

Factsheet: Internal Audit Excellence Framework

This resource reflects the 'Global Internal Audit Standards' published in 2024

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What is the Purpose of Internal Audit?

Internal auditing is:

An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

Source: Global Internal Audit Standards 'Glossary'

The purpose of internal auditing is to strengthen the organisation's ability to create, protect and sustain value by providing the board (audit committee) and management with independent, risk-based and objective assurance, advice, insight and foresight.

Internal audit's evolving role goes beyond identifying what needs to be fixed — it helps shape what comes next. By shifting from a retrospective focus to one of foresight, internal audit positions itself as a catalyst for continuous improvement, ethical stewardship and strategic assurance.

Internal audit enhances the organisation's:

- Successful achievement of its objectives
- Governance, risk management and control processes
- Decision-making and oversight
- Reputation and credibility with its stakeholders
- Ability to serve the public interest.

Source: Global Internal Audit Standards 'Purpose of Internal Auditing'

Today's audit committees and executive leaders expect more than retrospective reporting — they welcome forward-looking insights and meaningful contributions from internal audit. This calls for a shift in mindset – from merely identifying problems to actively solving them in partnership with management. Internal audit must evolve into a strategic partner, adding value across the organisation by anticipating risks and shaping better outcomes. While traditionally grounded in hindsight, business imperatives now challenge internal audit to operate with foresight, aligning its work with their organisation's future direction.

Value-Based Internal Audit offers an approach to achieve this:

A methodology where internal auditors perform high-quality forward-looking internal audit services offering meaningful and impactful foresight actively seeking innovation to improve an organisation, and doing this objectively from the client perspective.

What is the Value-Based Internal Audit Proposition?

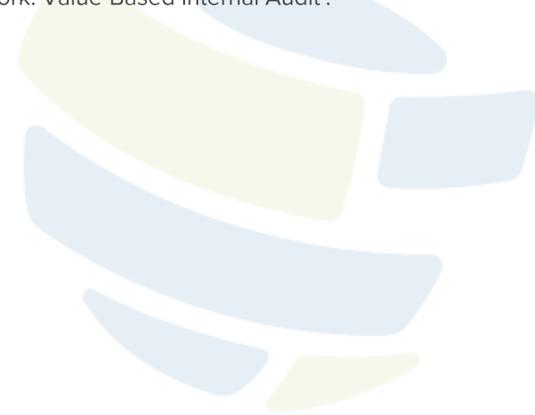
Value-Based Internal Audit is a methodology where internal auditors deliver high-quality, forward-looking services that provide meaningful and impactful insights. It emphasises innovation / strategic alignment / objectivity — viewed from the client's perspective. This approach integrates assurance / advisory / insight / foresight roles to support better organisation outcomes.

The evolution of internal auditing over the last half-century is illustrated in the diagram below, with further details contained in the IIA-Australia Factsheet 'Internal Audit Evolution'. The services focus is explained in the IIA-Australia White Paper 'Internal Audit Service Catalogue'.



Value is defined as something important and beneficial to the target audience — not limited to financial return, but encompassing anything that contributes to improved performance / decision-making / stakeholder confidence.

Key elements of the Value-Based Internal Audit philosophy are shown in the diagram on the next page and expanded upon in the commentary in the IIA-Australia publication 'Internal Audit Excellence Framework: Value-Based Internal Audit'.





Value-Based Internal Audit is important because internal audit needs to demonstrate its budget is well-spent and its work provides value to its organisation. This means all internal audit activities need to have clear linkage to the organisation strategy / values / objectives / risks. Stakeholders increasingly expect internal audit to go beyond compliance and control testing to:

- › Anticipate risks
- › Influence change
- › Contribute to the organisation's success.

Adopting a Value-Based Internal Audit approach helps internal audit functions remain relevant / responsive / resilient in the face of:

- › A fluid and complex risk environment
- › Rapid technological change
- › Resourcing and capability pressures
- › Evolving stakeholder expectations
- › The need for greater agility and foresight
- › Implementation of more robust professional standards

Why Consider Value-Based Internal Audit?

Chief audit executives are subject to a lot of change.

The IIA-Australia publication 'Internal Audit Excellence Framework: Value-Based Internal Audit' is a tool that forward-thinking chief audit executives might consider when seeking to improve their internal audit efficiency / methods / service offerings.

A number of components should already form part of an internal audit function business-as-usual operating model. Using the publication's maturity assessment model can help to ascertain which components may already be covered or can be enhanced.

Resourcing pressure may mean chief audit executives prefer to implement all or part of the framework. It can be fully implemented as a project or implemented by individual components. The maturity assessment model incorporated into the publication allows chief audit executives to assess their internal audit function and determine where they rate in the internal audit excellence continuum.

An important consideration will be to make sure internal audit has buy-in and support from their audit committee and executive management before embarking on these activities.

Conclusion

Many internal audit functions continue to operate with a static, one-size-fits-all approach — focused on retrospective reporting and limited in scope. This constrains their ability to demonstrate value or adapt to evolving organisation needs.

There are many internal audit functions content to meander along, delivering the same type of internal audit service and one-dimensional planning and delivery approach of 'one-size-fits-all' internal audit engagements. There are many internal audit functions that cannot bring themselves to provide balanced reporting of satisfactory performance in addition to what needs remediating.

Today's audit committees and executive leaders expect more. They seek a strategic partnership with internal audit — one that delivers insight / foresight / practical solutions. Meeting this expectation requires a shift in mindset — from being a problem finder to becoming a problem solver. Value-Based Internal Audit supports this transformation by embedding innovation / relevance / impact into every internal audit service. Internal audit needs to be adding value with everything it does.

Value-Based Internal Audit is designed to achieve internal audit excellence. It provides a scalable, future-focused methodology for achieving internal audit excellence — applicable to small, medium and large internal audit functions alike.

By delivering high-quality, forward-looking services grounded in objectivity, innovation and strategic alignment, internal audit can meaningfully enhance:

- › Organisation performance and achievement of objectives
- › A values-driven culture of accountability
- › Governance / risk management / compliance / control maturity
- › Evidence-based decision-making and oversight
- › Stakeholder trust and organisational credibility
- › Public value and service delivery outcomes.

The journey to excellence begins with a commitment to evolve - from assurance provider to strategic partner.

Useful References

Cox, Andrew, 2025. *White Paper: Internal Audit Service Catalogue*. [Online]

Available at: <https://iia.org.au/member-resources/white-papers/whitepaper-internal-audit-service-catalogue>

International Internal Auditing Standards Board, 2024. *Global Internal Audit Standards*. [Online]

Available at: <https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/standards/>

The Institute of Internal Auditors - Australia, 2026. *Publication - Internal Audit Excellence Framework: Value-Based Internal Audit*. [Online]

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