

The Evolving Role of Internal Audit



The Institute of
Internal Auditors



Cherry Bekaert
Your Guide Forward

Presenters



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Objectives

- ▶ Review the Key Takeaways from the Vision 2035 Report
- ▶ Understand IA's expected shift from Assurance towards Advisory work
 - What will this look like?
- ▶ How to embrace technology, train and prepare for the future
- ▶ Developing new skills
- ▶ Discuss key concerns and questions from IA professionals
- ▶ What can I do at my level to prepare?
- ▶ How can we strategically plan for the changes to come?



IIA Vision 2035 Report



- ▶ Outlines future state of the internal audit profession in the face of accelerating change.
- ▶ Global research initiative led by the Internal Audit Foundation
- ▶ Based on extensive research and feedback from thousands of professionals worldwide
- ▶ Published in October 2023
- ▶ A guide to prepare the internal audit profession to remain relevant in the face of:
 - Technological disruption
 - Rapidly evolving risk landscape
 - Shifting stakeholder expectations.

Vision 2035 - Key Takeaways

The evolution of the Internal Audit profession is **critical** to maintain organizational relevance.

- ▶ While traditionally an assurance function, IA will **shift more towards becoming an advisory partner**
 - Advisory work will grow as a % of work performed
- ▶ Technology will enable this shift and should be embraced
 - AI, data analytics, automation will increase efficiency and assist in providing advisory insights
- ▶ New blend of skills will be required
 - Adaptability, continuous learning, technical expertise and soft skills



Shifting towards Advisory



IA is Historically Assurance Focused: According to the Vision 2035 Report, 76% of IA's work is assurance-based, versus 24% advisory



Becoming more Advisory focused: By 2035, this mix is expected to shift to 59% Assurance and 41% Advisory .



Expected Challenges: Overcoming the “watchdog” label, current auditor mindset, talent pipeline, change in skill mix, technology integration



How can we facilitate this shift? Know and understand the evolving risk landscape, become involved in strategic initiatives, expand audit scope to include advisory work, leverage technology, use advisory to complement assurance work, build trust and credibility

Shifting from Assurance to Advisory

A rapidly evolving risk landscape requires proactive monitoring and assessment, as the pace of change does not leave time for a reactive approach.

Know the Evolving Risk Landscape

Core Activities

- Proactively anticipate risk versus traditional reactive approach
- Real-time data and predictive analytics to forecast potential risks
- Rethink the traditional audit – from finding to preventing issues
- Broaden the Scope of "Risk" - no longer just financial and operational
- Expand to risks that impact strategy, reputation, and long-term viability.

Examples

- Emerging Technology Risk
- Geopolitical Risk
- Supply Chain Risk
- Organizational Culture

Involvement in Strategic Initiatives

Core Activities

- Strategic advisor to non-traditional business areas
- Partner in initiatives from inception, not just after completion
- Identify and mitigate risk during design and planning phases
- Build effective controls into processes from the start (more efficient than retrofitting controls)
- Enhance Project Governance

Examples

- New System Implementations (e.g., ERP):
- New Product or Service Launches:
- Significant Process Changes
- New Process Development



Shifting from Assurance to Advisory

Expanding scope of services to address risks not traditionally covered by IA, and leveraging technology in that pursuit

Expand Scope of Services

Core Activities

- Provide value beyond the financial statements
- Provide insight on strategic, systemic, reputational risk
- Respond to Stakeholder Demand
- Connect Risk to Value
- Leverage technology for depth of insight

Examples

- Development of Framework for Auditing AI
- Data Governance & Privacy
- Organizational Culture
- ESG and other regulatory areas

Leverage Tech for Continuous Insight

Core Activities

- Technology is the engine that powers the shift to advisory.
- Move from "Point-in-Time" to "Continuous"
- Periodic, sample-based audits to continuous, real-time insight
- From "Reactive" to "Predictive"
- Identify patterns and anomalies that predict where and when future risks are most likely to occur.

Examples

- Continuous Auditing & Monitoring:
- Monitor high-risk transactions through agents and bots
- Advanced Data Analytics:
- Identify trends and correlations
- AI and Machine Learning:
- Analyze unstructured data (emails, contracts)
- Dynamic, real-time Risk Assessment



Shifting from Assurance to Advisory

Adding valuable, strategic advisory insights can strengthen the audit product and build our reputation as a trusted advisor

Advisory Complements Assurance

Core Activities

- Advisory will not replace assurance
- Combination of the two efforts strengthens the entire function.
- Advisory can inform assurance efforts
- Assurance can validate advisory
- Can create a self-reinforcing cycle

Examples

- Proactive advisory efforts can inform the risk assessment and audit plan, focusing assurance on critical areas
- Assurance efforts can validate the effectiveness of advisory insights
- Can build credibility as a forward-looking trusted advisor

Build Trust and Credibility

Core Activities

- From a “watchdog” to a trusted advisor
- Build new, strategic relationships
- Communicate effectively
- Understand the Business
- Deliver Actionable Insights
- Be Proactive and Engaging
- Maintain Objectivity and Integrity

Examples

- Strong, clearly articulated audit reports
- Expanded analysis and depth of risk and issue descriptions
- Results can build credibility with external auditors as well



Embracing Technology



AI Adoption Rising: According to the 2025 North American Pulse of Internal Audit Survey by the IIA, the percentage of Chief Audit Executives (CAEs) reporting the use of GenAI for internal audit activities has more than doubled in the past year, rising from 15% to 40%



Examples of Tech in Action: Organizations are using GenAI for tasks such as data extraction, risk identification, anomaly detection, and creating new audit procedures.



Expected Challenges: Changing to a continuous learning mindset, developing appropriate skillsets, recruiting and/or retaining skilled employees, timely adoption of tech, investment/budget



What can we expect from technology?: Increased efficiency,

Technology – The Catalyst for Change



Data is King

- ▶ Radically increasing data volume and complexity
- ▶ Harnessing and interpreting this vast amount of data will be critical
- ▶ Audits will move from traditional, sample-based audits to technology-driven methods that can analyze entire data populations.



Technology as an Enabler

Technology is the primary driver of IA's evolution

- ▶ Automate repetitive, manual tasks (data collection, basic control testing)
- ▶ Enhances efficiency and effectiveness
 - ▶ AI & Machine Learning
 - ▶ Data Analytics
 - ▶ Continuous Auditing & Monitoring



Can Free up Human Capital

- ▶ Automation can free auditors to focus on what humans do best: critical thinking, complex problem-solving, and providing strategic advice.
- ▶ Through its enhanced research and analysis capabilities, technology can aid in the development of advisory insights





Evolving Our Mix of Skills



Skillset Evolution: Skills have been focused on accounting principles, financial reporting, and risk and control frameworks and general proficiency in technology tools. While these remain important, they are now foundational. The emphasis is shifting to



New Mix of Skills: Skill mix expected to include foundational skills (above), new tech fluency, continuous learning, and critical thinking



Expected Challenges: Developing appropriate training programs, resistance to change, making sure departments have the right tools, time constraints

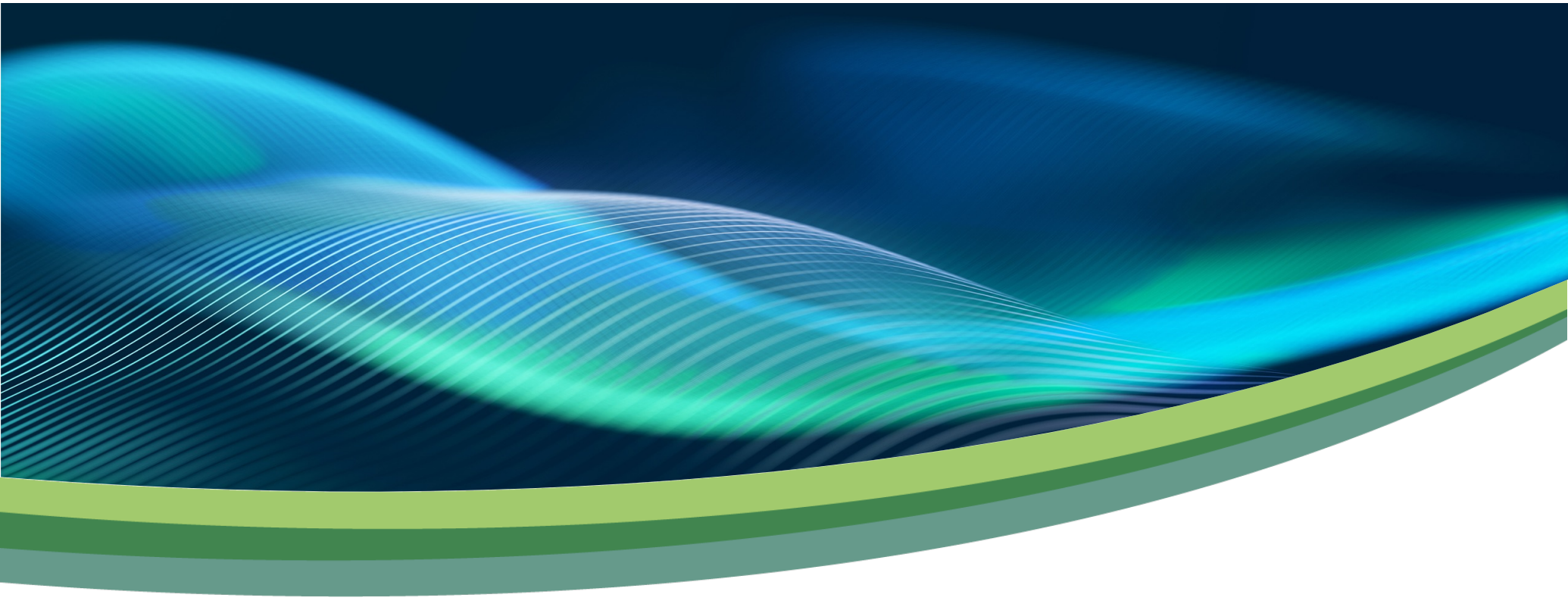


Not Just Technology: New skill development to include human elements as well as technological



Skill Development

- Build technological agility and continuous upskilling as it related to technology (learning)
- Learn and apply new knowledge rapidly
- Understand current and expected future technological capabilities in the market and industry
- Skill expected to go beyond technology and incorporate human elements
- Critical Thinking & Problem-Solving: Look beyond the "what" and get to the "why." o
- Communication & Relationship-Building: The skill of translating complex technical and risk information into simple, actionable insights that resonate with management and the board.
- Gaps in skill proficiency can be addressed through co-sourcing with external service providers or adding staff with the desired mix of skills



Bringing It All Together

Common Questions From IA Professionals

What Does the Future Hold?

*How will these changes
affect my career
trajectory?*

*Will my current skills be
obsolete?*

*What will this new
advisory work look like in
practice?*

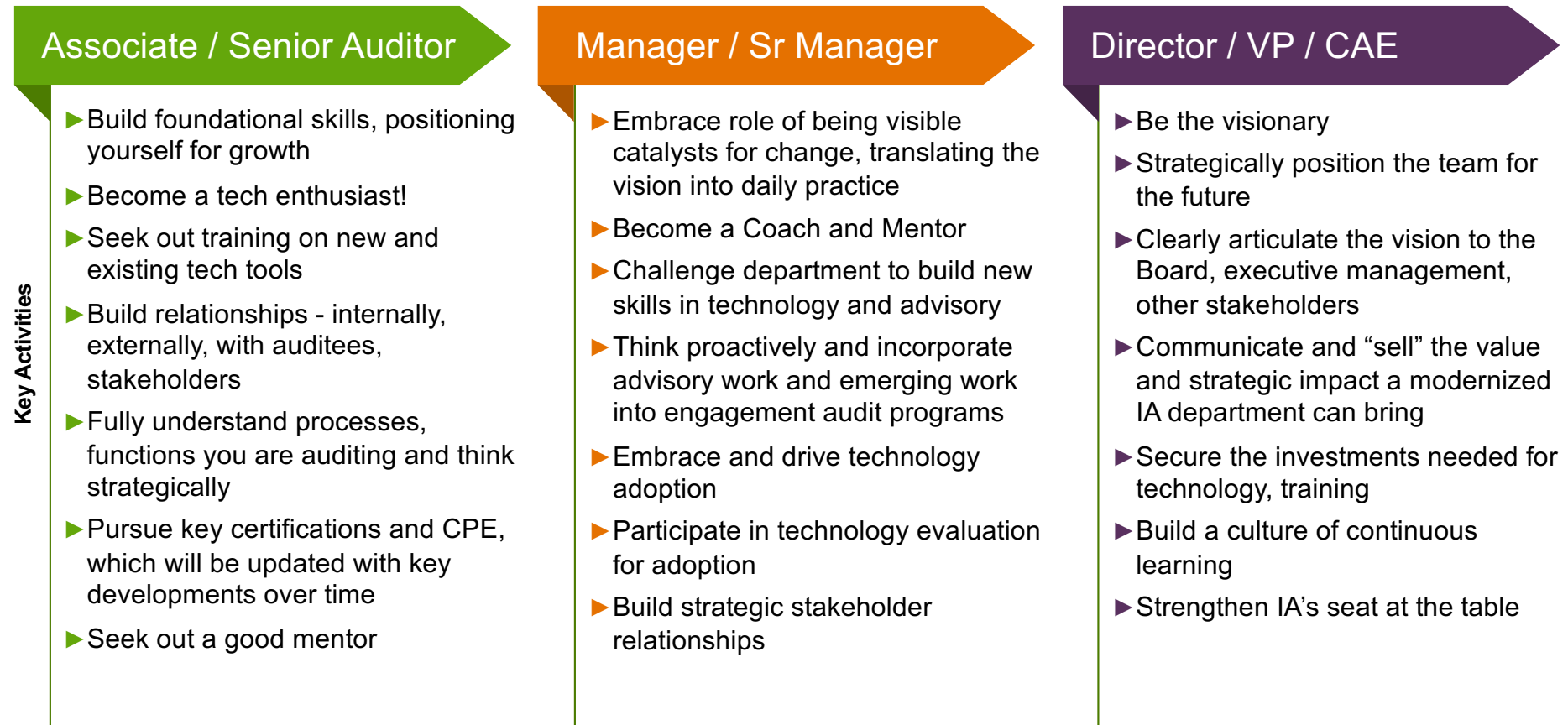
*What support will my
organization provide for
skill development?*

*What specific technology
should I focus on
learning?*

*What new responsibilities
will I have?*



How Can I Prepare?



Planning the Transformation: A Roadmap

Navigating the path to a future-ready internal audit function requires a strategic blueprint with flexibility for change

1. **Define Your North Star.** Articulate the desired future state of your internal audit function in 2035, aligning it with the organization's strategic objectives and applicable components of the IIA's Vision.
2. **Break your “North Star” down into individual workstreams** Translate your high-level vision into focused, actionable areas of work, such as "Talent Development," "Technology Adoption," and "Process Transformation."
3. **Assess Current State & Gaps.** Conduct a comprehensive assessment of your department's current capabilities in terms of talent, technology, processes, and stakeholder relationships to identify key areas for improvement.
4. **Develop a Strategic Plan.** Create a detailed, multi-year plan outlining specific goals, initiatives, and timelines for talent development, technology adoption, and shifting the audit focus towards advisory services.
5. **Secure Leadership Buy-in & Resources.** Present a compelling business case to the board and executive management, demonstrating the value of the transformation and securing the necessary budget and support for its implementation.
6. **Pilot & Scale New Approaches.** Start with small, manageable pilot projects for new technologies (e.g., data analytics, AI) or advisory engagements to demonstrate early wins and build momentum before scaling across the department.
7. **Measure, Monitor & Adapt.** Establish key performance indicators (KPIs) to track progress against your roadmap, regularly monitor outcomes, and be prepared to adapt your strategy as the business and risk landscape evolve..

The future of internal audit is not a destination we will eventually arrive at; it's a journey we've already begun. The time to build a more resilient and valuable profession is now



Thank you

Contact Us



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