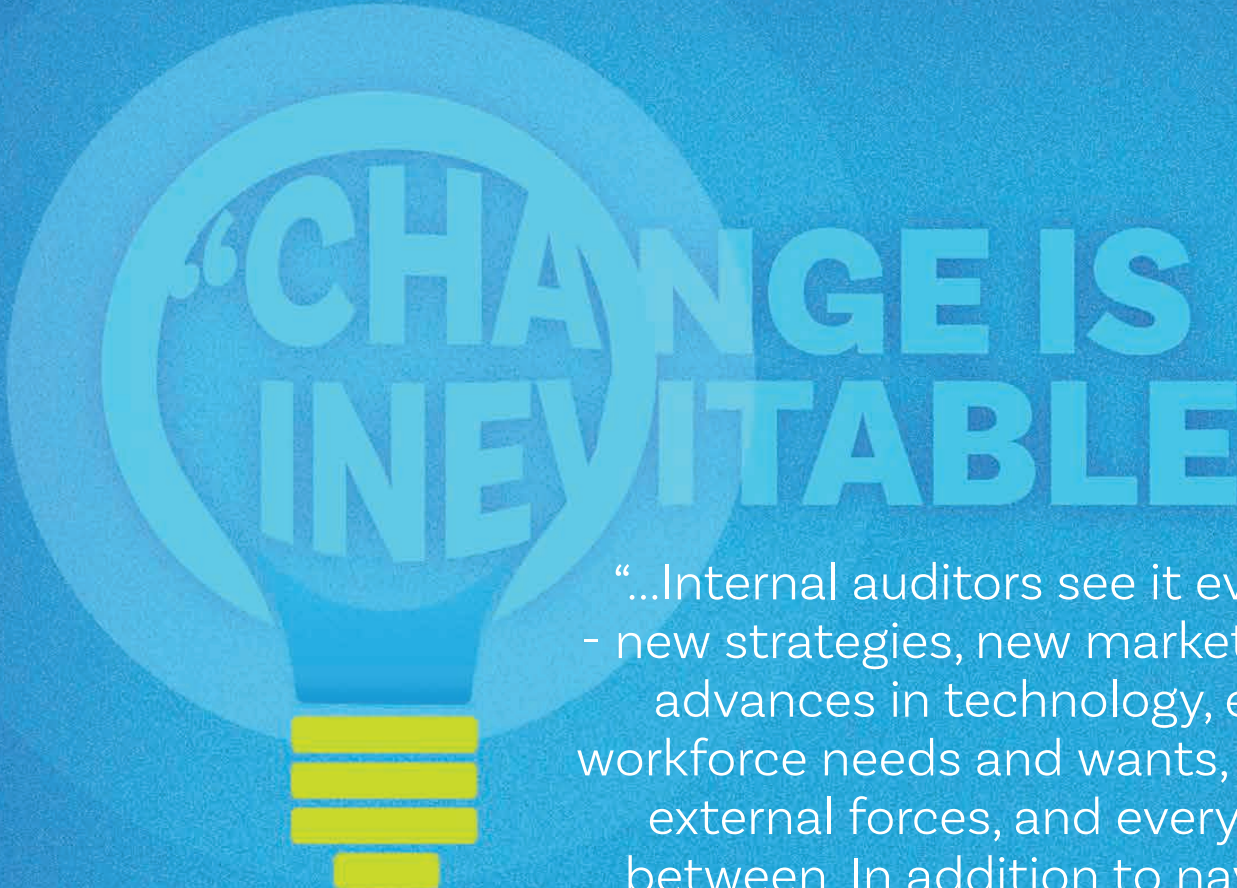


Mindset Shift:

TOWARDS INNOVATION





“CHANGE IS INEVITABLE”

“...Internal auditors see it every day - new strategies, new markets, rapid advances in technology, evolving workforce needs and wants, shifting external forces, and everything in between. In addition to navigating change throughout the enterprise, internal audit functions are also on a continuous improvement journey. When evaluating our own performance, we consider how we can better operate and engage with stakeholders, leverage data and technology differently, and advance the skills, capabilities, and impact of the team.”

Warren Stippich

2025-26 IIA North American Board of Directors
Vice-Chair - Member Services

National Managing Partner
Advisory Services Quality and Risk
Grant Thornton Advisors LLC

EXECUTIVE Summary

Innovation has become an essential focus for internal audit functions navigating an increasingly complex, interconnected, and technologically advanced business landscape. This qualitative study, conducted through six one-on-one interviews with internal audit professionals across the globe, explores how an innovation mindset is defined and operationalized, what skills and behaviors support its growth, and which factors either enable or inhibit progress. Key findings reveal that innovation is often less about radical transformation and more about continuous, well-paced improvement. While technology plays a role, participants emphasized interpersonal skills, the importance of leader culture, and strategic organizational alignment as critical drivers. Definitions of innovation varied across experience levels and regions, but many respondents highlighted a shift away from legacy practices toward a more agile, expanded, advisory-focused approach.

The study underscores the critical role of leadership in fostering an innovation mindset. Leaders set the tone for how change is received, how related risks and opportunities are evaluated, and how new ideas are integrated into practice. Supportive leadership, psychological safety, and clarity surrounding the role of internal auditors emerged as crucial enablers of sustained innovation. Finally, participants shared practical strategies for cultivating innovation, including targeted upskilling, the use of pilot environments (sandboxing), and cross-functional collaboration. While barriers such as limited resources, fear, and resistance to change persist, auditors who embrace adaptability, curiosity, and communication are well positioned to advance the profession.

“Internal auditors are best positioned to embrace change within the function and across the organization when we adopt an innovation mindset. Organizations can’t keep pace in today’s environment without continuous innovation, and internal audit has a critical role to play. We cultivate an innovation mindset by encouraging teams and individuals to acquire new skills and challenge the status quo, providing a safe space to experiment, and rewarding those who collaboratively develop and implement new ways of working. Shifting to an innovation mindset helps increase engagement and outcomes for the team and our stakeholders.”

Adam Ross

Partner
Advisory Services
Grant Thornton Advisors LLC

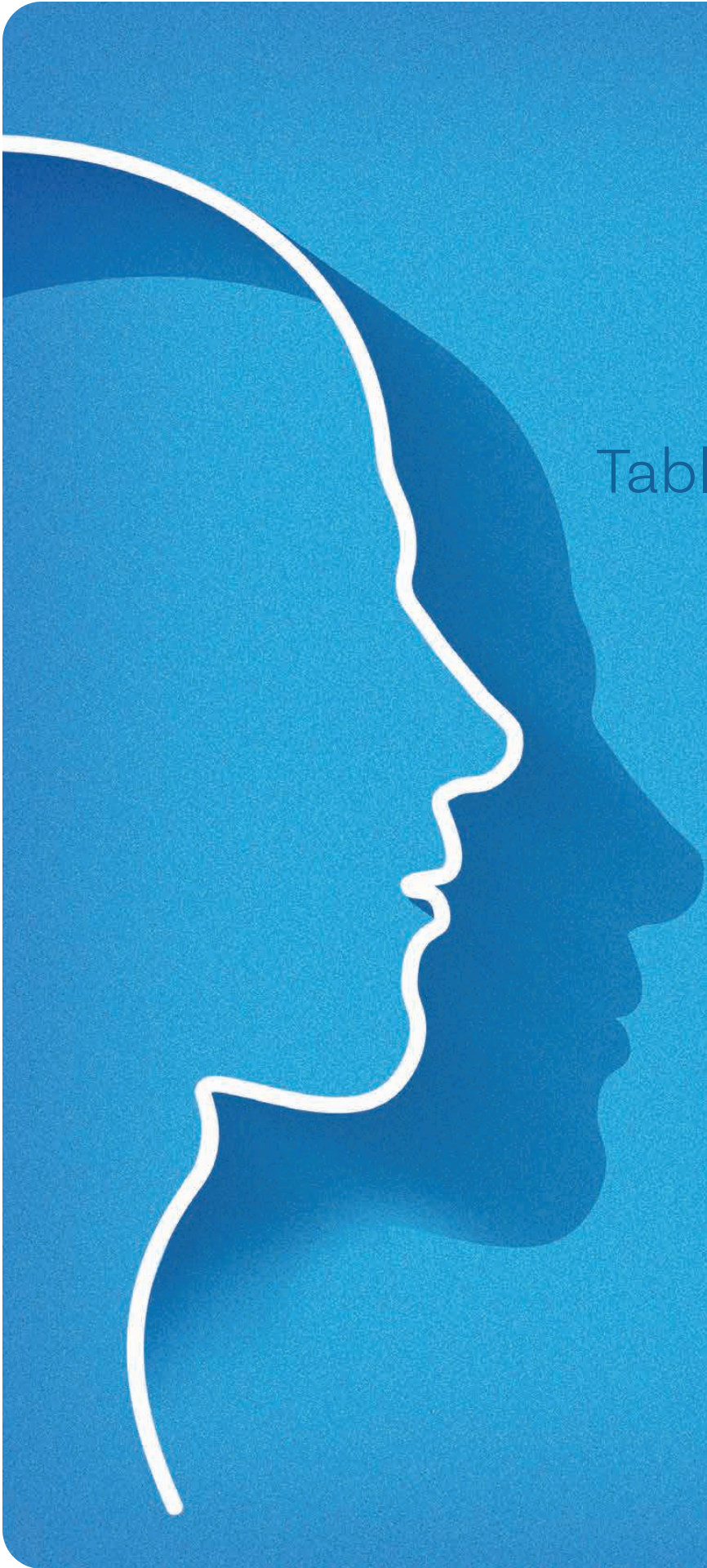


Table of **CONTENTS**

Executive Summary	3
Introduction	6
Methodology	9
Operationalizing Innovation: How Internal Audit Practitioners Bring It to Life	9
Catalysts for Evolving Innovation Mindsets	12
Cultivating an Innovation Mindset: Skills, Behaviors & Barriers	15
Barriers to Innovation	17
Innovation in Action: Successes & Lessons Learned	19
Conclusion	21
Appendix	22
Participant Demographics	22
Interview Questions	22
Endnotes	23



Introduction

In 2024, the Internal Audit Foundation launched a major initiative to shape a comprehensive and integrated vision for the future of the internal audit profession¹. The project, *Internal Audit: Vision 2035 – Creating Our Future Together*, focused on two key questions: How will the internal audit profession evolve, and what should it aspire to become by the year 2035? Feedback from over 7,000 global participants helped shape a compass to guide the profession toward a future where internal auditors serve as indispensable strategic advisors to their organizations. One of the integral steps outlined to achieve this ideal future was that internal auditors needed to shift their mindsets. Like many of the challenges identified through the Vision 2035 research, the need for a mindset shift had been increasingly emphasized in previous years, but remained unresolved². This concept of shifting toward a more agile, innovative, and creative way of operating, which builds on the strengths of traditional approaches, is often referred to as an innovation mindset. Though definitions vary, at its core, an innovation mindset is a deliberate, cultivable approach to work, one that can (and should) be ingrained in organizational behavior and culture^{3,4}.

Such a mindset has the power to transform practitioners from problem solvers into solution seekers who proactively shape new possibilities⁵. Academic literature on internal auditing echoes this view, showing strong evidence that employing an innovation mindset, through agile auditing, continuous assurance, and increased adoption of data-driven analytics, is positively associated with higher stakeholder satisfaction and faster, more effective risk management⁶. Further, rapid technological innovation within the field of auditing⁷, ongoing shifts in the risk landscape⁸, and the evolving role of internal audit demand a new approach to the audit process, along with updated skills and behaviors to navigate these disruptions effectively⁹.



Many internal audit practitioners continue to face barriers to innovation due to legacy mindsets and skills gaps; the Foundation's Vision 2035 research reflects this concern, with 92% of survey respondents agreeing that internal audit must adopt new technologies, highlighting just one example of the broader need for internal audit functions to expand their skill sets. These challenges are echoed in part two of Grant Thornton's Efficiency and Profitability: Digital Transformation Survey Report underscoring persistent barriers to transformation, with more than half (59%) of respondents citing user adoption challenges among the top three reasons technology initiatives fail. The report further emphasizes that a forward-leaning digital presence is essential to attracting and retaining talent, particularly among younger generations, by signaling adaptability and organizational leadership.¹⁰ Consistent with these findings, The Institute of Internal Auditors' 2024 Global Internal Audit Standards™ advance future-facing guidance through the elevation of foresight, positioning the ability to anticipate emerging risks and opportunities as a core purpose of the profession.¹¹

Although forward-thinking and innovative ideas can appear inherently beneficial, research also shows there is a risk when adopted uncritically. For example, an academic article by Wilhelm (2021) found that adoption under the blind guise of innovation can actually deteriorate positive practices, highlighting the absence of a one size fits all solution¹². While innovation applied within the context of internal auditing is not new, it is important to understand how this approach is practically applied. Recognizing both the opportunities and risks associated with innovation in internal audit, this study draws insights from practitioners around the world to uncover how they define innovation, navigate its catalysts and barriers, and apply lessons learned into actionable strategies. Through a series of targeted interviews, the findings aim to spark meaningful conversations among internal audit professionals about how they approach innovation within their functions.

“Innovation is more like revolution than evolution;
you come up with a new way
of performing something, or
a new methodology by which
you develop a product that
was not thought of before.
A way to not only achieve the
objective as before, but to
do it in a more reliable, more
complete way.”

– Chief Audit Executive, Saudi Arabia



Methodology

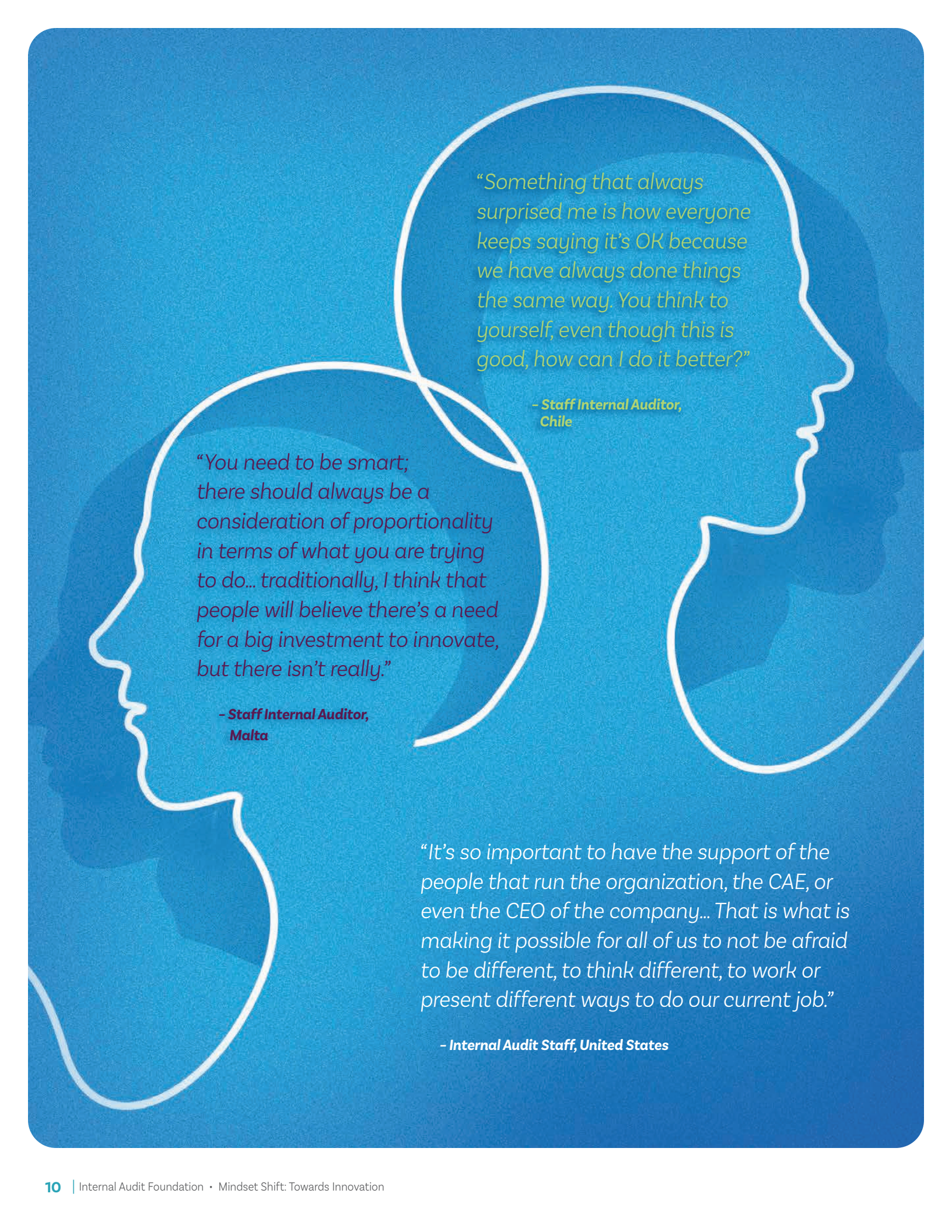
The study draws insights from six one-on-one interviews with internal audit professionals representing diverse global regions. Participants were selected using purposive sampling to ensure variation across organizational size, sector, role seniority, years of experience, and gender. This approach was designed to capture a broad spectrum of perspectives relevant to the evolving internal audit landscape. A complete list of participant characteristics can be found in the Appendix. Sessions, which were hosted online, lasted between 60-90 minutes and focused on the following:

- Defining innovation in internal audit.
- Identifying skills and behaviors that support an innovation mindset.
- Examining real-world successes and setbacks in adopting an innovation mindset.
- Highlighting practical strategies auditors might use to nurture and sustain an innovation mindset within their function.

A question-level thematic analysis was employed, in which open codes were applied to each participant response and subsequently aggregated into higher-order thematic categories. Throughout the interviews, memoing was used to document variations in vocal intonation, facial affect, and other nonverbal behaviors. Finally, a constant comparative method was engaged to examine themes across questions.

Operationalizing Innovation: How Internal Audit Practitioners Bring It to Life

How innovation is defined within an internal audit function significantly influences how auditors engage with change. Across interviews, participants consistently emphasized the evolving nature of the role, noting a shift away from traditional, siloed approaches toward more flexible, integrated models that balance assurance and advisory responsibilities. As one participant explained, “Innovation is more like revolution than evolution; you come up with a new way of performing something, or a new methodology by which you develop a product that was not thought of before. A way to not only achieve the objective as before, but to do it in a more reliable, more complete way.” This progress has been shaped through an expanding role purview, changes in organizational expectations of internal auditors, and a growing emphasis on the strategic value internal auditors provide.



“Something that always surprised me is how everyone keeps saying it’s OK because we have always done things the same way. You think to yourself, even though this is good, how can I do it better?”

**– Staff Internal Auditor,
Chile**

“You need to be smart; there should always be a consideration of proportionality in terms of what you are trying to do... traditionally, I think that people will believe there’s a need for a big investment to innovate, but there isn’t really.”

**– Staff Internal Auditor,
Malta**

“It’s so important to have the support of the people that run the organization, the CAE, or even the CEO of the company... That is what is making it possible for all of us to not be afraid to be different, to think different, to work or present different ways to do our current job.”

– Internal Audit Staff, United States

Several respondents also cited shifts in resourcing, including increased access to enabling technologies, adjustments in staffing and funding, and a focus on continuous improvement, as critical drivers of innovation definitions. Collectively, these factors support more creative, value-oriented audit practices and encourage a critical reexamination of legacy methodologies. As one participant reflected, “Something that always surprised me is how everyone keeps saying it’s OK because we have always done things the same way. You think to yourself, even though this is good, how can I do it better?,” highlighting the forward-thinking nature of participant definitions of innovation.

Though many participants associated innovation with change and process improvement, it became clear that innovation does not necessarily require advanced technology or significant financial investment. Internal audit professionals highlighted modest, non-technological adjustments that delivered meaningful impact within their functions. In these cases, innovation was defined less by the nature or scale of the change, and more by the mindset applied to everyday activities. Rather than focusing solely on the adoption of cutting-edge tools, respondents emphasized a continuous improvement mindset, one that prioritizes efficiency, responsiveness to organizational needs, and a willingness to challenge rigid or legacy practices. Illustrating this point, one interviewee shared, “You need to be smart; there should always be a consideration of proportionality in terms of what you are trying to do... traditionally, I think that people will believe there’s a need for a big investment to innovate, but there isn’t really.” Innovation, in this context, is characterized not by the magnitude of transformation, but by an intentional, thoughtful approach to evolving the function’s relevance and value. In other words, smart, measured approaches can lead to effective innovation without necessarily requiring huge resources.

Personal definitions of innovation were often closely aligned with how respondents’ internal audit functions approached the concept. While many noted alignment between their individual perspectives and their function’s approach, others emphasized the value of diverse approaches within the team. Differences in skill sets, educational backgrounds, and comfort with emerging technologies were frequently cited as factors shaping how innovation is operationalized at the function level. This was perhaps best summarized as “Having some differences in the way that you’re approaching innovation, different skill sets, differences in experience – that can actually be a positive thing.” Another internal auditor echoed this, stating, “[There’s] a privilege in having some differing ways of understanding the concept of innovation.” These differences allow teams to approach challenges from multiple angles, enhancing their ability to generate new ideas, respond to emerging risks, and build more resilient, forward-looking audit practices.

Organizational culture, particularly the business’s orientation toward legacy practices, emerged as another critical influence. Some respondents described cultures that resisted change, while others highlighted environments that encouraged constructive critique and continuous improvement. As one practitioner stated, “It’s so important to have the support of the people that run the organization, the CAE, or even the CEO of the company... That is what is making it possible for all of us to not be afraid to be different, to think different, to work or present different ways to do our current job.” The ability to question existing methodologies, while simultaneously building on proven practices, was viewed as essential to fostering an innovation mindset, as highlighted in the following section.

“Having some differences in the way that you’re approaching innovation, different skill sets, differences in experience – that can actually be a positive thing... Others might say, ‘Oh, well, if everyone has a different definition, how are you functioning?’ [There’s] a privilege in having some differing ways of understanding the concept of innovation.”

– Chief Audit Executive, Saudi Arabia

Catalysts for Evolving Innovation Mindsets

The feedback from participants indicated that definitions of innovation are not static; rather, participants described how their understanding of innovation evolved over time, shaped by various catalysts and changing circumstances within their professional environment. When asked to elaborate, respondents pointed to a variety of factors:

Experience

More experienced professionals noted their definitions of innovation evolved organically through practice. Over time, conducting audits and reflecting on past experiences served as key catalysts in shaping how senior auditors, managers, and CAEs came to understand and apply the concept of innovation within their functions.

Evolving Risk and Control Landscapes

Several participants noted that rapid technological advancements and the pervasive use of data have significantly altered the risk environment.

These changes have prompted a reexamination of traditional approaches to risk identification and control evaluation, requiring auditors to expand their skill sets and explore new methodologies.

Organizational Culture

Changes in organizational culture were a recurring theme. Respondents pointed to increased cross-functional collaboration, greater leadership support for innovation, and the embedding of innovation within organizational missions as important drivers.

These cultural shifts have redefined expectations for internal audit and reshaped how innovation is both understood and operationalized.

Continuing Education

As internal audit professionals acquire new skills, explore alternative methodologies, and engage with peers across the profession, their understanding of innovation expands accordingly.

Learning, both formal and experiential, was cited as a key factor in shaping a more nuanced and adaptable view of innovation.



Globalization and Connectivity

Respondents highlighted the influence of globalization, increased cross-cultural collaboration, and organizational interconnectedness on how they approach their work. These shifts have encouraged a move away from siloed thinking toward a broader, more inclusive view of innovation, one that considers diverse perspectives and global contexts.



Role Evolution

Participants frequently cited the evolution of their roles within the organization as a key influence on how they define and engage with innovation. Shifts toward expanded advisory responsibilities, the adoption of evolving internal audit frameworks, and the implementation of more robust professional standards have collectively prompted internal auditors to adopt a more forward-looking, value-driven approach to their work.



Supporting Skill Growth from within

Interviewees shared various methods that they've engaged in or supported to drive innovation within their functions:

- **Sandboxing**
Creating a safe, controlled environment where new ideas, tools, or processes can be tested without posing risk to core systems, operations, or outcomes.
- **Setting Realistic Expectations**
Understanding that missteps occur and focusing on corrective action instead of the discomfort of the mistake itself, and celebrating small, incremental wins.
- **Mentorship**
Leaning on senior professionals who you trust as a potential sounding board for new ideas.
- **Recognition**
Incentivizing successful innovation, giving credit, and sharing new approaches with the organization.



Cultivating an Innovation Mindset: Skills, Behaviors & Barriers

Across interviews, it became evident that efforts to foster innovation within internal audit functions were driven less by technical proficiency or the use of specific tools, and more by the human skills required to navigate an evolving risk and business environment. Rather than emphasizing frameworks or formal education, participants consistently pointed to interpersonal capabilities such as adaptability, communication, and critical thinking as central to sustaining innovation. This perspective challenges the conventional notion that innovation stems primarily from technological progress, highlighting instead the essential role soft skills play in supporting the integration of new tools. Rather than merely responding to technological advancements, these skills create the environment necessary for adopting, applying, testing, and refining those tools.

Essential Skills & Behaviors. In nearly all interviews, soft skills were mentioned as a key underpinning of innovation, organized further into three distinct groups:

- **Interpersonal and Influential Communication.** The internal auditors emphasized the importance of understanding what information matters most to different stakeholders, particularly when proposing new approaches or negotiating change. The ability to tailor messaging to the needs and priorities of various individuals across the organization was viewed as critical to gaining alignment and buy-in.

In addition to outward communication, respondents highlighted the value of internal processing; more specifically, the ability to synthesize large volumes of information and distill it into a few actionable insights or themes. Highlighting the importance of communication and tying it to trust, one participant stated, “[Having an understanding] of your customer, making sure you communicate well with them and take them on the [audit] journey... You’ve really got to be able to build that trust with them.” Given the wide range of business units with which internal auditors regularly interact, each with unique risks, controls, and cultural dynamics, respondents noted the importance of adapting communication styles accordingly. This ability to navigate diverse personalities and operational contexts was frequently cited as a key enabler of trust, effective collaboration, and, ultimately, future innovation.

- **Creative and Critical Inquiry.** Creativity, discernment, and critical thinking were consistently cited by the internal audit professionals as essential capabilities. The ability to analyze complex information, approach challenges with originality, and respond to organizational needs in innovative ways requires auditors to continually adapt existing processes to meet the demands of an evolving risk landscape. It also became clear that practitioners should approach novel technologies with a critical focus on their capabilities and limitations. Reinforcing this idea, one audit leader shared, “You’ve still got to have that skeptical review of things; you can go to the internet and have AI come up with all of these risks, but you have to have an intelligent human that puts a real-world review over it... someone who has an enormous sense of how their organization works.” Here, the internal auditor emphasizes that human judgment is important and should remain central for evaluating and applying meaningful insights.
- **Strategic and Adaptive Thinking.** The ability to think strategically, to understand the organization from differing perspectives, and to adapt to change were noted as crucial skills when supporting an innovation mindset in internal audit. In describing their experience of adapting their approach based on the needs of their CAE, one auditor shared, **“You really must zoom out and paint a picture; CAEs are not interested in each individual color in the painting, but rather what it is you are trying to paint.”** Additionally, there was a strong emphasis on strategic collaboration and involving the right people at the right time. As one participant reflected, **“It’s my belief that the audit team is not just the audit manager and the team lead and the people who are doing the grunt work; the audit team is the organization being audited — there has to be meshing between them.”** This collaborative approach, paired with a willingness to adapt to organizational change rather than force new practices into outdated structures, was frequently cited as a key driver of innovation.

“[Having an understanding] of your customer, making sure you communicate well with them and take them on the [audit] journey... You’ve really got to be able to build that trust with them.”

– Chief Audit Executive, Australia



Designate a Knowledge Champion

Encourage a culture of innovation and continuous improvement by designating a team member as a Knowledge Champion. This individual plays a pivotal role in capturing, organizing, and sharing critical information so it can be transformed into actionable insights that improve collaboration and decision-making. By empowering a Knowledge Champion, internal audit teams encourage ownership of knowledge sharing, cultivate a collaborative environment, and drive innovation by turning the collective experience into valuable insights.



Barriers to Innovation

In addition to the necessary skills and behaviors mentioned during the interviews, many also highlighted barriers, both individual and organizational, which impact their function's ability to innovate. One prominent theme centered on limitations in knowledge and skills. In smaller audit functions, reduced access to diverse expertise and limited use of emerging technologies were noted as key challenges, as one participant stated, when describing the importance of an innovation mindset among his smaller 5-7 person team, "We didn't have audit work programs, or risk and control matrices, so we were building them from scratch... [when discussing his attempt to be innovative through the use of ChatGPT] I played with it [ChatGPT] first, and then within the team — I made sure we weren't sharing any client data or confidential data... There was a fear of not knowing what could happen. I think that's holding audit teams back for sure." This example illustrates that even among smaller functions, innovation is not absent, but heavily dependent on individual initiative. These constraints affected not only individual internal auditors, manifesting as fear of change, fear of failure, or perfectionism, but also influenced leadership's ability to champion and support innovation. One internal auditor reflected on this hesitation to try new approaches, noting, "[Change] is associated with a fear of failure, wanting it to be perfect; I'll actually shy away from putting something innovative forward until I feel I've got it right... no one has the time or space to get it perfect..." Fear or lack of awareness was noted to mediate how leaders approach innovation, their perception of related risks, and further, how CAEs present proposed changes to the board. This underscores the influence of leadership in shaping a culture where innovation can thrive.

"I've seen where leadership is not open to change, and you're just continuously up against a brick wall. I'm very lucky because I have quite a considerate leader."

- Internal Audit Staff, United States

Across interviews, respondents consistently emphasized the critical role of leadership in shaping innovation outcomes. As highlighted in Figure 1: Leader Impact on Innovation Lifecycle, leaders were described as key drivers of organizational culture, with their attitudes toward tradition, change, and innovation directly influencing how innovation is perceived, supported, and sustained within the function. A leader's mindset, specifically, their openness to new ideas and their stance on legacy practices, was cited as a determining factor in whether innovation efforts gained early momentum. As one auditor shared, "I've seen where leadership is not open to change, and you're just continuously up against a brick wall. I'm very lucky because I have quite a considerate leader." Beyond initial ideation, respondents stressed the importance of leadership comprehension and support in maintaining progress and institutionalizing change.

Leaders influence not only the strategic direction of innovation, but also the environment in which it occurs. They can either cultivate a culture where experimentation is encouraged and missteps are viewed as part of the learning process, or foster conditions where change is resisted and innovation is stifled. Creating space for internal audit staff to test new approaches, voice ideas, and engage in continuous improvement was seen as essential to advancing an innovation mindset. Additional practices are discussed in later sections, where leadership is shown to play a direct role in creating conditions that allow new ideas to be safely tested and evaluated.



Develop an Innovation Strategy

The head of internal audit should play a role in guiding the team to identify where innovation can have the greatest impact. Once an innovation mindset has been established, it is important to channel that energy into practical, high-value opportunities. This involves assessing which areas of the audit function present the greatest opportunities for innovation and determining how to best allocate resources and communicate priorities across the team. Efforts should align with the broader organizational strategy, with a clear focus on the objectives that can be most effectively advanced through innovative action. By targeting innovation where it delivers the most strategic value, internal audit can help ensure new approaches are both purposeful and impactful.



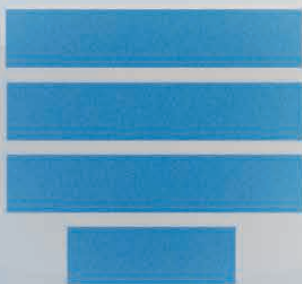
PEER ADVICE:

Building a Culture of Innovation

Respondents shared their best advice for internal audit professionals who are trying to support or build a culture of innovation within their own functions, which fell into two categories:

Interpersonal Traits That Support Innovation

- Curiosity and critical thinking
- Empathy and open-mindedness
- Comfort with change
- Positive outlook and resilience
- Clear, adaptive communication
- Willingness to take risks
- Use of humor to build rapport



Skill Building and Strategic Networking

- Conduct a team skills audit to identify gaps
- Reinforce foundational auditing competencies
- Strengthen data analytics capabilities
- Improve overall tech fluency and responsible AI use
- Engage in professional learning and networking (e.g., audit conferences, networking mixers, regional meetings)



Innovation in Action: Successes & Lessons Learned

To better understand how innovation unfolds within internal audit functions, respondents were asked to share both successes and lessons learned from their own efforts to drive change, allowing for deeper insights. A recurring theme across interviews was the strategic use of available resources and a strong awareness of the boundaries of the internal audit function. While several participants recounted their use of frameworks, such as those developed by The IIA and other professional learning organizations, many emphasized the human elements that contributed to successful innovation. These included the ability to navigate team dynamics, foster collaboration, and communicate effectively.

Notably, participants underscored the importance of developing comfort with failure. Whether adjusting expectations around proposed changes or managing critical feedback, resilience and adaptability were viewed as essential attributes. Others highlighted the value of forming cross-functional committees or alliances to support innovative, expanded internal audit initiatives, as demonstrated by a participant: “I assigned a team member to create an alliance with our stakeholders... Doing so was necessary to make the project successful.” Innovation need not be radical; it can be as simple as applying familiar practices in a new way. While internal auditors typically advise management and various business units, they can gain valuable insights by seeking input from those same groups, especially when the audit scope extends into areas the internal audit function has not previously explored.

While some internal auditors described innovation through the lens of role expansion, others emphasized the importance of maintaining clearly defined responsibilities. As one respondent noted, “We are doing a better job by taking less time, being more accurate in our research, giving better advice to our board... Just being better at what we [already] do [is innovative].” This illustrates how innovation in internal audit does not always require expanding services. Instead, it can be achieved by enhancing how the function delivers on its core mandate, to “create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.”¹³

Near the end of the interviews, participants were invited to consider which strategies and practices have kept their innovation efforts on track, identify the greatest threats, and highlight the most promising opportunities for the future of internal auditing. They were also asked to give their best advice to others who may be trying to build or support a culture of innovation within their own functions.

Critically Seizing Opportunities to Mitigate Future Risks. Many of the participants felt that technological advancements presented the greatest opportunities for innovation in internal audit. Developments in this area continue to transform internal audit and the wider business environment. While several praised tools like AI and other emerging audit software, others cautioned against their potential misuse. Advancing maturity at any stage requires a clear process for evaluating and integrating new technologies, whether they are in a sandbox phase or fully deployed. True support for innovation also relies on human skills, strong interpersonal communication, and the ability to operate beyond digital systems. As mentioned, building networks across the organization enables collaboration and helps teams share innovative practices in different contexts. Ultimately, innovation should be adopted thoughtfully and new processes should be introduced in a measured way.

Maintaining Momentum. Respondents pointed to two main areas for sustaining innovation momentum: individual qualities and organizational practices. On the individual side, curiosity, perspective-taking, big-picture focus, resilience, and timely delegation all proved to be powerful drivers of continued progress. On the organizational side, open communication, trust, a collaborative culture, agility, and the deliberate pacing of new innovations emerged as essential. Together, these personal traits and cultural supports show how people and organizational culture work together to keep innovation on track.



Apply Change Management to Innovative Efforts

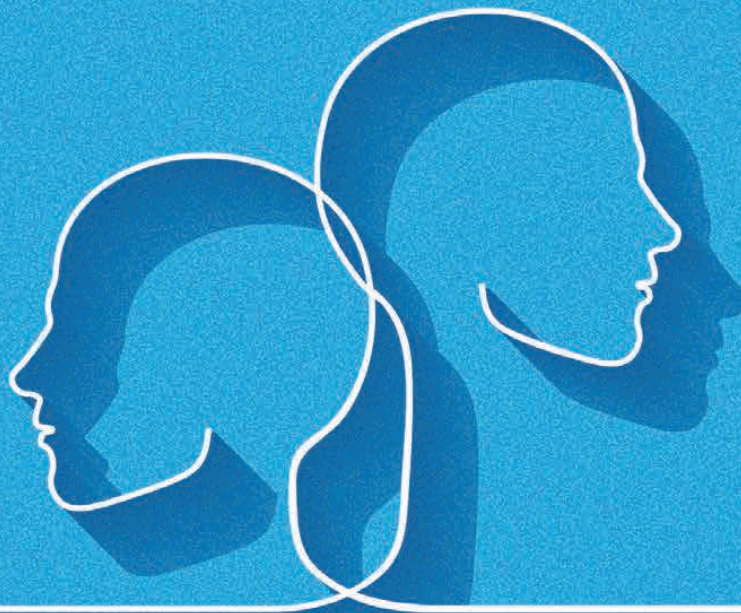
Innovation is an iterative process that moves from ideation to application, and it can only succeed when supported by effective change management efforts. To ensure new approaches create lasting value, consider how they are documented, shared across teams, and embedded into day-to-day practice. This requires alignment on the “why” behind the change, helping stakeholders understand its purpose and benefits, which lays the foundation for successful adoption. Achieving full integration often requires thoughtful change management to prepare people, update systems, and weave new ways of thinking into established processes.

[When discussing a gap in understanding related to engaging with an area of the organization that had not previously been audited.] “I assigned a team member to create an alliance with our stakeholders... Doing so was necessary to make the project successful.”

– Chief Audit Executive, Saudi Arabia

“Be brave enough to
step into the unknown,
but not without the right
information and tools.”

– Internal Audit Staff, Chile



Conclusion

While this study provides [inspiring insights](#) related to innovation in the field of internal audit, it is important to understand that the study findings and recommendations are limited in their scope. While respondents represent a variety of professional backgrounds, nationalities, skill levels, and positions, their insights only account for a small proportion of all audit professionals. It is important that readers keep this in mind when attempting to apply what they've learned. As mentioned, this report is not meant to espouse a particular approach, framework, or skill, but rather to inspire auditors and those they interact with to engage in meaningful dialogue about the role of innovation and the mindset needed to support it in their own organizations, how they might inspire or influence an innovation mindset amongst their colleagues, and helpful approaches they might consider applying in their own practice.

As internal audit functions continue to navigate rapid change, the concept of an innovation mindset is increasingly central to their ability to remain relevant, effective, and forward-looking. This study reinforces that innovation is not defined by a single framework, tool, or methodology, but by a deliberate shift in how auditors think, collaborate, and deliver value. Across interviews, practitioners described innovation as a mindset grounded in curiosity, adaptability, and continuous improvement. While technology plays a role, innovation was more often driven by human capabilities: effective communication, collaboration, critical thinking, and the ability to build trust across the organization. These findings challenge the assumption that innovation is primarily technical. Instead, they highlight the importance of soft skills and the cultural conditions that allow innovation to take root.

Leadership emerged as a critical factor in enabling innovation at multiple stages. Leaders shape the culture that allows innovation to flourish, support critical practices such as piloting and sandboxing, and foster vital links between audit teams and the board. Their understanding, endorsement, and ability to articulate the value of new approaches can determine whether innovation gains traction or stalls. In addition, resource constraints, skills gaps, and fear of failure continue to impede innovation across functions. Ultimately, this study encourages internal audit leaders and practitioners to take an intentional approach to cultivating an innovation mindset and, as one individual pointed out, to be “brave enough to step into the unknown, but not without the right information and tools.” By focusing on both individual behaviors and organizational support, internal audit functions can better respond to emerging risks, enhance stakeholder trust, and drive meaningful impact in a rapidly evolving business landscape.

Appendix

Participant Demographics

Country	Industry	Org Type	Org Size	Position – Years of Experience	Gender
Australia	Research	Public	5,000	CAE - 23	Female
Canada	Agriculture	Public	10,000	Manager - 28	Male
Chile	Finance	Private	3,000	Staff - 5	Female
Malta	Professional Services	Public	120-150	Staff - 8	Male
Saudi Arabia	Retail	Private	19	CAE - 11	Male
United States	Banking	Private	300	Staff - 2	Female

Interview Questions

- How do you define innovation within the context of internal audit? How does this compare to a more traditional way of thinking? Has your definition changed since starting your career?
- How does your internal audit team/function define innovation?
- How does leadership influence innovation within your organization?
- What specific ways of thinking do you believe are holding audit teams back? How do these show up in practice?
- What skills do you believe are necessary to support an innovation mindset in internal audit?
- How does your internal audit function support the development of these skills?
- If possible, share an example of a time when you or your team successfully implemented a new or innovative approach. What contributed to its success?
- If possible, share a time when an attempt to innovate didn't go as planned. What barriers/resistance did you encounter? What was the end result?
- What strategies or practices have helped you maintain momentum for innovation over time?
- Are there any specific tools, frameworks, or processes that have helped support innovation in your work?
- Looking ahead, what do you believe will be the biggest opportunities for innovation in internal audit?
- What do you believe will be the biggest threat to innovation in internal audit?
- What advice would you give to other internal auditors trying to build or support a culture of innovation?

Endnotes

- ¹ The Institute of Internal Auditors. Internal Audit: Vision 2035 – Creating Our Future Together (Lake Mary, FL: Internal Audit Foundation, 2024), <https://www.theiia.org/globalassets/site/foundation/latest-research-and-products/vision-2035-report.pdf>
- ² Christ, M. H., M. Eulerich, and D. A. Wood. Internal Auditors' Response to Disruptive Innovation (Lake Mary, FL: Internal Audit Foundation, 2019), https://contentz.mkt5790.com/lp/2842/268211/Foundation%20IAReponseToDisruptiveInnovations%20June%202019_0.pdf
- ³ Kuczmarski, Thomas. "Fostering an Innovation Mindset." Journal of Consumer Marketing 13, no. 6 (1996): 7–13. <https://doi.org/10.1108/07363769610152563>
- ⁴ McLaughlin, Lynda, and James McLaughlin. "Framing the Innovation Mindset." Issues in Informing Science and Information Technology 18 (2021): 83–102. <https://doi.org/10.28945/4793>
- ⁵ Cassiman, Bruno. "Developing an Innovation Mindset." In Shaping Entrepreneurial Mindsets: Innovation and Entrepreneurship in Leadership Development, edited by Jordi Canals, 99–112. IESE Business Collection. London: Palgrave Macmillan, n.d. https://doi.org/10.1057/9781137516671_5
- ⁶ Bibler, Sarah, Tina Carpenter, Margaret Christ, and Anna Gold. Thinking Outside of the Box: Engaging Auditors' Innovation Mindset to Improve Auditors' Fraud Actions in a Data-Analytic Environment (Amsterdam: Foundation for Auditing Research, 2023), <https://foundationforauditingresearch.org/wp-content/uploads/2024/12/2023-03-13-far-wp-gold2019b02-full.pdf>
- ⁷ Syam, Muhammad A., Syahril Djaddang, Rahmat Hasnawati, and M. Harnovinsah. "The Digital Transformation of Auditing: Navigating the Challenges and Opportunities." SSRN Electronic Journal (2025), <https://ssrn.com/abstract=5230170>
- ⁸ Beasley, Mark, Bruce Branson, and Donald Pagach. "An Evolving Risk Landscape: Insights from a Decade of Surveys of Executives and Risk Professionals." Journal of Risk and Financial Management 16, no. 1 (2023): 29. <https://doi.org/10.3390/jrfm16010029>
- ⁹ The Institute of Internal Auditors. Internal Audit: Vision 2035 – Creating Our Future Together, 2024.
- ¹⁰ Grant Thornton, Efficiency and Profitability: Digital Transformation Survey Report, Part Two, July 2025, <https://www.grantthornton.com/content/dam/grantthornton/website/assets/content-page-files/advisory/ds-growth-survey-report/efficiency/250711-ds-fy25-efficiency-profitability-survey-report-250716.pdf.coredownload.inline.pdf>
- ¹¹ The Institute of Internal Auditors. Complete Global Internal Audit Standards™ (Lake Mary, FL: The Institute of Internal Auditors, January 9, 2024), https://www.theiia.org/globalassets/site/standards/editable-versions/globalinternalauditstandards_2024january9_editable.pdf
- ¹² Wilhelm, Philipp. "Agile Internal Auditing – The Case Back to Normal." European Proceedings of Social and Behavioural Sciences 101 (2021): 173–185. <https://www.europeanproceedings.com/article/10.15405/epsbs.2021.02.16>
- ¹³ The Institute of Internal Auditors. Complete Global Internal Audit Standards™ (Lake Mary, FL: The Institute of Internal Auditors, 2024).

About The Institute of Internal Auditors and the Internal Audit Foundation

The Institute of Internal Auditors (The IIA) is an international professional association that serves more than 260,000 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.

The Internal Audit Foundation is the preeminent global resource, in strategic partnership with The IIA, dedicated to elevating and empowering the internal audit profession by developing cutting-edge research and programs. The Foundation helps current and future internal auditors stay relevant by building and enhancing their skills and knowledge, ensuring organizations are equipped to create, protect, and sustain long-term value. For more information, visit theiia.org/Foundation.

About Grant Thornton

Founded in Chicago in 1924, Grant Thornton delivers professional services through two specialized entities in the U.S.: Grant Thornton LLP, a licensed, certified public accounting (CPA) firm that provides audit and assurance services — and Grant Thornton Advisors LLC (not a licensed CPA firm), which exclusively provides non-attest offerings, including tax and advisory services, and with the entities of Grant Thornton Ireland, including ones that provide attest and non-attest services, form a multinational platform. With \$2.7 billion in revenues and more than 50 offices in the U.S., Ireland and other territories, the platform represents a community of more than 12,000 problem solvers, relationship builders, and quality-driven industry specialists who know how we serve matters as much as what we do. grantthornton.com.

1035 Greenwood Blvd., Suite 401 | Lake Mary, FL 32746 USA | theiia.org

© 2025 by the Internal Audit Foundation. All rights reserved. For permission to republish, please contact Copyright@theiia.org

Disclaimer and Copyright

The IIA publishes this document for informational and educational purposes. This material is not intended to provide definitive answers to specific individual circumstances and as such is only intended to be used as a guide. The IIA recommends seeking independent expert advice relating directly to any specific situation. The IIA accepts no responsibility for anyone placing sole reliance on this material.

IIA Internal Audit Foundation

2025–26 Board of Trustees

President

Glenn Ho, CIA, CRMA

Senior Vice President – Strategy

Shirley Livhuwani Machaba, CCSA, CRMA

Vice President – Finance and Development

Michael A. Smith, CIA

Vice President – Content

Nora Zeid Kelani, CIA, CRMA

Trustees

Mohammed Al Qahtani, CIA

Jose Gabriel Calderon, CIA, CRMA

Reyes Fuentes Ortea, CIA, CCSA, CRMA

Susan Haseley, CIA

Dawn Jones, CIA, CRMA

Anthony J. Pugliese, CIA

Nicholas C. Saracco, CIA

Bhaskar Subramanian

Staff Liaison

Laura LeBlanc, Senior Director,
Internal Audit Foundation

2025–26 Committee of Research and Education Advisors (CREA)

Chair

Nora Zeid Kelani, CIA, CRMA

Members

Tonya Arnold-Tornquist, CIA, CRMA

Christopher Calvin, Ph.D., CIA

Joseph Ian Canlas, CIA, CRMA

Andrew Dahle, CIA, CRMA

Andre Domingos

Christina Duquette, CRMA

Marc Eulerich, Ph.D., CIA

Dagmar Flores, CIA, CCSA, CRMA

Ivony Kudzayi Katsande, CIA, CRMA

Ayaka Mitsunari, CIA

Ahmed Shawky Mohammed, D.B.A., CIA

Grace Mubako, Ph.D., CIA

Emmanuel Pascal, CIA, CRMA

Brad Schafer, Ph.D., CIA

Brian Tremblay, CIA

Koji Watanabe

Stacy Wright, CIA

Staff Liaison

Nicole Narkiewicz, Ph.D., Director,
Internal Audit Foundation

Project Collaborators

In addition to those who participated in the interviews, the Internal Audit Foundation also sincerely thanks IIA staff and the following individuals for their collaboration:

Contributors

Dillon Caldwell, Ph.D.

Nicole Narkiewicz, Ph.D.

Ayaka Mitsunari, CIA

Brad Schafer, Ph.D., CIA

Art Direction

Blue Lane Creative

