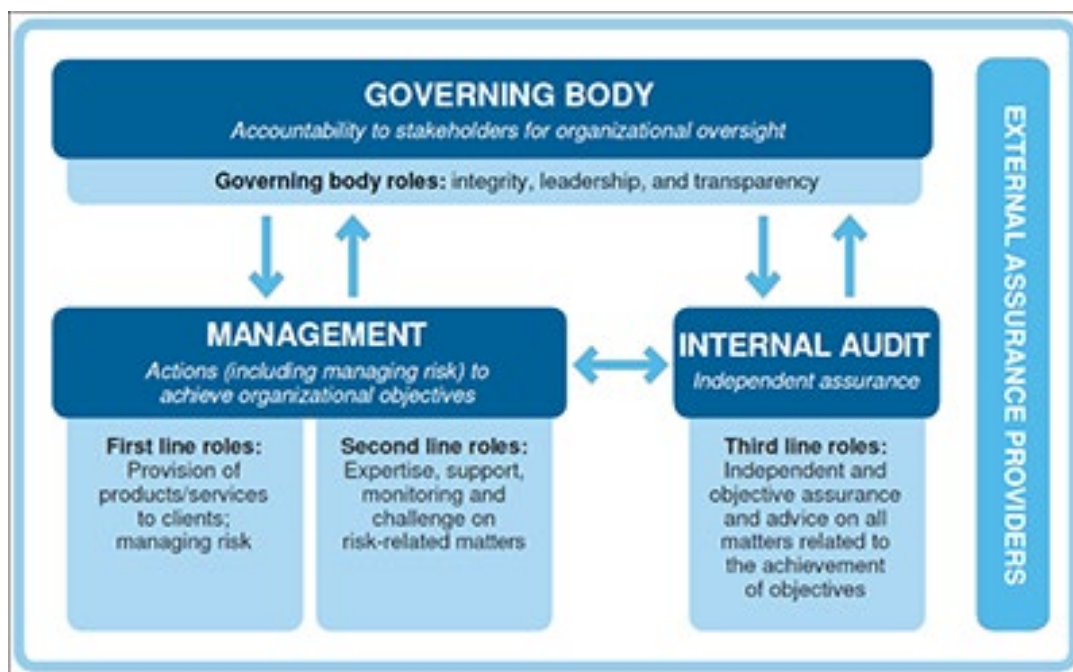
Houston Community College is an organization with strong values of responsibility, accountability, and integrity. The Employee Standard of Conduct, [HCC Board Policy Section D: DH \(Regulation\)](#), reflects our commitment to compliance with laws and policies where all community members are expected to conduct themselves with the highest standards of ethics. [Click here to find out how to report a violation of the Standards of Conduct.](#)

## “Three Lines Model”

The New Model for Governance and Risk Management was introduced by The Institute of Internal Auditors (IIA) on July 20, 2020. This model is meant to assist organizations with identifying structures and processes that best assist in the achievement of objectives and facilitate strong governance and risk management.

The new model helps organizations better recognize and structure interactions and responsibilities of key players to assist in the achievement of a more effective alignment, collaboration, accountability and, ultimately, objectives.

**New Three Lines Model - 2020**



This principles-based approach is intended to supply users with greater flexibility. Governing bodies, management, and internal audit are not slotted into rigid lines or roles. The "lines" concept was maintained for the sake of familiarity. However, they are not intended to denote structural components but helpful in the differentiation in roles.

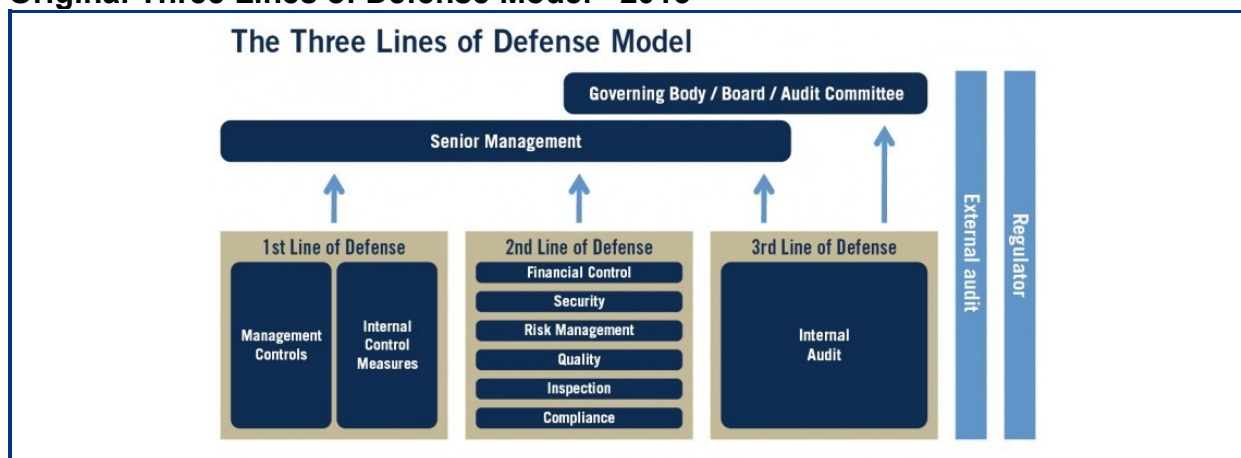
Principle	Summary
1. Governance	Requires appropriate structures and processes that enable accountability, action, and assurance.
2. Governing body roles	Ensures appropriate structures and processes are in place for effective governance.
3. Management roles	Achieve organizational objectives comprised of both first- and second – line roles. <ul style="list-style-type: none"> <li>• First – line roles are most directly aligned with the delivery of products and/or services and include the roles of the support functions.</li> <li>• Second – line roles provide assistance with managing risk.</li> </ul>
4. Third line roles	Provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. This is achieved through the competent application of systematic and disciplined processes, expertise, and insight and may consider assurance from other internal and external providers.
5. Third line independence	Independent from management responsibility which is critical for objectivity, authority, and credibility.
6. Creating and protecting value	All roles collectively contribute to the creation and protection of value when aligned with each other and with the prioritized interests of stakeholders.

This six-step, principles-based approach encourages the governing body to provide delegation and direction to each line, with the lines providing accountability and reporting in return.

In the new Three Lines model the governing body, management, and internal audit have their distinct responsibilities, but all activities need to be aligned with the objectives of the organization. The basis for successful coherence is regular and effective coordination, collaboration, and communication.

The COMPLIANCE AND ETHICS PROGRAM PLAN at HCC facilitates this coherence. This is a shared responsibility at HCC and as such requires commitment and buy in across functions and levels. The HCC Compliance Partners is established to assist the Compliance Officer/Director with the activities of HCC's Compliance & Ethics Program and related enterprise risk management activities. The HCC Compliance Partners serve to facilitate communication and coordination of activities between and among the Compliance Officer/Director, HCC's divisional managers, members of the Chancellor's Executive Council, and others charged with compliance, audit or risk management responsibilities. The Compliance Partners Council and the Compliance Partners Working Committee serve to inform, implement and advance different aspects of the Compliance & Ethics Program.

### Original Three Lines of Defense Model - 2013



In the previous model, the Three Lines of Defense were represented by management control as the first line, risk and control monitoring as the second, and independent assurance through the internal audit function as the third.

Each line reported up to senior management, with the third line of internal audit representing the last wall before external audit and regulators. [Click here to read Internal Audit Newsletters, Vol. 2.](#)



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You can view HCC's Compliance & Ethics information at this link – <https://www.hccs.edu/about-hcc/compliance--ethics/>

Want to learn more about HCC's Internal Audit function? Click on this link: <https://www.hccs.edu/departments/internal-auditing/>

**hccs.edu**



### About Houston Community College

Houston Community College (HCC) is composed of 14 Centers of Excellence and numerous satellite centers that serve the diverse communities in the Greater Houston area by preparing individuals to live and work in an increasingly international and technological society. HCC is one of the country's largest singly-accredited, open-admission, community colleges offering associate degrees, certificates, workforce training, and lifelong learning opportunities. To learn more, visit [www.hccs.edu](http://www.hccs.edu).

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