

New Global Internal Audit Standards - Standard 9.2 - Internal Audit Strategy

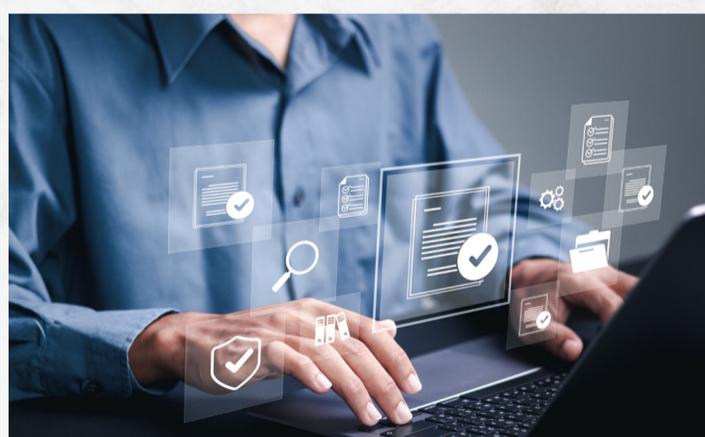


Background

After one year of transition period, since the new Global Internal Audit Standards were released on 9 January 2024, the new Standards became effective on 9 January 2025. One of the key changes highlighted in these standards is the requirement of the Internal Audit (IA) Function to establish a formal strategy for the IA department.

Domain IV - Managing the Internal Audit Function addresses and guides the Chief Audit Executive (CAE) leadership role in effectively managing all aspects of the IA function. It covers aspects of strategic planning, management of resources, effective communication with stakeholders, and enhancement of the quality of the IA function. Under it, Principle 9 - Plan Strategically requires the CAE to strategically position the IA Function to fulfill its mandate and achieve long-term success. Additionally, the Standard 9.2 states:

- The CAE must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.
- An IA strategy is a plan of action designed to achieve a long-term or overall objective. It must include a vision, strategic objectives, and supporting initiatives for the IA function. It guides the IA function toward fulfilling the internal audit mandate.
- The CAE must review the IA strategy with the board and senior management periodically.



The IA Strategic Strategy plan provides insights and proactive actions to achieve the current and future IA Plans in alignment with the organization's strategic objectives and Board Mandates. Consequently, the CAE must establish long-term IA function objectives aligned with stakeholder expectations, departmental strategy, and associated timelines. The strategy document should at least answer the following questions:

- What operating model is needed to challenge the business?
- How are we responsive to changing business needs?
- How should the IA department be positioned to contribute to business performance and bring value?
- What is expected from the IA department in 3 - 5 years?

At KPMG, we have embraced the evolving vision of maximizing value and updated our advisory approach to ensure that our solutions contribute to organizational resilience and strategic success. KPMG can support in:

- Standard gap analysis and development of a road map to ensure full compliance;
- Development of an IA Strategy document focusing on IA Function's vision and ambitions as well as the impact and effort needed to support its key priorities and activities;
- Development of a balanced scorecard, including defining KPIs that allows measurement of the strategic objectives of the strategy document;
- Implementing the IA strategy by leveraging our internal knowledge to share best practices, collaborate, and train all the stakeholders.

Francis Njenga

Associate Director – Enterprise Risk Services (ERS)
KPMG Advisory Services Limited

T: +254 709 576 741
E: fnjenga@kpmg.co.ke

Jesse Mwangi

Senior Consultant – Enterprise Risk Services (ERS)
KPMG Advisory Services Limited

T: +254 713 480 095
E: jessemwangi@kpmg.co.ke

This analysis does not carry any right of publication or disclosure to any other party. Neither this presentation nor any of its contents may be used for any other purpose without the prior written consent of KPMG Advisory Limited. The information contained herein is of a general nature and is not intended to address the circumstances of any individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.



New Global Internal Audit Standards - Standard 9.2 - Internal Audit Strategy

“The new Global Internal Audit Standards have redefined the traditional understanding of the Internal Audit (IA) Function from compliance checks to a key driver in strategic decision-making and value creation. The Modern IA function is now required to align its activities with organization priorities, proactively manage risk, and deliver value by providing insights for effective governance and long-term organizational success.”

Jesse Mwangi

Senior Consultant – Enterprise Risk Services (ERS)
KPMG Advisory Services Limited

T: +254 713 480 095

E: jessemwangi@kpmg.co.ke

