

## Implementing an Internal Audit Strategic Plan

In January 2024, the International Internal Audit Standards Board released the new Global Internal Audit Standards™, which replace the *International Standards for the Professional Practice of Internal Auditing*, issued as part of the 2017 International Professional Practices Framework®. The new Standards focus on managing the internal audit function's performance as part of conformance with the standards under Principle 8, Overseen by the Board, and Principle 12, Enhance Quality. The 2024 Standards also require the CAE to develop and implement a strategy for the internal audit function. As part of the evaluation of the performance aspect of a department during a quality assessment, a strong strategic plan is a key element.

**A strategic plan is required under the new Standards: Domain IV – Managing the Internal Audit Function; Principle 9 – Plan Strategically; Standard 9.2 – Internal Audit Strategy.**

- **An internal audit strategy is a plan of action designed to achieve a long-term or overall objective.**
- **The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function to support the organization's strategic initiatives and success.**
- **The CAE must review the internal audit strategy with the board and senior management periodically.**
- **Components may include:**
  - A vision describing the desired future state – in the next three to five years, for example – of the internal audit function and providing direction to help the function fulfill its mandate.
  - A vision designed to inspire internal auditors to continuously improve to achieve the future vision.
  - Strategic objectives defining achievable targets to attain the vision.
  - Supporting initiatives outlining more specific tactics and steps for achieving each strategic objective.
  - Specific measures defining success and/or progress.

### Sounds simple enough, right?

The truth is, most internal audit activities struggle on implementation measures in meeting their vision/mandate and stakeholders' expectations. So how can you position your internal audit function to meet its vision?

### Implement an effective strategic plan!

A common aspect of high-performing internal audit functions that we have reviewed during quality assessments is a strategic plan. It's different, however, from your internal audit plan. An internal audit strategic plan provides foresight and proactive steps of how to achieve current and future internal audit plans, and how to align with the organization's strategic initiatives and the board's mandate. **A strategic plan is now a requirement under the new Standards!**

### Still struggling? Let's break it down.

Here are some high-level tips to help you get started. There are many different approaches to establishing a strategic plan, but these are some basic elements to consider:

#### TALENT



Do you have the right people to achieve your mandate, vision, and purpose? Do you have people who understand technology risks and how to leverage technology in internal audit?

#### PROCESS



Are you continuously improving your processes and measuring and reporting on their efficiency and effectiveness?

#### TECHNOLOGY



Are you leveraging the latest technology to provide top-quality assurance and advisory services? Does your audit plan cover technology risks?

#### STRATEGIC ADVISOR



Are you cultivating a reputation for building relationships and meeting – even surpassing – stakeholders' expectations? Do you provide insight and foresight on a real-time basis?

## Where do you want the internal audit function to be in the short, medium, or long term?

The strategic plan can be the guide for what you want to achieve and provide you with the tool to communicate where you are today, where you are headed, and how you will get there.

### Sound easier now? Let's get started.

Along with the diagram, keep in mind the following when developing your internal audit strategic plan:

- Consider The IIA's Global Internal Audit Standards and Topical Requirements.
- Understand the relevant objectives of the organization.
- Understand stakeholder expectations.
- Understand the key risks of the organization and of the internal audit function.
- Embrace Internal Audit: Vision 2035 key concepts to become a strategic advisor and make internal audit an indispensable part of good governance.
- Identify key initiatives to drive continuous improvement and advance maturity of the internal audit function.
- Perform a SWOT (strengths, weaknesses, opportunities, and threats) analysis for talent, process, technology, and strategic advisor acceptance.
- Establish activity-based and results-based performance metrics that demonstrate and drive performance and continuous improvement.
- Shift the mindset of internal auditors from Purist and Practicalist to be more Proactive by embracing new ideas and new ways of working, and driving change that creates value.
- Revolutionize talent management to attract, retain, and develop future internal audit leaders as well as organizational leaders.
- Garner organizational support to ensure investments needed to achieve internal audit's strategic plan are funded to empower internal audit to fulfill its purpose and mandate of strengthening the organization's ability to create, protect, and sustain value while serving the public interest.
- Embrace emerging technologies and innovate to add more value by becoming more efficient and effective.
- Communicate the plan to senior management and the audit committee for review and approval, with updates provided on a regular basis.



**About IIA Quality Services** Insights to Quality are helpful ideas in key areas to assist internal audit functions in establishing or improving their Quality Assurance and Improvement Program (QAIP). IIA Quality Services' mission is to **Elevate Internal Audit Quality Around the World!** As a trusted source in the profession with years of internal audit experience and a deep understanding of the effective implementation and methodology of the Standards, IIA Quality Services assists CAEs in gaining support from the board through an understanding of how an external quality assessment is necessary and valuable to your department and stakeholders.



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