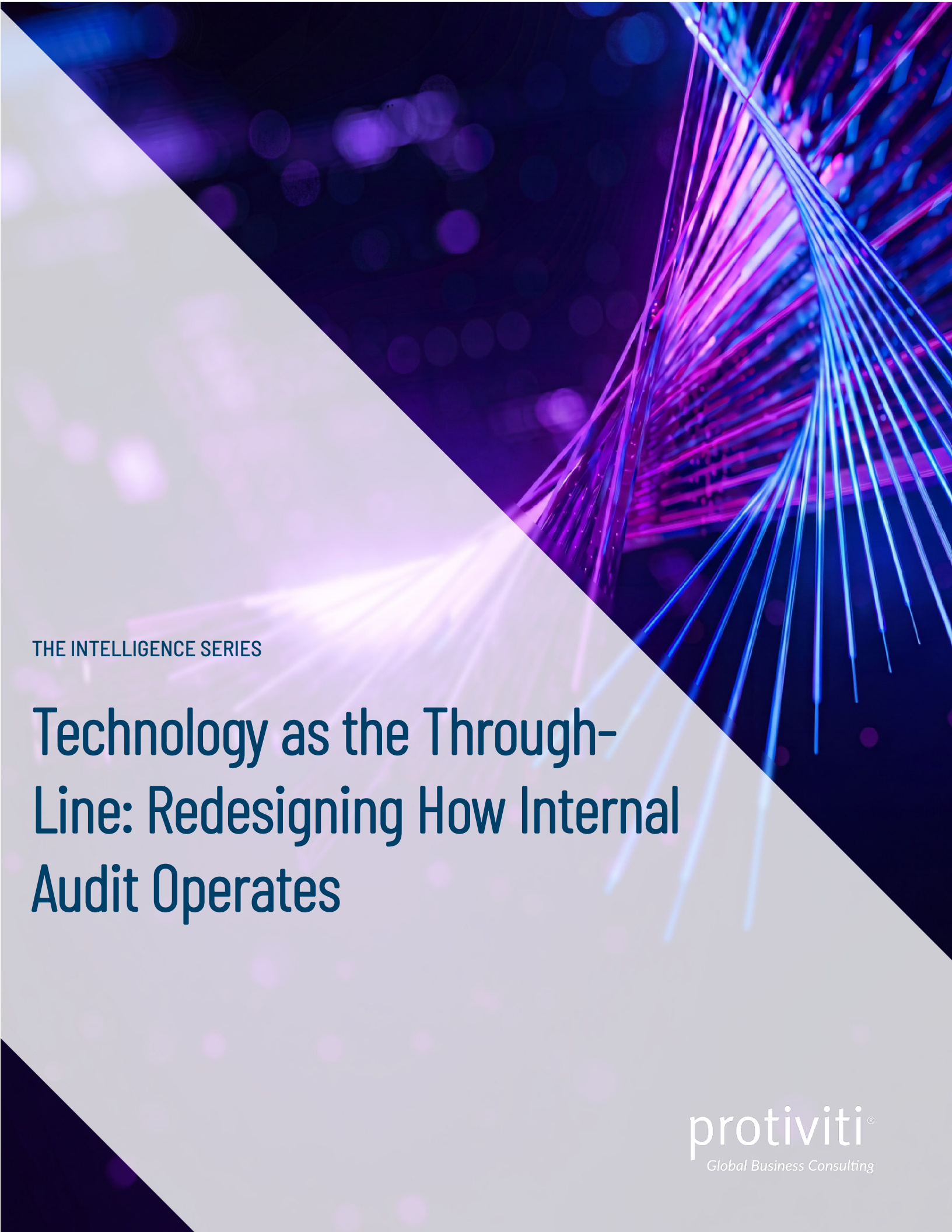

THE INTELLIGENCE SERIES

Technology as the Through-Line: Redesigning How Internal Audit Operates

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The foundational paper in this series made the case for internal audit's evolution from assurance to intelligence — a model in which the function provides more timely, relevant and ***decision-useful*** *risk context, grounded in* ***independent judgment****. This chapter starts from that premise and moves to the practical question: What does technology change about how internal audit operates?*

The answer is not simply that audits become more efficient, although many will. The more important shift is that technology changes what an audit can produce. Traditionally, audits produced conclusions: findings, recommendations and reports. Increasingly, audits can also create reusable capabilities — data assets, analytics, monitoring routines, risk indicators and technology-enabled tools that continue generating value after the report is issued.

The audit lifecycle does not disappear. Planning, fieldwork, testing, reporting and follow-up remain familiar components of the model. But the activities inside that lifecycle begin to change materially. Technology becomes less of a supporting tool and more of a through-line in how internal audit plans work, executes procedures, monitors risk and directs attention.

While technology is only one aspect of internal audit's broader evolution, it serves as a foundational enabler for many of the changes explored throughout this series. This chapter focuses specifically on how technology is reshaping audit execution and the value audits can create over time.

When technology is implemented through isolated or bolt-on solutions, many broader opportunities remain unrealised. Greater value emerges when technology becomes embedded throughout the audit lifecycle.

Technology is not a bolt-on

For many internal audit functions, technology adoption has started with task-level productivity: drafting, summarising, testing support, documentation, reporting and workflow automation. These are useful starting points. However, when technology is implemented through isolated or bolt-on solutions, many broader opportunities remain unrealised. Greater value emerges when technology becomes embedded throughout the audit lifecycle.

The more significant question is not, “Where can we use AI?” It is, “How does technology change the way internal audit senses risk, allocates resources, and builds coverage and assurance over time?”

AI may be what’s attracting attention today. However, the structural shift is enabled by the combination of data, analytics, automation, monitoring, workflow tools and AI-supported capabilities working together, creating the conditions for a different audit model — one that is more repeatable, more risk-focused and more capable of sustaining assurance over time.

This does not diminish the role of the auditor. If anything, it increases the importance of professional judgment and the application of other human intelligence skills. Technology surfaces patterns, anomalies and signals; auditors determine significance. They decide what requires validation, what reflects actual risk, what should be escalated and what remains noise. Technology expands the function’s ability to sense and understand signals. Human intelligence, judgment and experience determine which signals matter and how they should influence assurance and decision-making.

Technology also reduces effort associated with repetitive and routine activities. While efficiency gains are often the most visible outcome, the greater opportunity may be the ability to redirect capacity toward deeper analysis, emerging risks, transformation

Questions for audit leaders to consider

- Is technology embedded throughout our methodology, or concentrated in isolated tasks?
- Do we have ways of determining which technology solution is the best fit to deliver the desired outcome?
- Are we using technology primarily for efficiency, or also to improve insight and risk sensing?
- Which activities still rely heavily on manual effort?
- What data sources are most critical to our highest-risk audit areas?
- Are we treating technology as an operating model decision or a tool decision?

initiatives and other areas where internal audit can provide meaningful risk and decision intelligence.

Continuous monitoring creates a more dynamic audit plan

As technology becomes more embedded in audit execution, planning becomes more dynamic. The annual audit plan does not disappear. It will continue to serve an important governance purpose, particularly with audit committees and executive leadership. But as monitoring capabilities mature, the plan becomes more responsive and more continuously informed.

Instead of relying primarily on annual interviews, historical issues and point-in-time risk assessments, internal audit can begin to incorporate current signals: shifts in transaction patterns, control exceptions, business changes, external events, changes in condition for key third parties, emerging indicators and other data-driven insights.

In practice, this means internal audit needs capacity for work triggered during the year. Risk signals may indicate that planned audits should accelerate, defer or change scope, while new exposures may require attention before the next planning cycle. This approach also allows internal audit to manage coverage more dynamically, directing effort toward areas where risk is increasing

The question is no longer where internal audit can use technology. The question is how technology changes what audits produce and the value the function creates over time.

Questions for audit leaders to consider

- What internal and external information sources could serve as meaningful risk signals for the organisation?
- What signals would indicate that an audit should accelerate, defer or change scope?
- Which risks are monitored continuously? Which are evaluated only during annual planning?
- Where are we relying on stale information to make planning, risk coverage or assurance decisions?
- How could monitoring outputs inform future planning conversations with leadership and the audit committee?

while maintaining visibility over areas previously supported through monitoring and technology-enabled oversight.

This is the practical meaning of moving toward risk intelligence, which is not only about helping internal audit determine where to focus its attention. It is also about communicating timely, relevant risk information to management and governing bodies while decisions can still be influenced. Audit still looks back where it must. But it also builds the ability to know when conditions are changing and to direct human attention where it can matter most.

The generative audit: building capability through every audit

This may be the most important design shift: Audits should no longer be expected to end only in a report.

Where possible, each audit should create a reusable capability — a data pipeline, analytic routine, dashboard, monitoring rule, risk indicator or other technology-enabled asset that can continue generating value after the engagement concludes. The audit's value is no longer limited to what it concluded at a point in time. Its value also includes the capability it has created for the future. These outcomes rarely emerge by accident. Reusable capabilities must be identified during planning, reflected in audit scope decisions and intentionally designed throughout the engagement.

Consider a third-party risk audit. A traditional audit may assess due diligence, vendor governance and remediation activities. A technology-enabled audit should still address relevant assurance objectives. But it can also establish a repeatable monitor for

Examples of enduring audit assets

- Reusable data extraction or pipeline
- Repeatable analytics tied to a risk domain
- Dashboard, exception report or monitoring rule
- Risk indicator that can inform future planning
- AI-supported scan or agent where the risk, data and economics justify it

changes in vendor risk: new high-risk vendors, missing due diligence, deteriorating performance, overdue reviews, adverse external signals or changes in criticality.

The next time internal audit returns to third-party risk, it should not have to start from zero. The function should already have a better view of where risk is emerging and where deeper work is warranted. The audit becomes generative: It validates today's risk while building tomorrow's risk-sensing capability.

This is where assurance begins to compound. Over time, internal audit builds a library of reusable assets that allow the function to cover risk with greater continuity and precision.

Questions for audit leaders to consider

- What reusable asset should this audit produce?
- What analysis could be rerun instead of rebuilt during the next review?
- What data should become a permanent audit asset?
- How will we monitor this risk after fieldwork concludes?
- Who should ultimately maintain or own the monitoring capability?

Building technology into the audit from the start

The benefits described herein rarely emerge by accident. Continuous monitoring capabilities, reusable analytics and other technology-enabled assets must be identified during planning and scoping rather than after fieldwork begins. Technology as a through-line means designing audits that not only address today's assurance objectives but also strengthen future monitoring, risk sensing and intelligence capabilities.

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From concept to practice

As audit leaders evaluate upcoming engagements, consider how technology can support risk sensing, audit execution and long-term capability development.

- What technology-enabled insights could improve our understanding of risk in this area?
- How can data, analytics, automation and/or AI enhance the way we perform this audit?
- What monitoring capability or risk indicator could remain after the engagement concludes?
- What reusable technology-enabled asset could support future audit work?
- How will this audit strengthen the ability to deliver risk and decision intelligence going forward?

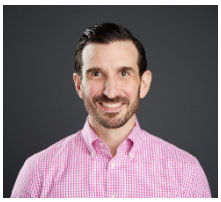
A different measure of audit maturity

Historically, audit maturity has often been measured by coverage achieved, audits completed, findings identified and reports delivered. These measures remain important. But technology creates the opportunity to measure something more: How much risk-sensing and monitoring capability is the function creating and retaining through the audits it performs? In other words, how much progress is internal audit making on the evolution from assurance to intelligence?

The future-ready internal audit function is not necessarily the one completing the greatest number of audits. It is the one delivering increasingly more relevance, value and insight by improving its ability to sense, understand and respond to risk through the technology-enabled capabilities it builds over time. Technology is changing not only how internal audit operates, but also how the function expands coverage, delivers insight and scales its impact.

As technology expands both capacity and risk visibility, audit leaders face new choices about where that capacity should be invested to create the greatest organisational value. Those choices — and the implications for talent, operating models and stakeholder engagement — will be explored in later chapters. That is the shift. Every audit should still provide assurance. But increasingly, every audit should also strengthen the function's ability to provide assurance with greater precision, continuity and relevance.

About the authors



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