



A chance to reframe Internal Audit: the new Global Internal Audit Standards



Strategic Plan

Global Internal Audit Standards: Principle 9.2 Internal Audit Strategy

What it is

The Standards require IA functions to have a formal Strategic Plan that outlines its goals, aligned with those of the company. This is a common practice across organisations, where business leaders can determine their:

- Mission & Mandate (who are we and what is our role?)
- Vision & Strategic Objectives (where do we want to go?)
- Initiatives & Priorities (how do we get there?)

The Strategic Plan sets mid-term (3-5 years) priorities, including decisions on investments, resourcing, talent and technology needs, and guides annual plans/activities to achieve it.

Is this a quick exercise to repackage existing initiatives?

Individual initiatives in IA, typically set annually, focus on discrete topics; for example, implementing AI or analytics, upskilling talent, and revising reporting and methodology. They are often created as solutions to individually identified wants and needs. This is in contrast to a Strategic Plan that is conducted through analysis of the function's current state and an informed position of what would define a successful function more holistically (3 years from now, for instance). The intent of a Strategic Plan is to depict the broader, overall story and answer why the initiatives underway are the right ones based on the broader vision of where you intend to be.

The opportunity to advance IA *Unlocking benefits beyond the Standards*

IA Leaders often struggle to reconcile an ideal strategy with the realities of competing demands for resource and budget. A Strategic Plan should, however, be seen more than a 'wish list'. Instead it can be a call to action, helping IA discuss and agree with business leaders and other stakeholders where to evolve and transform, how to align IA and corporate objectives, as well as providing value and how to address the changing business and risk landscape.

When developing the Strategic Plan, consider:

- **How to engage with senior business leaders and stakeholders** - use this as an opportunity to explore their expectations, educate them on what good might look like in terms of IA's role ('art of the possible'), and the potential outcomes for different levels of investment.
- **How to take a balanced approach** - considering both the organisation's and IA's objectives and vision, the requirements in the standards, and expectations of other stakeholders. This should incorporate a good balance between the 'value creation' and 'value protection' dimensions of an effective IA function.
- **How effective cost management is incorporated** - demonstrate IA's role in cost management, outlining steps taken to drive efficiency, what trade-offs or other options can be considered, and how Return on Investment will be measured.



Where to Start

- 1 Revisit (or develop) your IA mission and vision (**'North Star'**) and reflect this in the IA **Mandate and Charter**
- 2 Analyse your **company strategy** and other inputs, such as transformation initiatives, business plans, and external messages (e.g., to customers and investors), to align the IA Strategic Plan with the broader organisational priorities
- 3 Perform **surveys and/or interviews with stakeholders ('Voice of the customer')**, including the Board, functional leaders, Audit Committee, and second line, to solicit input on expectations, value outcomes, and opportunities to collaborate
- 4 Perform a **SWOT** (Strengths, Weaknesses, Opportunities and Threats) **analysis**, considering benchmarks, external inputs, leading practices, innovation, and stakeholder feedback
- 5 Define the **broader longer-term Strategic Plan goals (2-4 years)** for your function that define where the function is headed and what outcomes you expect from the collection of your shorter-term annual initiatives.
- 6 Outline the **shorter-term (annual) initiatives** that define the necessary process, people and technology changes you need to make in order to achieve the Strategic Plan goals. Confirm that these initiatives are practical and appropriately sequenced taking into consideration other ongoing IA activities.
- 7 Socialise the draft plan to solicit feedback and ensure **stakeholder buy-in and alignment**
- 8 Determine **actionable targets and outcomes** through Key Performance Indicators (KPIs) to help measure and report success (*find out more in our future issues*)
- 9 Develop and present an **executive level summary** of the Strategic Plan to the Board (or equivalent e.g., Audit Committee)
- 10 Monitor your progress. Consider the nature of where you're seeing success and whether changes in internal and external factors warrant any changes to either your longer or shorter term goals and initiatives.

Legend:

 *Common step in developing a strategic plan*

 *Potential new requirement for some IA functions*

 *Common practice for many IA functions today*



Reflection point

If you read the above and still plan on starting at step 5, consider why you are comfortable skipping steps 2-4. Those steps are more than about obtaining feedback. They represent an opportunity to have different types of conversations with stakeholders and challenge IA on how its plan supports the business transformation efforts. By embracing all 10 steps, IA will lead by example for how others should be operating their functions (*given this is a common focus area when executing internal audit projects - Does the function have a defined plan? Did they consider appropriate inputs? Do they have effective mechanisms in place to achieve their objectives?*).



How it Comes Together

IA's Strategic Plan is a crucial component of implementing the Standards. When executed well, it brings together multiple threads of the organisations and IA objectives. This can help align cross-functional initiatives, highlight interdependencies, and provide the basis for a stronger IA function, with better outcomes. These building blocks are shown in PwC's IA Framework.

Questions and interdependencies to consider



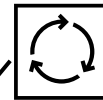
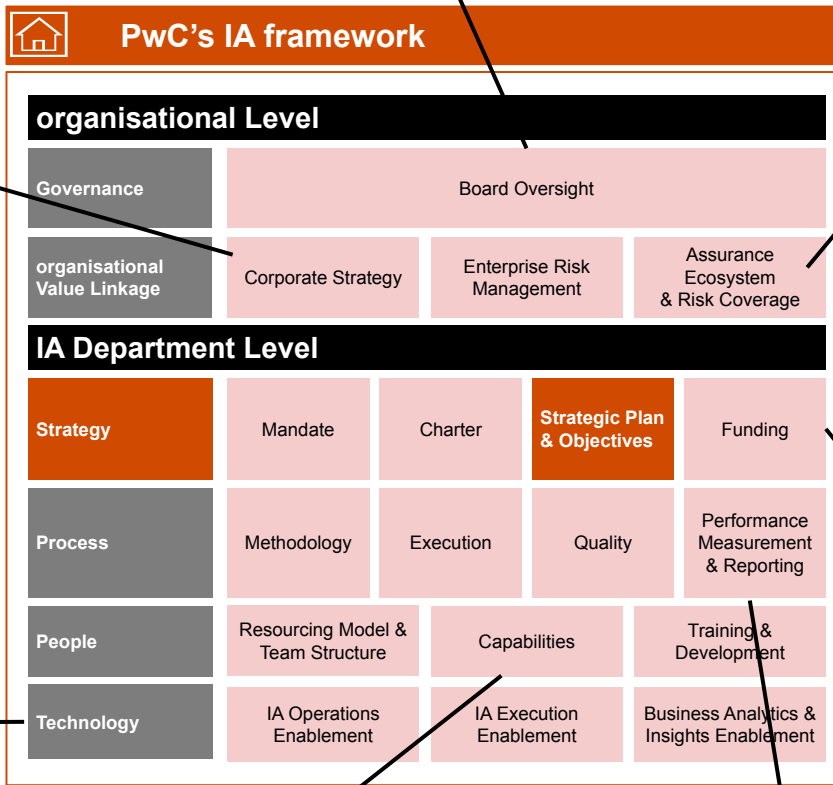
How has IA incorporated Board expectations into the Strategic Plan?
Is it sufficiently transformative?
What could be achieved with more investment and buy-in?

Article Topic
 Direct
 Interdependency



How well do IA's goals and objectives align with those of the organisation?

How responsive is IA in updating its Strategic Plan as company objectives and external macro events evolve?



Has the interconnections and activities in the broader assurance ecosystem been reflected in the Strategic Plan?



What funding and resources are necessary to deliver IA's strategic objectives? Is RoI clear?

Are the benefits/value creation outcomes clearly articulated?



What tools and technology can help achieve IA's objectives?

Does the IA technology strategy align with that of the organisation and what dependencies exist?

What technology already exists across the organisation can be leveraged by IA? Are there opportunities to co-develop with other functions?

How will my emerging use of technologies (including GenAI) change my processes and resource needs over time?



Does IA have the right skills and capabilities to deliver the Strategic Plan?

How will these needs develop over the next 3 to 5 years (e.g. in response to new technology like AI)?

How can broader company-wide and external capabilities be leveraged?



What KPIs will measure success against the Strategic Plan?

What are the Key Success Factors for stakeholders?

🔍 The Stakeholder Perspective

As leaders sitting outside of IA, you play an important role in setting the strategic priorities and objective of the organisation, and helping shape the priorities of IA - and the value you get from them. When discussing IA's Strategic Plan, consider the following:

The Basics

An effective IA function is critical to the health of an organisation, giving it confidence that its governance, processes, people and technology are functioning well and fit for the future. A well designed IA Strategic Plan is critical in this as it ensures IA activities and mandate are appropriately prioritised in line with the organisation's objectives, and everyone is clear on the value and outcomes expected (see [Issue 2](#) of our Reframe IA Series for more on IA's Mandate). IA's Strategic Plan should support investment priorities, such as technology, to ensure it offers value and a good return on investment.

It is, therefore, important for all business leaders and stakeholders to engage proactively with IA to maximise value for the whole organisation.

Board/Audit Committee & Senior Management Second Line (e.g. Risk, Compliance)

- How well does IA Strategic Plan reflect your organisational goals?
 - Has IA included transformation objectives that keep pace with the rest of the organisation, including digital transformation (such as the use of AI)?
 - How does IA's vision and strategic plan compare to other IA functions I have visibility to?
 - Does IA have sufficient funding, investment, and buy-in across the business to deliver on its Plan?
 - Has IA defined KPIs and metrics for you to measure the value it is delivering to the organisation?
 - How cohesive is IA's technology strategy compared with the business? Does it go beyond acquisition of 'tools'?
- Does IA's Strategic Plan consider an integrated assurance approach with second line, to maximise coverage and avoid duplication?
 - What opportunities are there to collaborate between functions to increase mutual value (e.g., technology co-development, upskilling, sharing of methodology and tools)?
 - Will the Strategic Plan equip IA with the capabilities to sufficiently cover the organisation's key risks?
 - Is there sufficient focus on talent development and culture, including innovative approaches to leveraging talent in other functions?

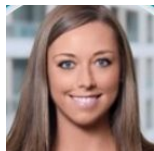


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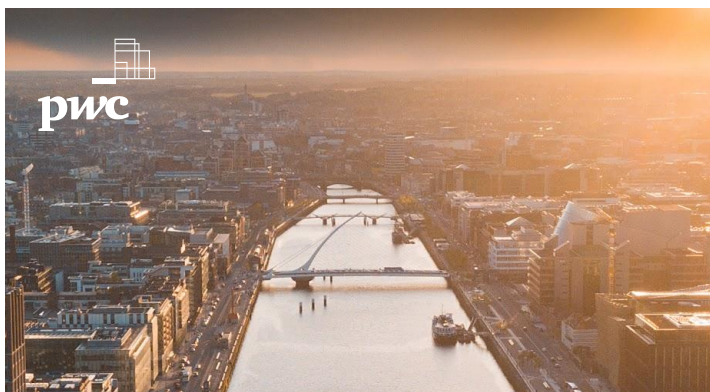
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Key Resources

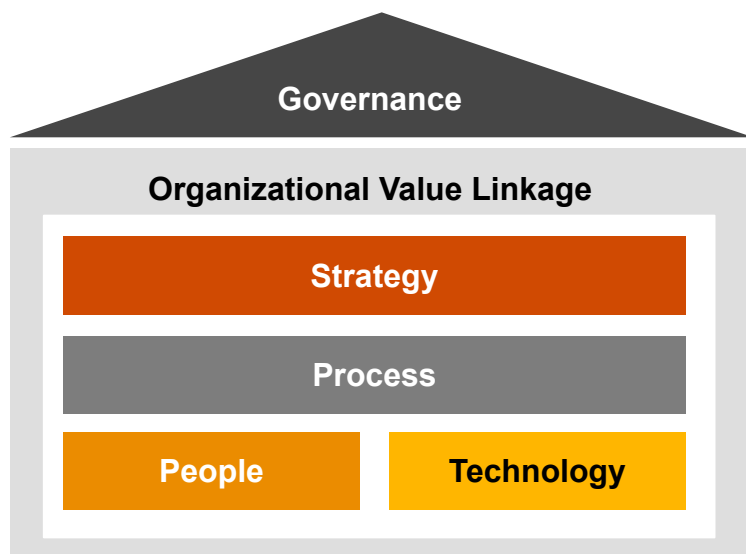
- Resources from the IIA:
 - [Global Internal Audit Standards™](#)
- [PwC Global Internal Audit Study 2023](#)
- [PwC Ireland Internal Audit Study 2023](#)
- [Governance Insights Center website](#)

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Reframe IA Series

Practical ways to implement the IIA's new Global Internal Audit Standards and IA transformation.



- 1 [A chance to reframe Internal Audit](#)
- 2 [Mandate](#)
- 3 [Strategic Plan](#)
- 4 [Board \(Audit Committee\) Engagement](#)
- 5 [Assurance Ecosystem](#)
- 6 [Performance Measures](#)
- 7 [Risk Assessment and Coverage](#)
- 8 [Audit Spectrum](#)
- 9 [Reporting and Communication](#)
- 10 [Capabilities](#)