



## Internal audit strategy: driving organizational value through strategic alignment

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Building an effective internal audit (IA) strategy enables IA departments to transform their service delivery and position themselves as valued strategic partners to their organizations. With the Global Internal Audit Standards (GIA Standards) that went into effect in January 2024, a heightened importance is placed on internal audit functions moving beyond traditional audit planning to embrace comprehensive strategic thinking. According to Standard 9.2 (Internal Audit Strategy), “The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and is aligned with the expectations of the board, senior management, and other key stakeholders.” This requirement comes at a critical point in today’s business environment, where organizations face unprecedented changes in technology, risk landscape and expectations of stakeholders.

## The importance of strategic planning in internal audit

Strategic planning enables IA functions to provide assurance and advisory services that enhance organizational governance and improve decision-making.

Through comprehensive planning, internal audit can:

- 01 Identify, anticipate and respond to emerging risks facing the organization using data-driven insights and analytics.
- 02 Build technical capabilities to address future challenges while transforming service delivery models to provide more impactful assurance services with increased precision.
- 03 Allocate resources according to highest organizational impact while fostering innovative audit approaches and technology-enabled methodologies.
- 04 Develop a talent model that supports organizational needs through targeted skill development and succession planning.



Domain I of the GIA Standards, Purpose of Internal Auditing, emphasizes this by stating that that “Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.”

GIA Standard 6.1 (Internal Audit Mandate) also states that “the chief audit executive must discuss the internal audit mandate with the board and senior management to assess whether the authority, role, and responsibilities continue to enable the internal audit function to achieve its strategy and accomplish its objectives.” This communication allows internal audit to remain properly positioned to meet stakeholder expectations while developing and executing its strategy.

By building out one comprehensive strategy that encompasses the different considerations outlined in the next section, IA functions can better position themselves as trusted advisors while fulfilling the purpose statement as outlined in Domain I.

## Development of strategic objectives

Organizations and internal audit functions must consider several critical elements when developing their strategy due to the complex and rapidly evolving business landscape. Effective resource management, development of modern capabilities and consistent delivery form the cornerstone of a successful strategy as outlined in GIA Principle 10 (Manage Resources).

**A comprehensive strategy, at a minimum, typically encompasses these three primary components:**

### 1. Investment in people

**Strategic talent development prioritizes:**

- Building competency in emerging and top risk areas
- Establishing succession planning for long-term strategic priorities
- Retaining talent through progression opportunities
- Fostering a culture of innovation and continuous learning



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A properly resourced and positioned internal audit function develops and implements a strategy to support the organization’s success.

**GIA Principle 9**  
Plan Strategically

## 2. Technology as a transformative force

Technology serves as another pivotal component in modern internal audit strategy. The internal audit function should:

- Leverage artificial intelligence, data analytics and robotic process automation (RPA) to enhance risk assessment capabilities and audit execution.
- Establish continuous monitoring and auditing programs to provide real-time risk insights.
- Create technology-enabled quality assurance processes to improve audit effectiveness.
- Develop predictive analytics for proactive risk identification.

## 3. Quality and methodology enhancement

Quality and methodology enrichment upholds consistent delivery of high-value audit services. In alignment with GIA Standard 9.3 (Methodologies), procedures should:

- Address emerging risks through enhanced audit approaches.
- Implement robust quality assurance processes.
- Standardize approaches for consistent delivery.
- Establish performance metrics aligned with strategic objectives.

These three strategic components are often seen in an organization's strategy along with the internal audit function's strategic priorities. However, even when a strategy is well designed, it can only drive value creation through effective implementation and execution.



# Enabling strategic success through implementation and communication

Transparency in communicating strategic objectives is essential for successful implementation. Principle 9 of the GIA Standards outlines the importance of planning strategically to position the internal audit function to fulfill its mandate and achieve long term success. This requires engagement across multiple stakeholder groups, including the board, CAE, audit committee, senior management and IA staff.

**The board provides strategic oversight and governance perspective through:**

- Validating alignment between internal audit strategy and organizational direction
- Supporting independence of the internal audit function
- Reviewing and endorsing strategic resource requirements
- Providing input on emerging risks and industry trends

**The chief audit executive (CAE) must take a proactive and structured approach while maintaining independence. As both architect and advocate of the strategy, the CAE should:**

- Define measurable strategic initiatives.
- Demonstrate clear linkage between IA and organizational priorities.
- Connect strategy to talent development and succession planning.
- Provide transparent reporting of strategic execution challenges to the board and audit committee.

**The audit committee provides essential governance oversight and strategic guidance through:**

- Challenging strategic assumptions and validating achievability
- Approving resource allocations for strategic initiatives
- Enhancing planning through industry insights
- Monitoring results and receiving reporting to challenge and confirm strategic execution progress

**Senior management contributes to strategic success through:**

- Providing insights on business objectives and operational priorities
- Supporting resource allocation and technological initiatives
- Facilitating cross-functional collaboration opportunities
- Offering feedback on strategic alignment with organizational needs

**Internal audit staff plays a vital role in strategy execution by:**

- Developing technical and professional capabilities aligned with strategic objectives
- Providing ground-level feedback on implementation challenges and opportunities
- Contributing innovative ideas for service delivery improvement
- Maintaining quality standards in execution of audit activities

Comprehensive stakeholder engagement, including regular communication with senior management and internal audit staff, helps maintain alignment between departmental strategy and organizational priorities.

## Conclusion

The development and implementation of an effective internal audit strategy present a transformative opportunity to elevate the function's value proposition. Through careful planning, stakeholder engagement and decisive action, IA can position itself to deliver substantial returns through improved risk management and increased stakeholder confidence. Embracing modern capabilities and new technologies while maintaining focus on core assurance responsibilities will also allow internal audit functions to drive meaningful value creation for their organizations well into the future. Investment in developing and executing a comprehensive strategy yields significant returns through enhanced risk management, improved stakeholder confidence and increased organizational value creation.





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