



Global Knowledge Brief

Social/Human Capital/Culture

Part 3: Tomorrow's Internal Auditors



The Institute of
Internal Auditors



Change is the only constant in today's world. Everything around us is evolving rapidly on so many fronts — from artificial intelligence (AI), to sustainability, to cultural norms — that internal auditors who choose not to evolve will find themselves unable to fulfill the basic tenets of their role. To keep pace, internal audit leaders must have a long-term strategy not just for providing organizational assurance, but also for equipping their functions with the right skills, knowledge, and training to succeed.

Roadmap for Embracing Change

Earlier this year, The IIA released [Internal Audit: Vision 2035](#), a research report designed to guide the long-term development of internal audit functions in a way that meets the challenges of today and tomorrow. As IIA President and CEO Anthony Pugliese states, internal auditors “at all levels, across all industries and geographies, must possess the skills necessary to address new and emerging risks and demonstrate credibility to stakeholders to effectively confront these challenges.” Those skills come in a variety of forms.

Vision 2035 survey respondents place technology-based skills at the top of the list:

- **96%** say experienced internal auditors will need to [increase their technology skills](#) to remain relevant.
- **81%** agree that entry-level internal auditors will [require an elevated skillset](#) to be successful.
- **92%** say [technology-driven changes to internal audit](#) could add value to their organization.
- **93%** say [technology could help internal audit](#) develop better insights and recommendations.

Advisory work. According to Vision 2035, internal audit professionals and stakeholders expect the time spent on assurance services to decline over the next 10 years to 59% of the auditor's time versus 76% today, with time spent on advisory work growing from 24% to 41%. Areas where such advisory work can be valuable include operations, compliance, and risk management — all of which require an understanding of business processes that go beyond both technology and traditional assurance skills.

“The auditors that are only used to doing compliance and internal controls over financial reporting testing also need to have business savvy,” says Sandy Pundmann, executive vice president, chief audit and risk officer at Warner Brothers, in the report. “They really need to understand how to peel back the onion and be curious and understand what they're looking at. Technical skillsets are going to be important, but they must be combined with business acumen.”

Such changes speak favorably for the future of the profession, but they also create questions on the steps internal audit leaders should take to adjust to these realities. Fortunately, there are several strategies that will not only better equip internal audit functions to tackle new roles, but also improve their productivity and efficiency.

Establishing buy-in from leadership and stakeholders. Sometimes it is not enough to do the job well. The most detailed and accurate findings possible do little if they are presented to leadership and stakeholders who do not understand or respect the value of such findings. In addition to the technical aspects of their role, internal auditors should improve their soft skills so they can be their own best advocates and work to establish buy-in organizationwide into what the profession offers.



Findings from Vision 2035 support the importance of establishing buy-in, including:

- **50% of respondents say internal audit is misunderstood or undervalued.** Notably, 23% of respondents highlight this as the most important challenge facing internal audit.
- **45% say there is a lack of sufficient support from leadership and stakeholders.** 22% say this is the most important challenge facing internal audit.

Strategies to Evolve

Each internal audit function's journey will be different based on its unique context. What one function can implement and accomplish may be outside the realistic budgetary or resource constraints of another. That said, all internal audit leaders should still keep in mind the long-term goals needed to evolve their functions.

1. **Change the workforce perception of the profession.** Today's audit leaders can step forward to spearhead improved relationships with organizational recruiters, college educators, and third-party hiring services to use language that better educates all players in the hiring space on what internal audit is. For example, internal audit:

- Offers opportunities to collaborate and network with all organizational departments — an invaluable asset for those with leadership aspirations. According to LinkedIn's [The Future of Recruiting 2024 study](#), Gen Z is 47% more likely than Gen X to prioritize opportunities to advance within the company.
- Is a trusted advisor and change agent. Audit leaders should consider using terms like "strategic," "holistic thinker," and "dynamic" when describing the profession.
- Offers significant opportunities to expand professional knowledge and skills. According to the LinkedIn study, Gen Z is 45% more likely to prioritize opportunities to develop new skills than Gen X. With their view and work across the organization, internal auditors are well-positioned to expand their understanding of the organization, from its risk environment to its first and second-line processes and procedures.

2. **Promote internal audit within the organization.** Prospective hires are not the only ones who suffer from a misunderstanding of the full scope of internal audit's value. Even within the organization, negative or incomplete perceptions of internal audit can lead to a lack of interest in transferring to internal audit compared to other departments. To counter this, internal audit leaders can:

- Promote rotational programs to move internal auditors into functional roles, and those in functional roles into internal audit. This not only broadens internal auditors' understanding of operational processes for their engagements, but also offers other employees firsthand experience with all internal audit has to offer. Just experiencing the role of internal auditor can be the profession's best marketing strategy.
- Improve communication with the audit committee, board, and senior management. Such communication lines are required for conformance with the Global Internal Audit Standards™. If views of internal audit are skewed at the top, it will trickle down to other areas of the organization. Internal audit and its findings and recommendations should always be viewed positively and not from a point of antagonization. Such communication also should include ongoing dialogue on the full scope of what internal audit can offer beyond providing assurance, such as valuable consulting and advisory services.



3. **Embrace technologies.** Internal audit should be viewed as an advocate for innovation and positive change. This needs to come through not just in its communication, but also in its actions. Few actions show this better than incorporating new tools and technologies, including:

- **AI.** The uses of AI in internal audit processes to generate content, as well as to analyze patterns and identify trends, are nearly endless, and not all of them require significant budget investment. AI use cases include:
 - Audit planning.
 - Report writing.
 - Data analysis.
 - Ongoing monitoring.
 - Incorporation into risk assessments.
- **Automation.** Internal audit should be a driver of data analytics. Analytics provide a variety of benefits, including larger sampling sizes that maximize the vast data generated by today's organizations. Drastically improved resource management leaves more time for internal audit to pursue consulting and advisory services, and it provides an improved organizational perception of internal audit being on the cutting edge.
- **Digitization.** The world is becoming increasingly digital by the day, and the format of all internal audit deliverables and initiatives should reflect this.

View an AI use case video on risk assessment.

Embracing technology also means embracing an environment of continual learning and development. To accomplish this, initiatives could include:

- Increased cross-learning and interactions with IT-focused departments during assessments.
 - Establishing ongoing learning expectations within the audit function through resources such as LinkedIn Learning, technology-focused IIA learning resources, and offsite training via classes and seminars.
4. **Rethink internal audit.** Independence and objectivity will always be central tenets of the internal audit profession. However, the complex demands of today's organizations (as well as the complex risk environments they operate in) often demand that internal audit leaders take on responsibilities beyond their traditional duties. Instead of shrinking away from these duties due to potential concerns related to independence and objectivity, audit leaders should consider embracing them.

Stephen Bell, executive group chief risk and compliance officer for the Bank of London, offers this perspective in Vision 2035: "Internal audit needs to be scrupulously independent, but it can't live in a bubble. It could do a better job of tuning into the wider environmental organizational context in setting objectives for the next period, without worrying that doing so would harm its independence by having too strong an opinion on what needs to happen."

Fortunately, the profession appears to be making great strides in this regard. According to Vision 2035, 71% of internal audit leaders surveyed report taking on additional roles, the top three of which are fraud investigation (43%), compliance/regulatory matters (32%), and enterprise risk management (32%).

Audit focus

The IIA's **All Things Internal Audit** podcast series is dedicated to

providing our members with critical insight on all of today's most relevant industry topics from some of the most respected minds in the profession. In a recent episode, **Risk and Cyber Audit Opportunities With AI**, experts discuss strategies to mitigate the risk of sensitive data disclosure in public AI tools, as well as the importance of governance and monitoring in AI implementation.



Seeing such a profound shift supports the belief that just because the duties of internal audit are expanding does not mean it cannot maintain its independence and objectivity — if the Standards are adhered to, which calls for the implementation of safeguards. Within an organization’s unique context and needs, internal audit leaders should consider where internal audit can best fit. The function could provide great value in places not initially considered.

It’s a Movement

The common thread that binds all the initiatives listed herein is *the need for action*. Internal audit leaders should not expect the perception of their profession to change on its own. Indeed, audit leaders need to embrace the idea that they are their own best advocates. This means championing the profession through all interactions within the organization, from the board to frontline employees. This means reaching out to educators and providing resources to colleges to keep the profession top of mind — perhaps even offering to provide presentations on the profession to students. No outreach effort is too small or insignificant. The evolution of internal audit needs to be a movement, and a movement can only go as far as its members take it.



About The IIA

The Institute of Internal Auditors (IIA) is a nonprofit international professional association that serves more than 245,000 global members and has awarded more than 200,000 Certified Internal Auditor® (CIA®) certifications worldwide. Established in 1941, The IIA is recognized throughout the world as the internal audit profession's leader in standards, certifications, education, research, and technical guidance. For more information, visit theiia.org.

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