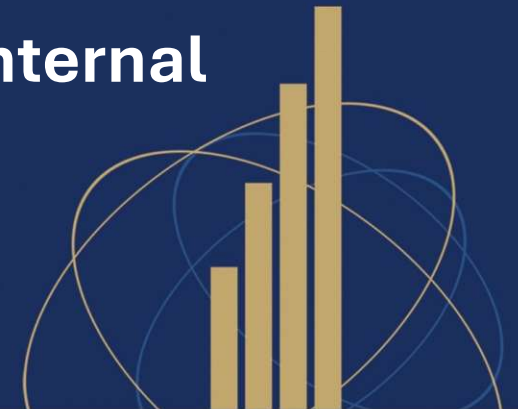




Development and Implementation of the Internal Audit Strategy a practical approach

Internal Audit Master Class
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SAQA Recognised Professional Body

DOMAIN IV

Managing the Internal Audit Function



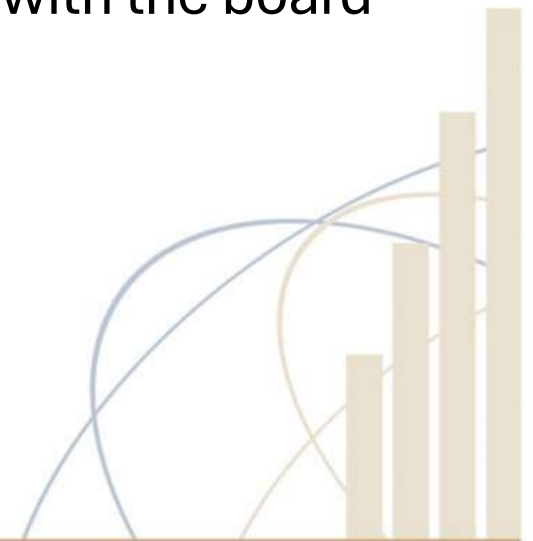
DOMAIN IV – Managing the Internal Audit Function

Domain IV <i>Managing the Internal Audit Function</i>	Standards	Application
<p>Principle 9 Plan Strategically</p>	<p>Standard 9.1 Understanding Governance, Risk Management, and Control Processes Standard 9.2 Internal Audit Strategy Standard 9.3 Methodologies Standard 9.4 Internal Audit Plan Standard 9.5 Coordination and Reliance</p>	<ul style="list-style-type: none"> ▪ Demonstration in the Internal Audit Strategy, Audit Methodology, Combined Assurance Framework and Internal Audit Plan.
<p>Principle 10 Manage Resources</p>	<p>Standard 10.1 Financial Resource Management Standard 10.2 Human Resources Management Standard 10.3 Technological Resources</p>	<ul style="list-style-type: none"> ▪ Demonstration in the Internal Audit Strategy and Audit Methodology.
<p>Principle 11 Communicate Effectively</p>	<p>Standard 11.1 Building Relationships and Communicating with Stakeholders Standard 11.2 Effective Communication Standard 11.3 Communicating Results Standard 11.4 Errors and Omissions Standard 11.5 Communicating the Acceptance of Risks</p>	<ul style="list-style-type: none"> ▪ Demonstration in the Internal Audit Strategy, Audit Methodology, Combined Assurance Framework and Internal Audit Plan.
<p>Principle 12 Enhance Quality</p>	<p>Standard 12.1 Internal Quality Assessment Standard 12.2 Performance Measurement Standard 12.3 Oversee and Improve Engagement Performance</p>	<ul style="list-style-type: none"> ▪ Demonstration in the Internal Audit Strategy, Audit Methodology and Quality Assurance and Improvement Program. ▪ Included in the Personal Developments and Performance Plans of Internal Audit Staff.

Standard 9.2 Internal Audit Strategy

The chief audit executive 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 internal audit strategy is a plan of action designed to achieve a **long-term** or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfillment of the **internal audit mandate**. The chief audit executive must review the internal audit strategy with the board and senior management **periodically**



Strategy Development Approaches



Approach 1: Identify and analyze the internal audit function's strengths, weaknesses, opportunities, and threats — an exercise designed to determine ways to improve the function.



Approach 2: Perform a gap analysis between the current and the desired states of the internal audit function.

Maybe consider utilizing both approaches.

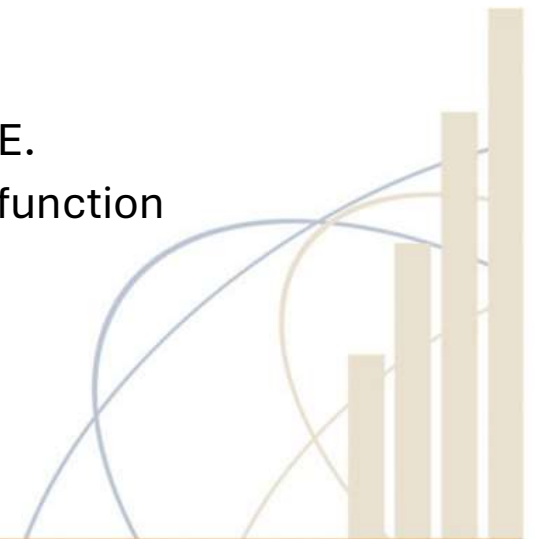
What to consider

Long term – 5 or 3 years. Consideration of the GIAS 9.2. A longer term beyond 5 years can be designed as required by the Board.

Periodic review of the strategy – Regular intervals. Annually

Changes to the Strategy:

- Changes in the organization’s strategy or the maturity of its GRC.
- Changes in the organization’s policies and procedures.
- Changes in members of the board, senior management, or the CAE.
- Results of internal and external assessments of the internal audit function



Contents of the Internal Audit Strategy



What the Strategy must include

Contents	Details
Mandate	The Strategy must help guide the IAA/F to fulfill its mandate as indicated in the Internal Audit Charter.
Vision, Objectives	<ul style="list-style-type: none">▪ Vision is the desired future state of the IAA.▪ Objectives must be aligned with the organizational strategy and objectives.▪ Both vision, mission and objectives must direct the IAA to fulfill its mandate
IA Resources	<ul style="list-style-type: none">▪ Detailed plan for staffing and development of the IAA.▪ Detailed Financial Resources Required to fulfill the IAA Mandate.▪ Detailed Technological Resources to improve the IAA's efficiency and effectiveness. <p><i>These must be for the duration of your Strategy (3 or 5 years)</i></p>
Types	Types of Services to be offered by the IAA as approved in the Internal Audit Charter.

What the Strategy may include

Contents	Details
Communication Strategy	Standard 11.1. Building relationships and communicating with stakeholders The chief audit executive must develop an approach for the internal audit function to build relationships and trust with key stakeholders, including the board, senior management, operational management, regulators, and internal and external assurance providers and other consultants
Timelines	The Strategy must have a timeline for implementation and performance measures.

If not included in the strategy, these must be stand-alone policy & Implementation Plan.



Key Challenges



Challenges

- 1. Audit Mandate**
- 2. Alignment of IA Objectives, Vision to Organization's.**
- 3. Timeline for the Strategy.**
- 4. Capacity of the Boards in execution of the GIAS**

Workshop/ Training on GIAS to all charged with Governance would proof to be a valuable investment for the Internal Audit Function.





Thank You!



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