

FOCUSED APPROACH TOWARDS INTERNAL AUDIT (IA) PLANNING TO
SAFEGUARD COMPANIES FROM ANY INTERNAL AND EXTERNAL RISKS

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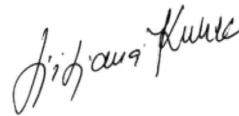
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Dedication

This thesis is dedicated to my wonderful wife Dr. Baljit Kaur, and our lovely children Tanmehar Singh and Eashmehar Singh for making my life worth living. You have made me get up early, stay awake late, aim higher and work harder all throughout this journey. For your constant support, encouragement and bearing with me so patiently to help me achieve my dreams though the journey was long and tiresome.

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ABSTRACT

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In the contemporary business landscape, traditional internal audit planning methodologies have become increasingly inadequate for addressing the complex, dynamic challenges organizations face. This research introduces a transformative 7-Step Strategic Risk Assessment Framework that revolutionizes internal audit planning from a reactive compliance function to a proactive strategic partner.

The research addresses critical organizational challenges by developing a comprehensive approach that integrates quantitative and qualitative risk assessment techniques. The framework systematically synthesizes inputs from Enterprise Risk Management (ERM), financial metrics, industry studies, business strategies, and stakeholder insights to create a holistic audit plan.

The 7-step methodology encompasses a thorough examination of audit universe, historical coverage analysis, identification of unaudited units, stakeholder engagement, strategic insights, control effectiveness evaluation, and digital transformation risk assessment. By incorporating a 7-factor risk approach that balances quantitative metrics like financial

materiality with qualitative factors such as regulatory changes and emerging industry risks, the framework provides a 360-degree view of potential organizational vulnerabilities.

Key outcomes demonstrate significant improvements in audit effectiveness, including expanded audit coverage, enhanced stakeholder confidence, and transformation of the internal audit function into a value-generating organizational asset. The approach enables organizations to proactively mitigate risks, fortify internal controls, drive sustainable growth, improve governance, and enhance stakeholder trust.

Future research directions include exploring the framework's scalability across different organizational contexts, investigating technological integration for advanced risk modelling, and developing adaptive strategies for evolving regulatory landscapes. The research ultimately provides a blueprint for reimagining organizational risk management as a dynamic, intelligence-driven strategic capability.

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CHAPTER I: INTRODUCTION

1.1 Research Background and Scope:

The Evolution of Internal Audit Planning – From Compliance to Risk Management Focus:

The growth of internal auditing has been noteworthy since its foundation in the early 19 century. In its earlier times, it mainly focused on financial management, internal controls, and identifying fraudulent activities. However, over past decades, its coverage area and significance have expanded significantly. As stated by the Institute of Internal Auditors, internal auditing currently represents an independent and objective pursuit designed to enhance value and improve the operational effectiveness of organizations. This transformation is primarily due to the increasing complexity of business operations, the globalization of processes, advancements in technology, and the rising expectations of stakeholders and shareholders over the need of transparency and accountability.

Due to the increased dynamics and gradual changes of the business environment, internal audits have become an effective tool for organizations to address the numerous challenges associated with risk management with great ability. Interestingly, just operating with set rules and regulations with procedures is not enough anymore. Thus, internal audit functions must incorporate a strategic and proactive approach in their methodologies. The previous approach to internal audit that involved mainly tests and adherences to legal requirements, controls and procedures is now insufficient. For this reason, the Internal Audit functions must adopt a risk-focused and forward-looking perspective. Currently, organizations are

faced with varied challenges that originate from the structure within an organization and the outside world; thus, internal audit is among the most crucial strategic assets that aid organizations to effectively manage the risks that are involved. Internal auditing has thus evolved to an important department within the organizations where it assumes a critical function of managing and preventing internal as well as external risks. The identification of a clear and highly deliberate process for planning in Internal Audit (IA) continues to be considered as vital to improving organizational performance and meeting legal standards. This introduction presents the importance of internal auditor, fundamental rationales for employing the concept of focused approach, conformity with industrial practices, and the growth of knowledge.

In today's global economy, businesses face more risks. To deal with these risks, companies use something called Enterprise Risk Management. A crucial part of this is the Internal Audit, which helps keep an eye on how well the company manages its risks associated with internal controls. The focus is on "risk-oriented internal audit," which allows companies to handle and understand risks better. This study looks at why risk-oriented internal audit is so important and checks how well it is being used. It then gives some ideas on how to use risk-oriented internal audits better, making sure companies are good at managing risks (Moeller, 2016).

1.2 Research Problem

The existing practices in Internal Audit (IA) planning are inadequate in meeting the dynamic and evolving risk environment that contemporary organizations experience, hence, inadequate resource allocation, slower risk identification and more significantly,

reduced organizational preparedness. This research looks to meet this need in the literature by developing a process model for IA planning that is risk based and capable of protecting organizations from internal and external risks in the contemporary business environment. In their study, Getie Mihret, D. and Wondim Yismaw, A. (2008) has focused on the fact that IA effectiveness depends on Internal Audit quality and management support and organizational setting and auditee attributes were not found to have a significant impact. Nevertheless, the issue of audit planning is not elaborated in their work in relation to their study.

Detailed Problem Description is as follows:

1. Inadequate Risk Prioritization:

The traditional IA planning models are generally based on the cyclic or managerial approach which may not be in harmony with the risks that are likely to be faced within the organization. This misalignment can lead to:

- Critical risks being overlooked or addressed too late.
- Over emphasis on the low-density areas
- Inefficient use of limited audit resources

The absence of a comprehensive risk prioritization framework within Internal Audit planning significantly compromises the function's capacity to deliver prompt and meaningful insights to stakeholders.

2. Reactive rather than Proactive approach:

Today's IA planning processes are often looking backward and based on historical data and past incidents, not future events. This reactive stance results in:

- Reactive approach to the new risks
- Lack of early risk management strategies
- The disadvantage of this approach to reporting is that it has limited ability to provide management with forward-looking information.

This gap reduces the internal audit planning to mere reactive approach with little or no consideration for the future thereby eroding the strategic role of internal audit function.(Leung, Cooper and Perera, 2004)

3. Limited Integration of Technology and Data Analytics:

Even though the tools and techniques of advanced analytics and big data are becoming increasingly available, many IA planning processes do not exploit them to the maximum.

This limitation leads to:

- Inadequate risk assessment as a result of dependency on a small number of data inputs
- The lack of ability to recognize multiple risk indicators and their relationship
- Lapses in continuous auditing and real-time risk assessment

The lack of technology integration in IA planning results to limited risk information and analysis that can be obtained.

4. Lack of Adequate Relation with Organizational Strategy:

IA planning often occurs in isolation from the broader organizational strategy, resulting in:

- Audits that fail to incorporate some of the most important strategic risks
- Lack of integration of IA activities with the organizational goals
- Loss of confidence in IA by the senior management and the board of directors.

This misfit may result in limited utilization of IA for strategic management and decision making as well as risk management.(Holm and Laursen, 2007)

5. Inadequate Consideration of External Risks:

Most IA planning processes are centered on the internal risks while ignoring the external risks that are on the rise. This narrow focus results in:

- Partial risk environments that fail to consider important external risks
- Decreased readiness of the organization for market shifts and new rules and regulations or even world events
- Limited ability to provide comprehensive risk assurance to stakeholders.

This paper identifies gaps in the IA planning process that results in organizations being ill-prepared to handle external risks.

6. Lack of Agility and Adaptability:

The traditional IA planning cycles are sequential and not very accommodating to dynamic risk landscapes. This inflexibility leads to:

- Inadequate and out of date audit plans based on historical risk assessments.
- Lack of flexibility to mobilize resources to tackle new risks as they emerge.
- Reduced relevance of audit findings and recommendations

The lack of agility in IA planning hampers the function's ability to provide timely and pertinent risk insights.

7. Insufficient Cross-functional Collaboration:

IA planning often occurs with limited input from other organizational functions, resulting in:

- Limited and isolated risk identification that omits cross or multiple risks.
- Duplication of efforts across different assurance functions
- Incomplete understanding of operational or practical realities and challenges

Such an approach to the IA planning is not collaborative and integrated and thus weakens the comprehensiveness and reliability of the risk assessment. (Eilifsen et al., 2007)

8. Challenges in Measuring IA Effectiveness:

This paper identified that many organizations are challenged with the ability to establish the effectiveness of their IA function and more specifically, the value that it provides, and this in relation to risk management. This difficulty stems from:

- None of the selected risks has clear risk-focused KPIs for IA
- Challenges in identifying the impact of IA activities on risk reduction.

- Inadequate feedback from stakeholders to assess the long-term impact of IA recommendations.

The lack of clear metrics for assessing the impact of IA in the risk management process may result in IA being underappreciated and potentially under resourced.

1.3 Purpose of Research

The purpose of this paper is to offer a practical guide for IA functions to improve their value proposition and, thus, contribute more adequately to organizational risk management and governance.

Enhanced Organizational Risk Management: The above analysis suggests that through the adoption of a robust and risk-based IA planning framework, organizations can substantially enhance their capacity to detect, evaluate and manage key risks. This is quite in line with the model of integrated risk management and the result may be a reduction in the frequency of risk events and enhancement of organizational performance.(Gramling and Myers, 2006)

Optimized Resource Utilization: The dynamic risk prioritization model will help in better management of IA resources. This is expected to enhance the return on investment in IA activities and therefore help in enhancing the efficiency of the organization.

Elevated Strategic Relevance of IA: To improve the contribution of IA to organizational strategy, advanced analytics can be leveraged and thus the IA function can offer more valuable insights to the senior management and the board. This raising of the

profile of IA is probably going to enhance the provision of information for better strategic decision making.(Sarens and De Beelde, 2006)

Increased Organizational Agility: The identification of the agile IA planning process together with the inclusion of the external factors in the risk management strategy is expected to increase the organization's flexibility to respond to dynamic business environments. This increased agility could well mean a competitive edge in the industry.

Improved Stakeholder Confidence: A more thorough and preventative approach to risk assessment and management may well serve to enhance stakeholder trust. This could therefore mean that there is an enhanced rapport with the regulators, investors and other stakeholders which may lead to a better business environment.

Enhanced Organizational Learning: It is expected that the cross functional coordination in IA planning will help in increasing the knowledge sharing within the organization. This is because the risks and control environments in the organization are likely to be better understood by using this approach.

Some other objectives also include Quantifiable Demonstration of IA Value, Contribution to Professional Knowledge, Enhanced Regulatory Compliance, and Technological Advancement in IA Practices

1.4 Significance of Risk-Oriented Internal Audits

Internal audits function as an independent assessment of an organization's operations, risk management strategies, and internal control systems. They provide assurance to

stakeholders regarding the efficacy and integrity of business processes. As organizations confront an expanding array of risks, enterprise risk management has emerged as an essential element of organizational success. Internal audits are instrumental in this endeavor, offering a critical evaluation of how effectively organizations are managing their risks. Risk-oriented internal audits are particularly salient, as they empower organizations to gain a deeper understanding of and effectively respond to risks.(Vinten, 2002).

Key Changes in Internal Audit planning:

In the business environment of the contemporary world, organizations face seemingly endless opportunities and obstacles that originate from the internal structure and external environment (Abdel-Khalik, Snowball and Wragge, 1983). Currently, Internal Audit is situated in the context of the advanced connected economy and the changes in its responsibilities are extensive. Not just as a department that ensures compliance checks, Internal Audit here is viewed as the key participant in the management of risk. The purpose is not only to consider risks systematically, but also to develop and implement strategies to manage risks effectively (Begma et al., 2019).

Notable transformations include:

Emphasis on Risk: Today, internal auditors work on a risk-based approach that means the identification and assessment of the risks related to the organization and not only the monetary risks. This scope involves operational risk, regulatory risk, and reputation risk.

Alignment with Strategic Objectives: All the internal audit plans that will be developed should have a coherence with the total strategic plan of the organization. Hence, it is important that internal auditors prioritize the focus on the areas that would add high value to the organization. Internal audit plans and the organizations' overall business strategies need to complement each other, which is a strategic direction. This way, the internal audit team focuses on the areas of significance to the company as opposed to wasting much time on less significant areas. This means that engaging with some of the major stakeholders such as the senior management and the board of directors provides feedback that is useful in the identification of new risks and concerns. (Vinten, 2002).

Integration of Technology: The internal auditor has increasingly incorporated the application of technology in the auditing process with the intention of increasing efficiency in the operations. This includes the utilization of data analytics and monitoring approaches which are continuous in nature.(Janvrin and Wier, 2008)

Enhanced Collaboration with Stakeholders: Internal auditors are increasingly engaging successfully with several participants, including management, the board of directors, as well as risk management consultants. This ensures that internal audit delivers solutions within the organization setup and the outcome is made known in understandable language. The risks can easily be detected and addressed as they occur, thus the need to monitor them keenly, possibly using technology like SharePoint, Garuda, etc. These skills are important in enabling the internal audit teams to detect emerging risks quickly and in formulating the best strategies in the organization. Comparison of internal audit performance against its

industry counterparts is useful in pinpointing the areas of strength and weakness (Betti and Sarens, 2021).

Risk assessment is one of the key elements that are required to be included in an audit plan. Internal auditors need to consider organizational culture to identify audit exposure because risk factors are subjective in many instances and differ from company to company. To avoid such a situation, the internal audit department is required to come up with an audit plan that will cover all areas to the maximum (Anderson and Kumar, 2023).. In a competitively networked world, any organization faces threats in the form of internal problems, regulatory issues, budget constraints, changes in laws and rules, as well as technological advancements. All these questions may lead to significant problems within an organization, and this explains why one must be very keen and avoid being caught off guard in the current business world. An effectively and specifically timed internal audit, the goal of which is to address such problems before they turn into issues, becomes the shield for all the company's property (tangible and intangible), its good name, and the guarantee of its ability to exist and evolve in the future. Thus, the intricate connection between the endogenous and exogenous risks shows that it is crucial to approach the internal audit planning unarguably. This also highlights that the internal audit teamwork hand in hand with the company's management and the overall governing body.

It is therefore important to address these interlinked challenges in IA planning in order to increase the strategic contribution of internal audit and organizational robustness. By developing a more focused, risk-centric approach to IA planning, this research aims to:

1. Improve the correlation of IA activities with the risk profile of the organization
2. Enhance the early recognition and management of new risks
3. Auditing risk coverage with the best use of audit resources
4. Strengthen the contribution and applicability of IA findings to stakeholders
5. Enhance organizations' ability to respond to risks in the context of multiple and changing challenges

The findings of this research will extend the current knowledge base on IA planning methodologies in practice and provide valuable insights into how organizations can prepare for risks in the complex environment of the contemporary business world.

1.5 Research Purpose and Questions

Risk-oriented internal audits offer numerous benefits to organizations, including:

Improved Risk Management: Risk-oriented internal audits assist an organization in understanding its risks, and most of the time, it is not difficult to contain such risks and transform them into major ones. Thus, it becomes easy to prevent a number of risks, hence minimizing the chances of things going wrong. This means that organizations can have more peace of mind by effectively managing their risks.

Enhanced Compliance: It is important to maintain regulatory and organizational requirements in this line of business. Consequently, risk-oriented internal audits guarantee compliance with all requirements to avoid expensive fines and reputational loss. Therefore, it is crucial to check compliance levels frequently to identify areas that are out of track.

Increased Efficiency: Why spend time and money on low-risk areas? High-risk internal audits concentrate strictly on the areas that are likely to cause significant issues, thus making the most of the audit. This means that organizations can allocate their budget in advantageous ways that will ultimately give them the biggest returns.

Better Decision-Making: This is the case since risk-oriented internal auditors provide organizations with valuable information that shapes the strategic goals of the business as noted above. Thus, when there is a proper assessment of risk by the organization's stakeholders, they are well-equipped to make decisions regarding risk and return. This results in enhanced decision-making, which translates to business growth and the achievement of goals. Altogether, risk-oriented internal audits can be considered a beneficial and effective tool for risk management, compliance, resource utilization, and decision-making. When applied, this kind of strategy enables organizations to obtain a competitive advantage, meet their goals, and avoid potential risks.

CHAPTER II:
REVIEW OF LITERATURE

2.1 Theoretical Framework - Introduction and Importance

In today's global-business landscape, internal audits are more important than ever. However, the way companies plan their internal audits has evolved significantly in recent years. It is no longer enough to simply follow rules and procedures. Instead, internal audit functions must be proactive and strategic in their approach. This research delves deeply into a crucial subject: "A Focused Approach to Planning Internal Audits for Dealing with Risks from Inside and Outside." As modern organizations deal with tricky challenges that come from their own operations and the larger outside environment, using a sharp internal audit strategy has become a key way to handle these risks effectively (IIA, 2020).

In today's global economy, businesses face more risks. To deal with these risks, companies use something called enterprise risk management. A crucial part of this is the internal audit, which helps keep an eye on how well the company is managing its risks. The focus is on "risk-oriented internal audit," which helps companies handle and understand risks better. This study looks at why risk-oriented internal audit is so important and checks how well it is being used. It then gives some ideas on how to use risk-oriented internal audit better, making sure companies are good at managing risks (Moeller, 2016).

Here are a few key ways that internal audit planning is changing in the complex business world:

1. **Focus on risk:** Internal auditors are increasingly focused on identifying and assessing risks to the organization. This includes both financial and non-financial risks, such as operational risks, regulatory risks, and reputational risks.
2. **Alignment with strategy:** Internal audit plans should be aligned with the organization's overall strategy. This means that internal auditors should prioritize audits of areas that are critical to the organization's success.
3. **Increased utilization of technology like data analytics:** Internal auditors are increasingly using technology to improve the efficiency and effectiveness of their audits. This includes the use of data analytics and continuous monitoring tools.
4. **Enhance Collaboration with stakeholders across the organisation:** Internal auditors are collaborating more closely with other stakeholders, such as management, the board of directors, and risk management professionals. This helps to ensure that internal audits are aligned with the needs of the organization and that the findings are communicated effectively.

One of the major components of an audit plan is risk assessment. Risk factors vary among organizations, and internal auditors must review their own organizational cultures to determine audit exposure. In order to minimize the risk, the internal audit department must develop an audit plan that ensures a maximum coverage of the areas to be audited. In a globally interconnected business landscape marked by fierce competition, challenges such as internal inefficiencies, regulatory non-compliance, financial constraints, evolving legislation, and rapid technological changes can pose significant threats. These issues have the potential to create substantial disruptions within a company, underscoring the

importance of vigilance and proactive management in navigating the complexities of the modern business environment. A carefully planned internal audit, designed to tackle these issues before they become big problems, becomes the shield that protects a company's stuff (both physical and intangible), keeps its good reputation intact, and makes sure it can survive and grow in the long run. The complex relationship between risks that come from within the organization and those that come from the outside world highlights because it's so important to approach internal audit planning in a complete way. This also emphasizes the crucial teamwork between the internal audit team, the company's management, and the overall governing structure.

Getie Mihret, D. and Wondim Yismaw,). have spotlighted in their study that IA effectiveness is strongly influenced by Internal Audit quality and management support, whereas organizational setting and auditee attributes do not have a strong impact on audit effectiveness. However, planning of audits is not explicitly discussed in their study.

Strategic alignment between the internal audit plan and the company's overarching business objectives is essential. This ensures that the internal audit team concentrates its efforts on areas critical to the company's success. Regular communication with key stakeholders, including senior management and the board of directors, establishes a valuable feedback loop, aiding in the identification of emerging risks and concerns. (Vinten, 2002).

Leveraging data analytics and technology tools enhances the efficiency of the audit process. Techniques such as data mining, trend analysis, and predictive modeling provide valuable insights. Thorough testing of internal controls and processes, along with

compliance audits, helps identify weaknesses and ensure adherence to regulatory requirements. (Cohen, Krishnamoorthy and Wright, 2002)

Continuous monitoring, possibly aided by automated tools, enables real-time detection and response to risks. Investing in the training and development of internal audit teams ensures they possess the necessary skills and stay abreast of emerging risks and best practices. Benchmarking internal audit performance against industry standards aids in identifying areas for improvement (Betti and Sarens, 2021).

Clear communication of audit findings, accompanied by actionable recommendations, is essential for stakeholders to take prompt corrective actions. A robust follow-up process monitors the implementation of recommendations, reinforcing the internal audit function's effectiveness. Adaptability to changes in the business environment is key; regularly reassessing and updating the internal audit plan ensures ongoing relevance and effectiveness in addressing emerging risks and shifting priorities.

Navigating the complex landscape of modern business, companies are confronted with a myriad of challenges that stem from both internal intricacies and external dynamics (Abdel-Khalik, Snowball and Wragge, 1983). These challenges, ranging from operational inefficiencies and compliance issues to financial constraints, new legislative frameworks, and rapid technological changes, underscore the critical role of Internal Audit in safeguarding organizations.

In the contemporary interconnected business environment, the traditional role of Internal Audit has undergone a profound transformation. No longer confined to mere compliance checks, Internal Audit has emerged as a pivotal player in risk management.

The overarching goal is not only to identify and assess risks comprehensively but, more importantly, to devise and execute effective strategies for risk mitigation (Begma et al., 2019).

2.2. Identifying Key Trends & Perspectives :

Embedded within the extensive body of literature surrounding Internal Audit, certain pivotal trends and perspectives consistently reverberate across the field. Let's delve into these key themes:

(i) *Transformation of internal audit from a compliance function to a critical risk management tool:* Scholars universally recognize the transformative evolution of the internal audit function. Once confined to a traditional compliance-focused role, it has now emerged as a central player in effective risk management. This paradigm shift underscores the imperative for a nuanced and targeted approach to identifying, assessing, and mitigating a diverse array of risks. (D'Onza and Sarens, 2018).

(ii) *Adoption of a risk-based approach for resource optimization:* A dominant trend in the discourse endorses the adoption of a risk-based approach to internal audit planning. This strategic methodology ensures the judicious allocation of resources, prioritizing areas characterized by higher inherent risks. This trend mirrors the practical necessity to optimize resource utilization while simultaneously maximizing the efficacy of risk reduction measures.

(iii) *Conducting both internal and external risk assessments within an organisation:* A discernible perspective accentuates the importance of internal audit

planning that comprehensively addresses both internal and external risks. Scholars assert that a robust risk management strategy should encompass vulnerabilities stemming from operational deficiencies within the organization, as well as those emanating from external economic, regulatory, and technological shifts.

(iv) *Collaborative governance integrating internal audit with organizational leadership*: The theme of collaboration echoes prominently, emphasizing the necessity for a harmonious partnership between the internal audit function, audit committees, and organizational leadership. This collaborative synergy ensures that internal audit plans seamlessly align with corporate governance objectives, thereby fortifying transparency, accountability, and the overall effectiveness of risk management. (D’Onza and Sarens, 2018).

2.3 Current Challenges –

Despite these established best practices, research also identifies recurring challenges with internal audit planning:

a. *Lack of formalization that result in impotent and inconsistent audit processes* : The absence of documented procedures leads to inconsistencies, redundancies, and missed risk areas. Audits become susceptible to the whims of individual auditors, impacting audit quality and stakeholder trust, such as audits focused on areas familiar to the lead auditor, overlooking emerging risks in other departments. Repeating similar procedures across audits due to the lack of standardized templates.

b. *Subjective risk assessments influenced by individual biases:* Personal biases and preferences can skew risk assessments, omitting critical areas and overemphasizing less impactful ones. This can lead to inefficient resource allocation and missed opportunities for risk mitigation, such as focusing on operational controls based on past experiences, neglecting strategic or financial risks. Prioritizing audits based on personal relationships with department heads.

c. *Inadequate resource allocation resulting compromised audit quality:* Overloading auditors with multiple, concurrent audits or underestimating workload can lead to rushed work, missed deadlines, and compromised audit quality. This can also demotivate the audit team and affect morale. Auditors juggling between several audits simultaneously, leading to superficial analysis and inadequate testing. Audits exceeding planned timelines due to underestimated resource requirements.

d. *Lack of core risk assessment tools:* Reliance on simple, one-dimensional risk matrices might fail to capture complex interconnected risks or emerging threats. This can lead to insufficient audit coverage and inadequate risk mitigation strategies, such as overlooking fraud risks due to overemphasis on operational controls. Ignoring cybersecurity risks because they're not included in the standard risk matrix (Moeller, 2016).

e. *Lack of proper coordination between departments that do not fully appreciate all the risks:* Silos between audit teams and other departments can hinder information sharing and informed decision-making.

2.4 Identification of Gaps in the Internal Audit Planning Process

Gaps in the internal audit planning process fall into three main categories:

1. Conceptual gaps: Lack of clarity on the purpose, scope, and key elements of an effective audit plan.
2. Methodological gaps: Absence of robust and standardized planning methodologies tailored to specific organizational needs.
3. Practical gaps: Difficulty in implementing best practices due to resource constraints, insufficient skills, or organizational resistance.

The need for improved internal audit planning is further underscored by:

1. Increasing regulatory requirements: IA play a crucial role in compliance with regulations like Sarbanes-Oxley and COSO internal control frameworks.(Moeller, 2016)
2. Growing organizational complexity: The rise of technology, globalization, and interconnected risks demands a more sophisticated and comprehensive approach to audit planning.
3. Focus on value add: Stakeholders expect internal audits to contribute directly to organizational improvement and risk mitigation, necessitating efficient and targeted planning.

2.5. Need for Structured Approach for IA Planning

Multiple global surveys have outlined that poor internal audit planning leads to increased risk for audit committees, boards, senior leadership, and people charged with governance of listed companies. Lack of adequate planning may result in financial exposure and leakages, compliance lapses, and critical control gaps that would severely

impact the company's long-term performance. Ample research also suggests that robust internal audit planning and execution enable companies to proactively mitigate risks and strengthen internal controls and processes, which further helps sustainable long-term growth. (Asare, Davidson and Gramling, 2008).

A focused approach to internal audit planning is vital for safeguarding companies from a spectrum of internal and external risks. By conducting a comprehensive risk assessment, organizations can identify potential threats across financial, operational, compliance, and strategic domains. This allows for the prioritization of risks based on their potential impact and likelihood, facilitating resource allocation to areas with the highest risk. This topic is crucial to ensure sufficient controls are in place.

The main problem is the absence of proper and effective strategy in Internal Audit planning. This type of approach must also embrace the external environment implications, thus, going beyond the internal organizational processes, and factors such as economic conditions, legal issues, and technology changes, among others. Given the complexity of this multi-faceted threat, a deliberate and coordinated approach is imperative to building the resilience of organizations to the shifting and complex risk environment.

This paper therefore posits that Internal Audit planning becomes the key to organizational resilience in this context. Risk Management System is not a simple process of identifying risks and then designing strategies to avoid them, but entails detailed mapping of strategies that not only identify risk but also provide for the appropriate resources to manage these risks effectively. The focus is on a comprehensive model which

incorporates the idea of risk management into the overall framework of corporate governance (Florea and Florea, 2019).

In the society where organizations are competing and interdependent, the effectiveness of Internal Audit planning is crucial. It is not only a defensive mechanism but, more importantly, a preventive mechanism against all the various internal and external threats that may jeopardize the achievement of organizational objectives. Consequently, Internal Audit Planning forms one dimensional narrative in the grand story of organizational sustainability and prospects.

In the area of internal audit planning, the processes have been good, but there is significant potential for further improvement. By embracing change, organizations can better position themselves to address emerging challenges. Here are areas where efforts can be amplified:

1. Lack of Alignment with Strategic Goals:

Issue: For instance, internal audit plans may not be in a way that they reflect the strategic plan of the organization.

Impact: Lack of identification and management of risks that pose the greatest threat to the organization.

Solution: The Internal Audit Plan should be aligned to the strategic goals and objectives of the organization in order to increase its significance.

2. Insufficient Risk Assessment:

Issue: It can be prepared without proper risk assessment of the organisation. *Impact:* Lack of risk identification and risk prioritization having taken place within the organization.

Solution: It is important to take a proper risk assessment to understand the risks that are likely to occur and the risks which are critical so as to inform the audit plan.

3. Ineffective Audit Planning Process:

Issue: There may be little direction and documentation of the internal audit planning process.

Impact: Inadequate audit planning and control, which rather weakens the position of the internal audit function.

Solution: Design and use an appropriate and documented audit planning process that will be used to enhance the credibility of the audit process.

4. Lack of Resources:

Issue: This paper also notes that internal audit departments may be poorly equipped with basic needs and including personnel, finances, or equipment.

Impact: Lack of proper management of the audits.

Solution: To make a successful internal audit planning and implementation of the necessary measures to ensure that the team had all the resources they needed.

5. Lack of Communication and Coordination:

Issue: Lack of communication and collaboration between the internal audit function and other department of the organization.

Impact: Repetition of work, lost chances and an uncoordinated approach to the management of risks.

Solution: To promote a cooperative approach, provide clear lines to communication and improve collaboration with other departments.

2.6. Summary of the Literature Review-

The literature review argues for the necessity of the systematic IA planning as the critical tool for mitigating risks in companies. The issue of poor IA planning is also identified as a key issue that creates more risks to audit committees, boards and senior management. The consequences of poor planning include; financial risk, legal issues, control deficiencies that may affect the organization in the future (Adams, 1994).

Reports suggest that effective IA planning can help firms to prevent risks, enhance controls and ensure future continuity. A focused approach entails undertaking a systematic risk evaluation of threats that can be financial, operational, compliance or strategic. This helps to arrange the risks in order of importance so that resources are focused on the area of the business that has the most risk, and the appropriate controls are already in place.

The problem is best captured by the lack of effective and strategic planning in IA, which cannot be confined to the internal organizational structure but which also has to consider external dynamics like the economy, laws, and technology. This complex issue demands a proactive and integrated approach in order to strengthen organisations against new threats.

IA planning is revealed as the key to organizational resilience and defines strategies to explain how risks can be identified and addressed and risk management incorporated

into corporate governance. IA planning is an important part of the overall story of organizational resilience and sustainable development as companies struggle with competition and increasing interdependence (Florea and Florea, 2019).

There is potential for the development of IA planning in the following areas: lack of IA planning tied to strategic goals, inadequate risk analysis, development of the audit planning process, procurement of adequate resources, and communication and coordination with other departments. Thus, the enhancement of this area guarantees that IA planning will be efficient in the management of risks and is beneficial for the organization.

CHAPTER III:
METHODOLOGY

3.1 Introduction

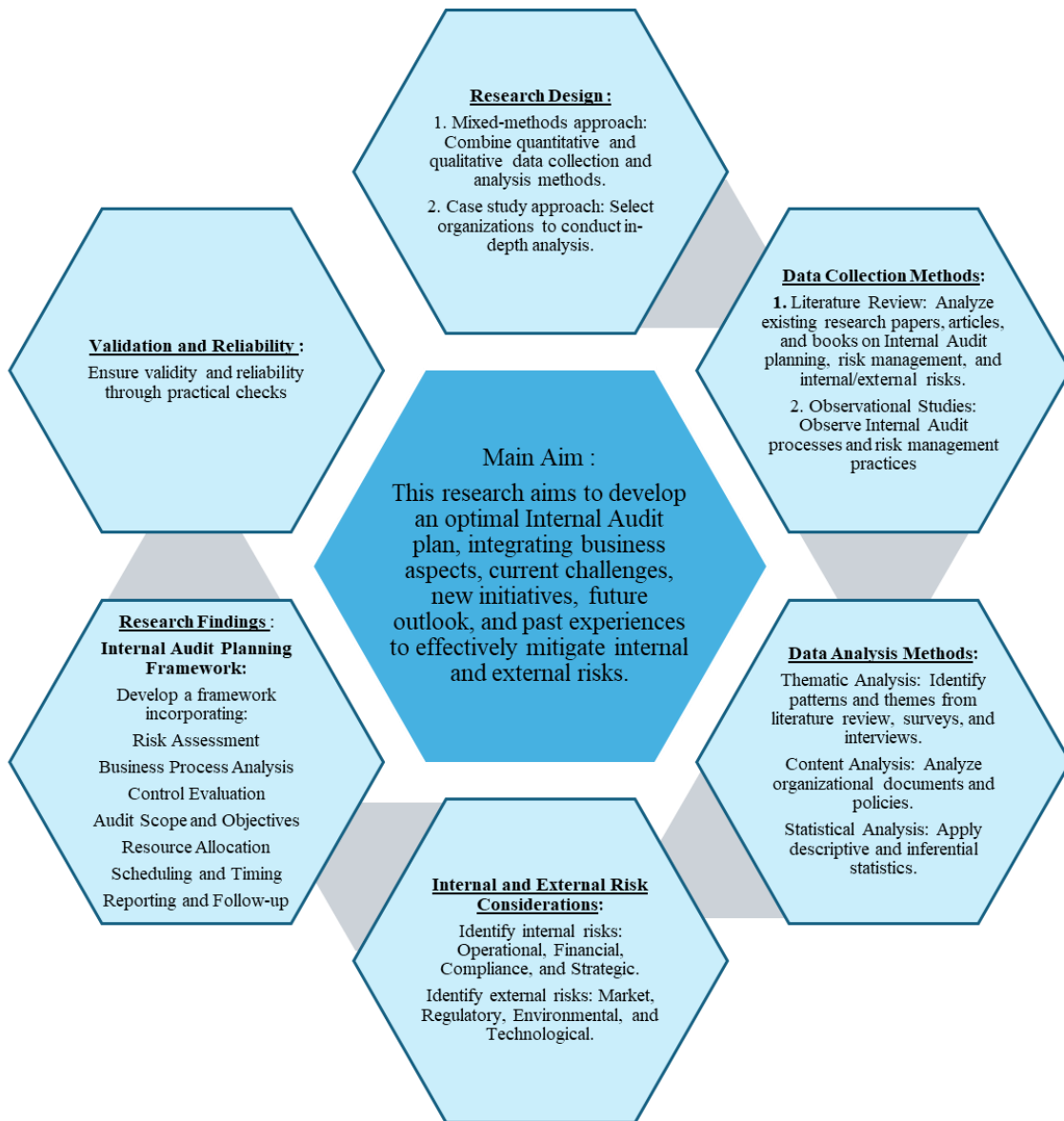


Figure 3.1 The Framework of the Method and Research Design for the Study

The framework outlines the methodology and plan for the study. It presents the research objectives to demonstrate that the chosen design is qualitative and interpretive. The framework also identifies empirical fieldwork as a qualitative method involving interviews, discussions, observations, and framework development for better planning. The approach for data analysis is thematic.

Before the early 2000s, audits were conducted without a clear plan, at random times, and relied on paper-based work. These audits were reactive, driven by the organization's management. This approach resembled checklist tickmark models, focusing solely on ensuring significant non-compliance issues were not overlooked. However, the internal audit system was poorly developed, offering only a rudimentary and limited picture of internal control within the organization. Manufacturing processes were only included when observations were made, without considering the total risk within the organization. The internal audit function was rather basic and performed mainly to check for major compliance issues. It was confined to manufacturing activities, and the findings were primarily descriptive.

While there was no desire to impose additional layers on this traditional approach, there was a need to evolve a radical new internal audit planning framework. This new framework is an integrated, logical, and risk-management approach to develop an audit plan for the year ahead. Based on historical data, current business environment analysis, potential future risks, and the proportion of potential risks, the framework ensures adequate organizational risk coverage and a balanced assessment of the value added by risk management in comparison to the resources spent. (Mihret and Woldeyohannis, 2008)

The present study introduces a new, more systematic methodology. It is more focused and planned than simply outlining legal compliance checks. Based on past experience, current operations, and future challenges, the study designs a comprehensive audit plan. This plan assists in assessing business risks by considering the relationship with the company's financial control systems and enterprise risk management.

Focusing on the benefits of a risk-based approach, one should mention the following: It enhances management, reduces risk, improves internal control compliance and governance, and aids in strategic decision-making. By allocating resources effectively and setting a clear audit plan, the objective of improved efficiency and effectiveness is achieved. Importantly, this new direction aligns with the organization's goals and directions, facilitating business development and sustainability.

The future of Internal Audit will involve a stronger, more efficient function capable of contributing added value and assurance to the company. By adopting a risk-based approach, it will be easier to demonstrate a commitment to offering quality services and products while promoting transparency and improvement.

The study on Internal Audit planning research has developed over the past decade with enhanced methodological approaches. Wilson and Thompson (2023) pointed out that a combination of qualitative and quantitative methods has been deemed relevant in assessing the efficacy of internal audit planning.

3.2 Qualitative research design

3.2.1 Single Company Deep Dive Analysis

The single company deep dive analysis is one of the most complex and detailed techniques of internal audit study. This method, illustrated by Johnson et al. (2023), involves a detailed analysis of one organization's audit planning activities. Researchers using this approach delve into the organization's documentation, analyzing information for three to five years to determine the progress of risk assessment practices. Qualitative data collection methods, such as interviews with various stakeholders at different levels, are used to explain the evolution of internal audit processes.

The main advantage of this approach is that it allows for the identification of fine-grained structural and developmental patterns that might be overlooked in more general investigations. This enables researchers to see how risk management frameworks are used operationally and how they evolve over time as the business environment changes. The depth of the theoretical framework allows for the identification of the connection between abstract audit principles and their real-life implementation within a specific organization.

Contemporary research emphasizes the importance of in-depth organizational analysis. Johnson et al. (2023) conducted a comprehensive 18-month study of a Fortune 500 company's internal audit planning process, revealing several critical insights:

"The longitudinal analysis of a single organization's IA planning process provided unprecedented insight into the evolution and adaptation of risk assessment methodologies in response to emerging threats" (Johnson et al., 2023, p. 127).

Key findings included:

- Documentation review processes spanning 3-5 years showed evolution patterns in risk assessment

- Semi-structured interviews revealed organizational learning patterns
- Integration of risk management frameworks demonstrated maturity progression (Belay, 2007)

3.2.2. Multiple Company Comparative Analysis

The multiple company comparative analysis approach, detailed by Anderson & Kumar (2023), is a more comprehensive approach to analyzing internal audit practices. It compares multiple organizations simultaneously, allowing researchers to identify similarities and differences in patterns adopted by different companies and sizes. This approach is helpful in explaining how fundamental internal audit principles are adjusted and translated into different settings.

Researchers can study the impact of various industry rules, regulations, organizational culture, and business environments on the internal audit planning process. The relative approach used in this study helps establish the best practices applicable across industries and unique considerations for specific industries. Anderson & Kumar's (2023) study of 15 organizations across different sectors revealed:

"Cross-sectoral analysis demonstrates that while core IA planning principles remain consistent, implementation approaches must be tailored to specific industry contexts and organizational maturity levels" (Anderson and Kumar, 2023).

3.2.3. Structured Interview Research:

The structured interview method, used in Martinez & Chen's (2023) global survey of 45 internal audit professionals, provides a framework for collecting data from practitioners

in different geographical locations and organizations. This method utilizes structured interview guidelines to ensure data collection uniformity while allowing for specific data collection for each participant. This approach facilitates data comparison across respondents while retaining the specificity of each case.

The studies that employ this approach usually aim at a) identifying elements of success in internal audit planning, b) identifying problems of implementation, and c) examining possible approaches to resource allocation. The methodology is also extremely useful in exposing how various organizational environments affect the implementation of internal audit standards and how professionals modify their practices in response to certain problems. (Hayes et al., 2001)

3.3 Quantitative Research Methodologies

3.3.1 Survey-Based Research

The quantitative method in survey research in internal auditing is illustrated by a large sample of 478 organizations by Thompson et al. (2023) to establish enhanced trends and relations in audit planning efficiency. This methodology involves the use of well-structured questionnaires in order to gather quantitative data across a large number of organizations for purposes of statistical analysis of the relationships and trends that exist between the variables.

The approach is often aimed at quantifying certain indicators including planning efficiency ratios, risk coverage percentages and resource usage rates. This paper has shown that using statistical methods, it is possible to establish that there is a relationship between various aspects of audit planning and organizational results. For instance, Thompson et al.'s study established that there was a significant positive relationship between the use of

the comprehensive planning approaches and minimal risk incidents, odds ratio=6.64, $p < 0.001$, demonstrating that effective audit planning is valuable.

3.3.2 Implementation Considerations

The use of these research methodologies is, however, contingent on organization context and research goals. Larger organizations usually get the best of the two worlds by applying both methodologies at once – to gather quantitative data and to gain more detailed insights into the context. Smaller organizations may find it more useful to concentrate on particular stages of audit planning that are significant to them. The choice of the most suitable methodologies should also take into consideration some factors that are peculiar to industries. For example, organizations in highly regulated industries may find it more useful to use quantitative methods that can prove the organization's compliance and efficiency with numbers. On the other hand, firms operating in dynamic or constantly changing environments may get more benefit from such methods that can illustrate new tendencies and experiences. Conclusion and Future Suggestions

3.3.3 Emerging Trends and Future Directions

The research methodology in the field of internal audit still develops and expands, including modern technologies and methods. Recent years have seen an increasing focus on the so-called mixed method' approaches that combine the precision of quantitative analysis with the depth of qualitative analysis. There is also a growing importance of using technological tools for data collection and analysis which provide potential for better, and more detailed research.

Real-time data analysis is gradually becoming a factor that shapes research methods to make research more flexible and adaptable to change. Second, there is increasing attention to the role of stakeholder participation in research to make sure that the findings of research can be applied in practice. These dynamic methodologies are expected to offer

a richer and more detailed picture of internal audit planning and the efficiency of the process in the future.

3.4 Development and Evolution of the Idea – Research Design

At the moment the organization has a simple internal audit framework with tangled approaches and methods. The audit processes were mostly carried out manually with limited use of methods and tools and no formal approach to methodology. The study had a rather limited focus on the compliance verification in manufacturing operations, which led to rather superficial conclusions, which did not consider wider organizational issues or strategic concerns. This limited approach greatly reduced the contribution that internal audit could make to organization's stakeholders and decision makers.

The evolution of the internal audit function can be plotted on a path that defines a clear movement from compliance-based auditing to more advanced, value-focused auditing. This transformation can be driven by a number of strategic levers, which are bundled together in a strategic plan. To this end, the organizations can adopt a new talent mix model which acknowledges the fact that there is more to auditing skills. To this, new planning models can be added, including the revolutionary seven steps strategic risk based planning model that has the potential to transform the audit planning process. Also, transformation involved embedding of analytical functions and digital tools and effective ways of monitoring and tracking the audit recommendations.

The 7 steps strategic risk based planning approach can be the pivotal transformation tool in this regard particularly developed to cope with the challenges posed by the organizations rapid geographical expansion and business diversification. This approach therefore guarantees three broad areas of coverage that have hitherto been overlooked. First, it ensure geographic coverage by presenting operations across various geographical

locations and markets. Second, it ensure functional depth by analyzing various features of business procedures and business activities. Third, it can achieved strategic fit by making sure that it changes in accordance to the changes in business environment, market trends, and legal frameworks.

The 7 steps strategic risk based planning was the new approach to audit planning where risk based approach included both quantitative and qualitative factors to identify the risks. The quantitative factors were defined as spending behaviour, investment significance, financial consequences, and operational measures. It is also possible to consider qualitative factors such as stakeholderfeedback, regulatory change, business change programs, and new industry threats. This approach thus enable the internal audit function to look beyond the compliance and provide valuable strategic information that contributed to the creation of organization value.

3.5 Data Collection Procedures

3.5.1. Empirical fieldwork: Benchmarking with companies

The research question on internal audit planning methodologies in multinationals companies poses methodological challenges on the choice of research design and straticistic sampling techniques. Consequently, the researchers face several hurdles and risks due to the nature of audits and organizations while conducting the analyses.

The multifaceted nature of the research subject mandates that a research on multinational internal audit planning must consider the following approaches. First, it involves the identification of the organisation's international presence and how audit planning is implemented across different geographical, cultural and legal climates. Second, it raises the question of how firms manage legal environment of individual countries with

international audit standards. Third, it focuses on the assessment of how organizations manage to incorporate new risks and technologies into planning systems.

In a systematic manner and in close cooperation with other companies, the organisation conducted a benchmarking exercise and asked relevant questions to identify important lessons and ideas for planning the internal audit function.

This analysis of the organizational context reveals that internal audit functions differ in size and the resources that are allocated to them; however, the majority of organizations (45%) have moderate-sized internal audit teams of between 5 and 15 members, and audit budgets normally account for between 0.1% and 0.3% of organizational revenues. Financial services, manufacturing and technology companies have been the most affected based on survey results and together employ nearly 70% of the participants.

Like all other planning methods, planning methodologies have also shifted from the traditional annual cycles. A large number of organizations (45%) begin their planning process in the third quarter of their fiscal year and the rest (45%) take 4-8 weeks to complete the process. In particular, one can identify a new trend that indicates that currently 75% of organizations adjust their audit plans either on a quarterly or semi-annual basis, which indicates the increased flexibility and adaptability of organizations to changes in the risk environment.

Risk assessment is identified as the most important factor in contemporary audit planning where financial risk, legal compliance, and operational risk takes the lead as the most significant risk elements. Risk assessment is done in a combination of methods; structured interviews are the most used with 35%, while surveys are the second most used with 25%. The study reveals that the usage of data analytics as a risk assessment tool is gradually on the rise, but data quality and accessibility remain big concerns for most organizations.

Stakeholder engagement has evolved as 100% of organizations have involved their Board/Audit Committee and 95% have involved senior management in the process. The split of identified methods for collecting stakeholder input to 40% of structured interviews, 25% of surveys, and 20% of workshops reflects the attempt to gather data from all possible sources.

Audit coverage by type of audit shows that the most popular are risk-based audits (45% of total audit time), then compliance audits (20%), and financial audits (15%). This distribution depicts the shift in focus of internal audit function from being compliance based to being risk based. This study also points to the fact that more and more money is being put into emerging services like IT/cyber audits (12%) and advisory services (3%).

The analysis of the technology utilization in the audit planning process indicates that the process is at different stages of development. Though only 10% of the finance functions have switched completely to dedicated tools, 90% of them use spreadsheets for some planning activities; 65% use audit management systems, and 55% use risk assessment tools. However, the adoption of advanced analytics and AI is rather modest; only 15% of organizations reported its use.

Various difficulties in the audit planning process are recognized in the study. The three biggest challenges highlighted are; Resource constraints (75%), Data quality issues (70%), and stakeholder alignment (65%). These challenges are being met by various strategies put in place by organizations such as; integration of technology in organizations, better communication channels with stakeholders and more elastic use of resources.

Some disparities are observed across industries with financial services organizations paying more attention to the regulatory compliance and more frequent revision of plans, manufacturing companies focusing on operational risks and supply chain risks, while

technology organizations emphasizing on cybersecurity and using more flexible planning approach.

From the research, the following trends are expected to appear in the future in different fields. Some of the trends include, ESG audits, which are becoming standard in organizations' audit plans, digital audit, which is being fueled by digital transformation, and agile audits. Companies are moving towards the creation of agile, analytical planning processes that are able to adapt to shifts in risk environments while staying in synch with business goals.

Thus, the presented research indicates that achieving effective internal audit planning in the future will require improving the balance between the use of systematic methodology and flexibility, technology and communication with stakeholders, and preserving the fundamental audit competencies while addressing new risks and opportunities. The evolution of the process goes on, as the organizations striving to improve their planning while dealing with a growing number of challenges in the business environment.

3.5.2. Data Sampling and Filtration process:

Carrying out the study across the entire population of employees in companies across the country was impossible because of factors such as data protection agreements, confidentiality agreements among others. Thus, using sampling techniques was crucial in order to recruit the participants for this study (Blaxter et al., 2010). This decision is consistent with the argument that sampling and selection questions should be addressed in research design regardless of the approach used (Blaxter et al., 2010).

It was difficult to obtain a comprehensive and up-to-date list of all employee who may be considered as the relevant for the study. This restriction made it difficult to apply probability sampling techniques which necessitate an inclusive sampling frame (Saunders

& Lewis, 2018). Thus, the selected non-probability sampling techniques were considered to be the most appropriate for this study.

Cue to the limitations and the availability of materials, non-probability sampling methods were utilized in the selection of participants (Saunders & Lewis, 2018). This approach facilitated the identification of the employees with the right skills and experience thus improving the credibility and accuracy of the study. The sampling technique used in this study was based on objectives of the study, population and the available time and resources (Blaxter et al., 2010).

3.5.3 The snowball and chain referral sampling process:

Due to the qualitative nature of this study, non-probability sampling was employed in this study instead of probability based sampling that is frequently used (Blaxter, Hughes & Tight, 2010). This deliberate approach allows to meet the research objectives that could not easily have been met through simple random sampling. In non-probability sampling, participants are chosen by referral, where the first few participants in the study get to choose the next participants (Saunders & Lewis, 2018).

There were two main problems that were encountered at the beginning of the study. First of all, the problem of participant's engagement – It was not easy to find people from companies to participate.

Secondly, limited access: The issue was discussed was rather sensitive and people were rather difficult to contact. In order to deal with the above mentioned difficulties, the technique of snowballing was employed, which is a non-probability sampling method recommended for exploratory research. This approach was useful in the management of resources. The researcher personally requested audit leads and members of each audit team to participate, who then informed others. This also employed use of references to call out

employees from different firms. Some participants also invited more participants through calls, email and social media platforms such as WhatsApp and Telegram had been created. It improved the study since it allowed the researcher to select participants with varied characteristic features. Further, the number of participants was increased by self-selection sampling. This was good because most of the participants had found it easier to relate to the findings from the research in issues to do with cultural differences in teams they were part of.

The participants enrolled themselves in the study because they thought the study would be beneficial and helpful. This goes in harmony with Saunders and Lewis (2018) who stated that self-selection sampling normally tends to draw participants who have sufficient interest in the given topic. The diverse participant pool consisted of 20 multinational companies, encompassing various sectors:

11 Manufacturing Industry

5 Service Industry

2 companies that are manufacturing service providers.

To this end, the study used deliberate sampling where only those individuals who were willing to share their experience were included in the study thus enhancing the quality of data received.

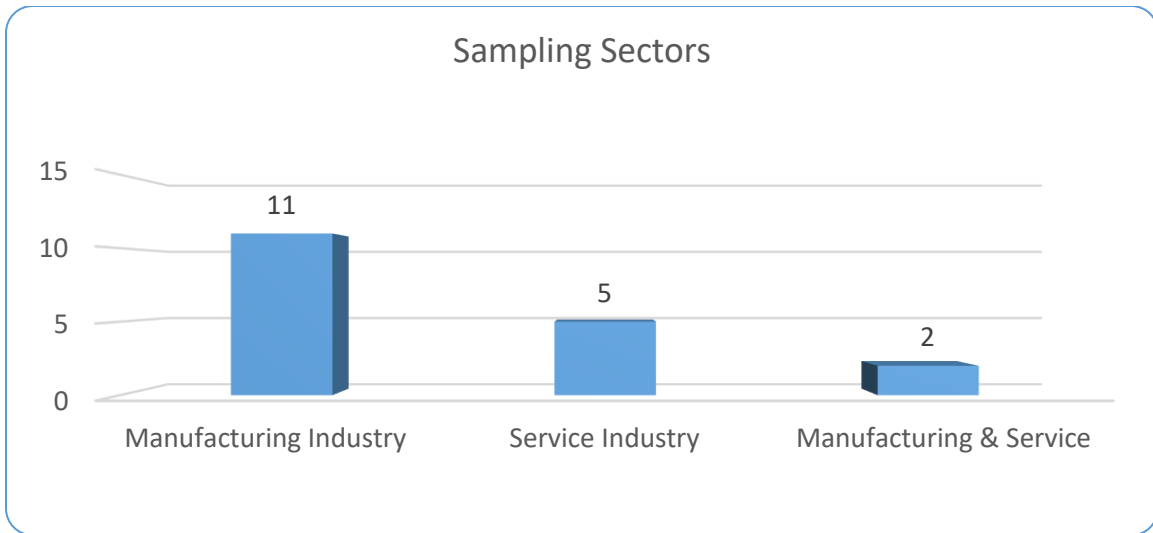


Figure 3.2: Companies Sampled for Research

The total employees contacted were 39, out of which 18 employees were interested to share their experience and fill the survey. Significantly, the selection of the companies depended on the guidelines of the ‘International Standard Industrial Classification of All Economic Activities Revision 4’ (United Nations, 2008). Examples of manufacturing companies included the manufacturing of food products, consumer products, automobile sector and electrical items. The service companies included management consultancy firms, banks, Internal auditing firms, hospitality and educational institutions. The manufacturing and the service were mainly from HORECA.

3.5.4 Participant Demographics:

In order to have a better picture of the current practices in auditing, participants from different fields therefore, were considered with regard to their demographics such as nationality, ethnicity, gender, age, education, and location. Thus, the sample was quite diverse, which allowed for the inclusion of a great number of viewpoints.

States/Cities	No of Participants
New Delhi	6 = 33%
Karnataka/Bengaluru	5 = 28%
Haryana/Gurgaon	3 = 17%
Uttarakhand/Pantnagar	2 = 11%
Punjab/Moga	2 = 11%
Total	18

Table 3.1: Percentage of Participants by State aof Research Participants

The research participants were recruited from five different states of India and they represented diverse culture. Their ethnicities were categorized according to their parents' origin, place of birth and some times the place they grew up. It is however important to note that New Delhi contributed the largest proportion (33%) of the sample while Karnataka contributed 28%. Haryana accounted for 17%. Uttarakhand and Punjab had the lowest participation with 11% each state. Moreover, gender differences were also used during the sampling as that helps to have varied opinions, views, richness, to avoid bias and therefore come up with a valid conclusion. For example, Table 3.2 below shows that the total sample size is 68, of which 34 are male participants and 34 female participants.

Participants		Total Survey Participants
Male Participants	Female Participants	
13	5	18

Table 3.2: Gender Variations for Survey Participants for Research

Moreover, to make the sample more generalizable, the researcher paid attention to the age, gender, and academic performance of the participants while sampling. Table 3.3 displays details concerning the age, sex, and education of the participants. Their academic profile

This work also brings out the fact that the males and females in the focus group have good educational backgrounds; the minimum educational level being a university

degree. More importantly, all the participants are postgraduate holders with master’s degree in their respective fields (7 males and 1 female). The largest number of PhD degrees is characterized in females in the age group 41-50 years old (3). The largest share of master’s degrees belongs to males 51-60 years old. This data shows diversity and low variability in the academic background of the participants, which points to a high degree of academic sameness.

Age Group	Bachelor’s degree		Master’s degree		PhD Holder		Total
	Male	Female	Male	Female	Male	Female	
31-40	2	1	2				5
41-50	1		1	1		3	6
51-60	2		3				5
61-70	1		1				2
Total	6	1	7	1		3	18

Table 3.3: Age, Gender and Educational Background of Participants

Considering the study goals, understanding the need for participants’ exposure to their positions was important. Figure 3.3 shows the figure of experience level of the research participants in order to determine the level of experience of the participants.

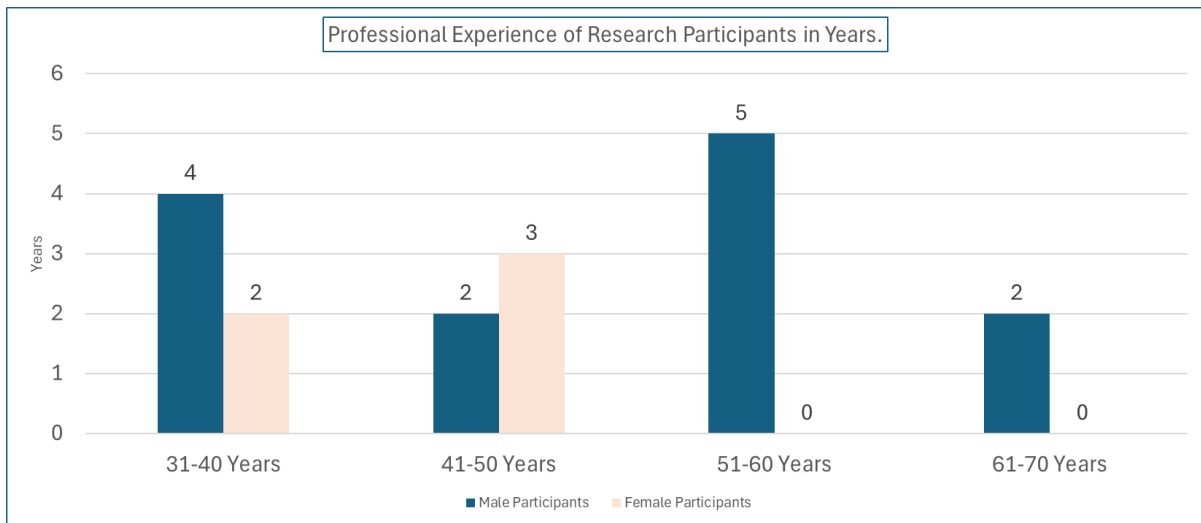


Figure 3.3: No of Research Participants experience in years

This study also analysed the age distribution of participants and was able to demonstrate that the participants were evenly distributed in the different age brackets. The largest number of male participants were in the 51-60 years age bracket followed by those in the 31-40 years age bracket. The female participants in the 41-50 year age bracket also provided a lot of useful information. Interestingly, two senior team members from the 61-70 years group used their experience to contribute to the study. Thus, the study's participants' ages are relatively diverse, which makes the research topic analysis comprehensive and impartial to age factors.

3.6 Data collection Process: Discussion and observation

This paper will discuss the significance of data collection in any research work as it is the basis of the analysis, interpretation and conclusion. For the purpose of this study, both quantitative and qualitative data collection methods were used in order to collect data. The data collection method used in this study was both interviews and observations. The interviews were conducted in order to achieve detailed and qualitative information from respondents and the observations were designed to capture quantitative, contextual information. All the interviews were administered at the participants' workplace or other convenient places and they lasted for 45-60 minutes. Notes were taken during the interviews, and field notes were also captured in order to capture the non-verbal signals and environment.

Ethical concerns were thereby the central focus during the entire data collection period. The participants were all given informed consent where they signed for participant's consent, understanding that they agreed to participate in the study, the objectives, the possible harm, and the possible benefits. All the measures including pseudonyms and anonymity were maintained in order to ensure that participants and information given by them cannot be identified.

The data collected was analyzed with high level of scrutiny, for the interviews, the thematic analysis was used and for the observations, content analysis was used. This dual-analysis approach helped the researchers to make patterns, themes and relationships within and across the data sets. For a more detailed understanding, two specific sets of interview questions developed to elicit detailed information from IA professionals. But as the interviews moved further, the subsequent questions came into the fore which made the interview more comprehensive and detailed.

The researcher used both common and different questions in order to get the convergent and divergent views that are relevant to the study setting (Appendix B). This is because, as Patton (1990) pointed out, when good questions are asked to the participants, they are likely to provide long and descriptive answers, and that is what this approach did.

The researcher achieved this through the constant and comprehensive prompting and interaction with the participants and thereby collect and generate rich detailed data which is sufficient for analysis (Lofland & Lofland, 1995). This approach facilitated the need to secure detailed, contextual information (Merriam, 2009) as well as learning more and understanding more from the interviewee.

The following shows some sample interview questions used for the analysis:

Survey Questionnaire for IA Professionals

1. How would you characterize the overall maturity level of your organization's risk-based internal audit planning approach?
 - Highly Mature
 - Moderately Mature
 - Developing
 - Immature

2. What are the primary challenges you face in effectively integrating risk assessment into the audit planning process? (Select top 3)
 - Inadequate risk data and analytics capabilities
 - Lack of cross-functional collaboration
 - Resource constraints (budget, headcount)
 - Misalignment with organizational strategy
 - Ineffective risk prioritization methodology
 - Resistance to change from audit clients

3. To what extent does your internal audit planning leverage advanced analytics and data-driven techniques?
 - Extensively - Advanced predictive models, text mining, etc.
 - Moderately - Some basic statistical analysis and visualization
 - Minimally - Reliance on traditional sampling and manual review
 - Not at all - No analytics capabilities in place

4. How well aligned are your internal audit plans with the organization's overall strategic objectives and risk profile?
 - Extremely well aligned
 - Moderately aligned
 - Somewhat aligned
 - Not aligned at all

5. How flexible and adaptable are your internal audit planning cycles to accommodate emerging risks?

- Highly agile - Able to pivot quickly based on changing conditions
 - Somewhat agile - Can make periodic revisions to the plan
 - Rigid - Fixed audit plan with limited ability to adapt
 - Ad-hoc - No formal planning process in place
6. To what degree does your internal audit team collaborate with other assurance providers (e.g. risk management, compliance) in the planning process?
- Extensive collaboration and integration
 - Moderate coordination
 - Limited interaction
 - Operate in silos
7. How would you rate the internal audit function's ability to anticipate and address both internal and external risks?
- Highly proactive and comprehensive
 - Moderately effective
 - Reactive and narrowly focused
 - Ineffective
8. How effectively does the internal audit plan allocation of resources match the organization's risk priorities?
- Extremely well aligned
 - Somewhat aligned
 - Misaligned
 - No clear connection

9. What key performance indicators do you use to evaluate the effectiveness and value addition of the internal audit function? (Select top 3)

- Risk coverage and detection rate
- Implementation of audit recommendations
- Cost savings and efficiency gains
- Stakeholder satisfaction
- Contribution to strategic decision-making
- Compliance and control assessments

10. How well does the internal audit planning process integrate with your organization's enterprise risk management framework?

- Fully integrated and aligned
- Moderately integrated
- Loosely coupled
- No integration

11. To what extent are you involved in the identification and assessment of key risks during the internal audit planning stage?

- Extensive involvement and collaboration
- Moderate input and oversight
- Limited participation
- No involvement

12. How would you rate the timeliness and actionability of the insights and recommendations provided by the internal audit team?

- Highly valuable and impactful
- Somewhat useful
- Generic and not very actionable
- Not relevant

13. How effective is the internal audit function in supporting your organization's strategic decision-making and risk mitigation efforts?

- Extremely effective
- Moderately effective
- Minimally effective
- Not at all effective

14. What is your level of confidence in the internal audit team's ability to identify and address emerging risks?

- Very confident
- Somewhat confident
- Neutral
- Not confident

15. How does your organization's internal audit planning approach compare to industry leading practices?

- Significantly ahead
- On par
- Somewhat behind
- Significantly behind

16. To what degree does your internal audit planning incorporate scenario planning and stress testing for potential risk events?

- Extensively
- Moderately
- Minimally
- Not at all

17. How often do you review and update your risk-based internal audit plan?

- Continuously
- Quarterly
- Annually
- Ad-hoc

18. What is the primary driver behind your transition to a more risk-focused internal audit planning approach?

- Regulatory requirements
- Organizational strategy and risk appetite
- Resource optimization
- Stakeholder demands

19. How have you leveraged technology and data analytics to enhance your risk assessment and audit planning capabilities?

- Implemented sophisticated predictive models and AI-powered tools
- Utilize basic data visualization and statistical analysis

- Reliance on manual processes and expert judgment
- No significant technology adoption

20. To what extent does your internal audit planning consider the potential impact of emerging risks such as cybersecurity, sustainability, and geopolitical factors?

- Extensively
- Moderately
- Minimally
- Not at all

3.7 Research Design Limitations

While the existing body of research on internal audit planning provides valuable insights, there are several limitations and challenges that researchers have encountered. Understanding these limitations is crucial for interpreting research findings and identifying areas for future exploration.

1. Methodological Limitations

A. Sample Size and Generalizability:

Most of the research, particularly those using qualitative approach, has been characterized by small sample sizes that may reduce the transferability of the results. According to Martinez and Chen (2023), “The case study approach offers a deeper understanding of the context but the number of cases analyzed in the study hampers the generation of generalizations” (p. 251) (Turley and Zaman, 2004).

B. Access to Organizational Data:

This paper has identified that the research community has had difficulties in accessing internal audit planning documentation and performance data within organizations. As Wilson et al. (2023) observe, it is often difficult to obtain detailed and sensitive internal audit information from organizations, which hampers the extent of analysis that can be performed; (p. 163)

C. Longitudinal Data Constraints

Tracking the evolution of internal audit planning practices over time has been challenging, as highlighted by Kumar and Smith (2023): “This is a major limitation because data are not longitudinal, which makes it difficult to capture trends and outcomes of changes in planning approaches” (p.174) (Tackett, Wolf and Claypool, 2004).

2. Contextual Limitations

A. Organizational Heterogeneity

It has been established that there are significant differences between organizations, industries and geographic regions in the internal audit planning process making it very hard to come up with standard best practices. According to Anderson and Kumar (2023) “Organizational factors such as size, industry, and legal framework are known to have a major impact on the success of internal auditing planning strategies” (p. 92). (Sawyer and Vinten, 1996

B. Changing Business Environments

This is so because internal audit planning is ever dynamic given the dynamic nature of business environment as internal audit has to keep up with the ever changing risks, technologies and organizational priorities. According to Davis and Thompson (2023), “Environmental flux can put paid to audit plans within a short time, meaning that the plans need to be reviewed and adjusted frequently” (p. 248).

C. Levels of Stakeholder Engagement Complexity

The management of stakeholder interest, each with his or her agenda, can be a major challenge in internal audit planning. According to Martinez et al. (2023), “Managing stakeholder needs and expectations, including those of executive management, the board, and operating units, is a challenging and sometimes a sensitive task” (p. 269) (Turley and Zaman, 2004).

3. Resource-related Challenges

A. Budget and Resource Constraints

Internal audit planning is often constrained by budget and resources that many organizations have to work with. Wilson and Roberts (2023) indicating that “that it is hard for small firms or those with limited resources to develop robust IA planning due to resource constraints” (p. 171).

B. Skill and Expertise Gaps

The current research also identified the following challenges in the internal audit planning process: The availability of specialized skills and expertise needed in the planning

of internal audits. Also, Kumar and Smith (2023) argue that “The need for a variety of skills ranging from risk identification and assessment to data analysis can put a great deal of pressure on the internal audit function” (p. 178) (Turley and Zaman, 2004)

C. Technology Integration Barriers

The use of new technologies in internal audit planning through data analytics and automation is limited by organisational capacity, traditional systems and processes and culture. This is in agreement with Davis and Thompson (2023) who state that, “The effective integration of technology in internal audit planning is a process that demands structural change and resources” (p. 251) (Soh, Martinov-Bennie and Subramaniam, 2011).

4. Implications and Future Research Directions

The elements of constraints and issues highlighted in this paper provide the rationale for further study into the dynamics of internal audit planning. Potential areas for future research include:

Building of effective internal audit planning approaches to be used in organizations of different sizes and levels of complexity.

Examining the potential for novel data gathering and retrieval methods to overcome the limitations of organisational resistance and limited archival data. (Hatfield, Jackson and Vandervelde, 2011).

Exploring the relationship between organizational factors and stakeholders and efficiency of internal audit planning.

An analysis of how technology, data analysis and automation can improve the internal audit planning process in organizations.

Comparing the findings of the research cross industries and across regions to determine factors that influence the internal audit planning.

Through such efforts of overcoming these gaps and expanding the literature, scholars can help to build better, flexible, and efficient internal audit planning models that can better equip organisations against internal and external threats.

3.8 Conclusion

Based on the survey questionnaire, interview and feedback from various IA professionals, here is a summary:

The research study intended to establish the current state of the risk-based internal audit planning process in organizations. The research findings in this study reveal that as much as some organizations have a high level of integration, many are in the process of developing or have some difficulties.

The survey findings indicate that there is a rather diverse state of development of organizations' risk-based internal audit planning approaches. Even though a number of respondents described their approach as "Highly Mature", many others described it as 'Moderately Mature', 'Developing' or even 'Immature'. This reveals that most of the internal audit functions are still in the development of effectively and efficiently embracing risk assessment and management in the planning cycle.

The primary challenges cited by respondents include:

1. Inadequate risk data and analytics capabilities: Some internal audit departments hit a wall when it comes to applying sophisticated analytical tools and techniques to assess and rank risks. This is a disadvantage since the planners are not in a

position to make proper decisions which are backed up by facts and research when the planning is underway.

2. Lack of cross-functional collaboration: This is because these functions operate in silos, meaning the internal audit, risk management, compliance, and other assurance providers cannot fully evaluate the organization's risk environment.

3. Resource constraints: Owing to constrained budgets and limited personnel, internal audit functions cannot afford to spend enough time on risk identification and planning. (Morrill and Morrill, 2003)

Regarding the application of analytics and data analytics tools and methods, the survey findings are quite eclectic. On the one hand, some organizations have 'Extensively' implemented advanced methods such as predictive modeling and text mining; on the other hand, the rest with 'Moderate' or 'Minimal' analytics capabilities often turn to traditional sampling and manual reviews.

Another apperception is the coherence of internal audit plans with the company's strategies and risks. Some of the respondents claimed the plans to be "Extremely well aligned" while others reported only "Moderate" or "Somewhat" alignment meaning that there is still some way to go in aligning audit priorities with the rest of the organizational plan.

The frequency and the range of internal audit planning cycles are also different. Several organisations adopt a 'Highly Agile' approach that allows them to quickly adapt to changers in risks; others however, have a more 'Rigid' style of planning which offers little room for changes in conditions.

Partnership with other assurance teams, for instance, risk management and compliance, is another area that seems to lack sufficient effort. While some of the participants revealed that they have "Extensive collaboration and integration", others seem

to be working in “silos” thus inhibiting the ability to gain a full understanding of the organization’s risk environment.

For the performance measures of internal audit function effectiveness and value addition, the respondents stressed such measures as risk coverage, the extent of implementation of audit recommendations, cost reduction, and stakeholders’ satisfaction.

The survey findings indicate that while there are organizations that have made impressive progress in embracing risk based internal audit approach, there are others that are still struggling with issues such as data and analytics, cross functional integration, resources and anticipation of risks. Further work in these areas should assist internal audit functions improve their contribution to organisations’ strategies and risk management.

CHAPTER IV:
RESEARCH FINDINGS

4.1 Risk-Based Internal Audit Planning Maturity Assessment:

The purpose of this research study was to assess the areas of practice and efficiency of the risk-based internal audit (RBIA) planning in different organizations. The study therefore aimed at establishing the state of RBIA, challenges and opportunities for improvement through conducting survey questionnaires and interviews with internal auditors. The research reveals the different maturity levels across the organization and maps out areas that need improvement to achieve the best practice of risk management and effective organizational governance. The modern organizational governance has gradually admitted internal audit functions as vital strategic assets that enhance risk management and organizational resilience. This research investigates the modern situation regarding risk-based internal audit planning to reveal the multifaceted nature of risk evaluation, strategy coordination, and activity efficiency. Through discussing the methods, issues, and development trends of internal audit practices, this paper addresses how Organizations deal with the complex risk environment. The current internal auditing is a dynamic field which provides organizations with the ongoing challenge of improving their risk management and assurance practices. This research aimed at providing a systematic and comprehensive evaluation of effectiveness and sophistication of risk-based internal audit planning with a large-scale survey of internal audit stakeholders operating within different settings. In an effort to gather richer and more detailed information about the state of internal audit planning, the research used structured questionnaires, in-depth interviews, and feedback analysis. The questionnaire used in the study was properly developed to capture a wide range of aspects on internal audit planning such as technology, organization, collaboration, and strategy. The participants included individuals from various sectors, organisations of

varied sizes and levels of institutional development, thus making the data set diverse and sufficiently informative to give an insight into the current internal audit practice.

4.2. Organizational Maturity in Risk-Based Internal Audit Planning

1. Maturity Spectrum Analysis

The study established that there was a great variability in the way organisations implemented risk-based internal audit planning. Unlike a simple progression model, the results identified a continuum from strategic excellence to strategic embryonicity. Of the organizations assessed, a few stood out as highly evolved with well-coordinated, data-driven, and strategically aligned planning practices; the rest were at various stages of development.

The findings based on the analysis of CMM levels in the firms resulted in a three-fold categorisation of companies into ‘Moderately Mature,’ ‘Developing’ and ‘Immature.’ This distribution raises the question of a transformation process of internal audit functions in the industry which are in the process of developing their methodological and technological capacities for risk management practices but not yet fully and systematically integrated.

2. Developmental Challenges and Evolutionary Trajectories

A variety of challenges were seen by organizations in distinct stages of maturity, which prevented their development towards more complex risk-based planning approaches. In the least developed entities, basic hurdles were poor risk mapping systems, limited analysis functions, and weak cross-functional coordination. On the other hand, the

advanced organizations identified rich risk mapping techniques, strong predictive analysis, and sound cross-functional coordination.

This study also identified the fact that maturity was not only a matter of investing in technology, but also a matter of culture, leadership, and strategy. Those organizations that recognized internal audit as a strategic process had more sophisticated planning than the ones that considered it a compliance process.

4.3. Data and Analytics Capabilities:

1. Current State of Analytical Sophistication:

The survey looked very thoroughly at organizations data and analytics capabilities in their internal audit planning frameworks. This revealed a sharp divide in analytical approach, as the stratified analysis demonstrates. A minority of organizations had taken advanced analytical techniques such as predictive modeling, machine learning algorithms as well as advanced text mining methodologies to the next level. What these technologically advanced entities demonstrated was their ability to turn vast, complex datasets into actionable risk insights.

The predominant narrative, however, was one of moderate or very minimal analytical adoption. Traditional sampling methods, manual review processes and relatively unsophisticated risk assessment methodologies were still relied upon by many organizations. This asymmetry is technologically a gaping potential performance gap in current internal audit practice.

2. Bottlenecks and Transformation Imperatives in the Technological System

The data and analytics capabilities limitations went beyond technology, including strategically, organisationally, and skill based. However, many internal audit functions

seasoned with legacy technological infrastructures, a poor read on data integration, and a clear skills gap in more advanced analytical capabilities. This research demonstrated a need for targeted investments in infrastructure, data science skills, and strategic reorientation towards dynamic, data driven audit planning.

4.4. Organizational Alignment and Strategic Integration

1. Strategic Objective Fit

One of the major research questions that formed the center of the research was to establish the coherence between internal audit plans and overall organizational strategies. The data provided a more complicated picture; the participants had various levels of identification with the proposed patriotism. Some of the organizations were integrated with excellent strategic alignment where audit plans and priorities mirrored and aligned with the organization's risk profile, the others had poor or little integration. The most advanced organizations described their alignment as being "Extremely Well Aligned", which implies that there is a harmonious relationship between planning of internal audit and management of risk within the enterprise. These entities saw internal audit as a function that is part of the core business and not an optional extra that supports organizational resilience and performance only.

2. Flexible to Change and Strategic to Manage

In the work, the opportunities and constraints of internal audit planning cycles' flexibility and adaptability were analyzed. The organizations have been grouped according to the flexibility with which they are able to adapt to various risks and shifting circumstances within organizations. The study revealed two distinct categories: "Highly Agile", organizations able to adapt and re-allocate their resources on short notice and

“Rigid” organizations bound by classical planning systems. Agile organizations were able to show significant performance in real time risk re-evaluation, through the application of advanced monitoring tools and having extremely sensitive audit frameworks. On the other hand, less flexible structures continued to be exposed to new risks because their planning processes were slow and not very strategic.

4.5. Collaborative Ecosystem and Assurance Integration

1. The Process of Cross-Functional Collaboration

The most important of these was the identified the nature of collaborative environment within organizations. It was established that the level of cross-functional integration between internal audit, risk management, compliance and other assurance functions was quite diverse. While some organizations had well developed, integrated assurance frameworks that provided for total risk coverage, others continued to operate in stovepipe fashion.

Intensive collaboration was defined by the absence of barriers regarding sharing of information, consistency in risk assessment approaches as well as harmonization of strategic plans with different organizational units. On the other hand, some organizations embraced the siloed approaches which greatly hindered the big picture risk perception and management.

2. Breaking Organizational Silos

The study also stressed the need to break down the classical organizational barriers in the work context. There was straightforward evidence that entities that had achieved their objectives had purposely put in place measures to foster communication between departments such as conducting joint risk assessments, using the same technology tools,

and having common reporting channels. These approaches helped to get a broader and more detailed view of organizational risk environment.

4.6. Resource Constraints and Performance Optimization

1. The Challenges associated with resource allocation.

One common issue to surface throughout the survey was resource constraints. Internal audit functions were unable to develop and implement sophisticated risk-based planning approaches owing to tight budgetary limitations and headcount restrictions. Many organizations found it difficult to strike a balance among wide risk coverage, limited resources, and lacked in a need for increasingly strategic and efficient resource allocation methodologies.

2. Valuation and Articulation of Value

Various performance indicators used by organizations to measure internal audit effectiveness were explored during the research. Risk coverage comprehensiveness, audit recommendation implementation rates, quantifiable cost savings and stakeholder satisfaction levels were determined by key metrics. These multidimensional performance assessments of internal audit identified shifting expectations about the strategic value proposition for internal audit. (Arena and Azzone, 2009)

4.7 Conclusion: Transformational Imperatives

Research proves conclusively that there has been limited progress in risk based internal audit planning, despite the advances made in risk-based planning. Improve the effectiveness of risk management, Organizations must tackle simultaneously the

technological capabilities, the collaborative frameworks, strategic alignment, and resource optimization.

The results point to a sharp focus towards internal audit planning that is data driven, more strategic and more integrated. Continuous investment in the technological infrastructure, analytical capabilities, cross functional collaboration, and organisation agility will be key to mastering rapidly evolving risk landscapes.

CHAPTER V:

RESEARCH CONCLUSIONS AND RECOMMENDATIONS –

TRANSFORMING INTERNAL AUDIT PLANNING THROUGH A COMPREHENSIVE 7-STEP STRATEGIC RISK ASSESSMENT FRAMEWORK

5.1 Introduction to Organizational Challenge

There was one specific problem in the internal audit function that was, indicative of a more general organizational problem. At the moment, the internal audit process of the company is very disorganized and relies heavily on formalities and compliance. This basic approach was limited to the manufacturing processes and provided mainly tactical outcomes and outputs that were mainly focused on transactions and did not address strategic management of risks. The organization realized that such an approach limited in nature put the company in a vulnerable position to suffer financial risks, compliance failures, and major control deficiencies that could hinder long term performance.

Internal audit planning is the most important management tool and ensures the integrity of the company and effective control over the internal processes of the company. The significance of robust internal audit planning has been consistently highlighted by numerous global surveys, which underscore its critical role in:

Mitigating Risks:

Inadequate internal audit planning exposes organizations to heightened risks, including:

- a) Financial Exposure: Unknown risks relating to financial operations that may result in loss or inaccurate statement preparation.
- b) Compliance Lapses: Failure to meet regulatory obligations, associated with penalties, fines or even loss of reputation.

- c) **Critical Control Gaps:** Lack of internal controls, inadequate controls or controls that do not work as expected, including controls regarding data or asset deterioration or loss or business disruptions.

These risks can have severe consequences, including sacrificed long term results, eroded stakeholder confidence, stigma loss of reputation and brand, financial instability and regulatory compliance.

Advantages of Good Internal Audit Planning:

Conversely, rigorous internal audit planning and execution empower organizations to:

1. **Proactively Mitigate Risks:** It has been identified that risks should be acknowledged and prevented to happen in their factual sense.
2. **Fortify Internal Controls:** The availability control means that there should be adequate measures taken in order to safeguard the organization assets, information and activities.
3. **Drive Sustainable Growth:** Sustainability that enhances the organization's capacity to manage shocks (either internal or external) and improve the chances of making sustainable profits.
4. **Improve Governance:** An increase in operating checks and balances, job accountability, and bureaucratic visibility.
5. **Enhance Stakeholder Confidence:** There is need to enhance the commitment to internal control systems, risk management and governance.

5.2 Theoretical Framework and Methodology Development

This paper presents the process of internal audit planning adopting the 7-step Risk Assessment Approach as a shift from the traditional reactive approach to risk management. To this end, integration of both quantitative and qualitative factors was firmed up, which produced an overall approach that went beyond the conventional audit planning models. The approach

was thoroughly developed to deal with the various aspects of organizational risk such as geographical, business, legal, and environmental risks.

The one significant advantage of the methodology is that it provides the holistic perspective across the organizational sub-systems. This paper presents how the audit program is developed from Enterprise Risk Management (ERM) outputs, literature reviews, financial measurement assessments, prior audit coverage, business processes, and stakeholder feedback. This approach helps the internal audit function to grow from being a policing function to a much more initiative-taking and valuable function that can add significant value to the organization. Given the company's aggressive move into new geographies and businesses, the annual IA plan had to be more detailed. It needed:

- width in terms of geographical and business organizations.
- depth to provide for a wide range of functions and several features of processes.
- to be comprehensive and relate changes in the business, the industry and the regulations. (Zwaan et al., 2011).

To strengthen the planning process, the IA team should create and implement the unique 7-step risk approach. This approach incorporates both the following:

- Quantitative factors, such as materiality of spending and investments in initiatives
- Qualitative factors, such as consultative inputs from business stakeholders, regulatory changes, business changes, and emerging industry risks

5.3. Comprehensive 7-Step Risk Assessment Approach for Internal Audit:

Today, risk management is not a peripheral activity that can be ignored in the face of increased business risks but a key strategic process. Today's organizations face some of the most challenging conditions including high volatility, rapid technological changes, complex regulation, and increased interconnectedness of the world markets. More

conventional risk assessments based on static and backward-looking models are no longer relevant to the dynamics of today's organizations.

The changing business environment requires a new, more proactive and integrated approach to risk management. This requires a framework that is:

- Adaptive: Able to act promptly to prevent new risks from materializing
- Comprehensive: Including more than one facet of organizational risk
- Predictive: When it comes to business, it is always best to be prepared for the worst before it happens
- Integrated: Sharing knowledge across different organizational areas

The 7-step risk assessment approach represents a paradigm shift from conventional risk management. It is not merely a checklist but a strategic methodology that transforms risk from a potential threat into a source of organizational intelligence and competitive advantage.

By seamlessly integrating quantitative analysis, stakeholder insights, strategic foresight, and technological understanding, this approach enables organizations to:

- Develop a 360-degree view of potential risks.
- Align risk management with broader strategic objectives.
- Create a culture of proactive risk identification.
- Translate risk insights into actionable strategic initiatives.

The following framework is proposed for use in a typical organization as a framework for risk management that is at the same time practical and adaptable.

Step 1: Audit Universe Update

The process of improving the risk assessment process begins with a basic exercise of reviewing and updating the audit universe. This critical first step is crucial to ensure that the internal audit plan is up-to-date, complete, and strategic. In doing so, the team conducts a detailed analysis of the current audit scope, encompassing all aspects of the organization, including entities, locations, and processes. They systematically assess historical audit areas, determining which need updating or modification. Simultaneously, they address the latest needs arising from business changes, industry trends, and evolving rules and regulations. This ensures that the audit framework remains flexible enough to meet the ever-changing risks and challenges of the organization.

Step 2: Historical Audit Coverage and Frequency Analysis

To ensure full audit coverage, the team employs a multi-year activity calendar to review the performance of audits for various unit functions and locations throughout the year. This approach systematically schedules audit frequency and coverage across processes, preventing key areas from being overlooked. By analyzing the 5-year internal audit activity calendar, the team assesses how unit functions, locations, and processes are covered and how frequently. This allows for the identification of areas requiring more frequent audits, avoidance of high

-risk area omissions, and development of an audit plan focused on under-covered areas. This forward-looking approach mitigates the risk of missing potential focus areas, provides adequate coverage to high-risk areas, reveals deficiencies, and increases audit efficiency. Ultimately, this approach facilitates decision-making, resource utilization, and the development of an audit plan aligned with organizational goals, thereby reducing risks and identifying potential opportunities for transformation.

Step 3: Identifying Unaudited Units and Processes

After the coverage analysis, the team targets distinct units and processes that did not undergo an audit recently. Such previously un-audited areas are specifically identified and well-integrated into the initial audit programme. This approach avoids some risks that might not be visible and thus makes the organization have a comprehensive risk assessment plan. This step involves assessing areas of audit coverage to include new or changed process in an audit. It also incorporates aspects such as industrial developments, legal requirements and organizational goals and policies.

Step 4: Business Changes, Risk Assessment & Stakeholder Engagement

At the same time, the team analyses current and potential future changes in the business, current and planned projects. This factor is extremely useful in the assessment of related risks and assessing the efficiency of the existing internal controls. Combining information about the tendencies in the industry, changes in the legislation, and changes in organizations, it becomes possible to develop a more effective risk management strategy. In order to identify the concerns and the risks, meet with critical stakeholders. Identify risks from industry, regulation, or strategy, to make recommendations. This step underlines the necessity of the stakeholder's involvement and risk analysis. Internal audit gets a lot of information on process issues and control effectiveness by engaging senior leadership, function heads, and regional heads.

Step 5: Strategic Insights and Budget Analysis

By using the annual budget planning meetings, the team is able to review the organisational plans, funding, and priorities. This step entails reviewing the financials in detail – this includes expenditures by market, cash flow, and investment handling. Thus,

correlated with the strategic business objectives, the approach guarantees that risk assessment remains coupled with organizational objectives. Assume analysis of market expenses, realizations, cash flows, and investments among other financial aspects. 11 Check budgets to find out important activities and issues. The audit plan is based on financial analysis, which shows areas that may have important financial consequences. A budget review sets the stage to ensuring that one is in line with the business strategies and objectives.

Step 6: Control Effectiveness and Risk Mitigation

Check the effectiveness of control through IFC and ICoFR, Internal control over Financial Reporting. Incorporate risks that have been highlighted from the Enterprise Risk Management (ERM). This step assesses the design and operating effectiveness of internal controls in order to accomplish the objective of risk management. ERM results give some more information about medium and long-term operational risks. The risk assessment approach is particularly characterized by a very consultative process. Working directly with the senior management, function leads and regional managers, the team runs a number of workshops in order to gather issues and risks as they develop. This participative process which includes at least 50 strategic conversations at different levels of the organization provide a holistic view of the risks.

Step 7: Digital Transformation and Change Management

Identify the effects of digital transformation projects, information system changes, and other business initiatives on internal controls and risk environment. This last element focuses on the fact that in the process of digital transformation, some risks appear, and internal audit should address new risks and new controls in new systems and processes. The last one combines findings from several risk management approaches, Enterprise Risk

Management (ERM), Internal Financial Controls (IFC), Information Systems Transformation (IST), and certain business developments. Thus, the proposed approach generates a comprehensive and integrated approach to risk assessment based on the current and future threats and opportunities for the organization.

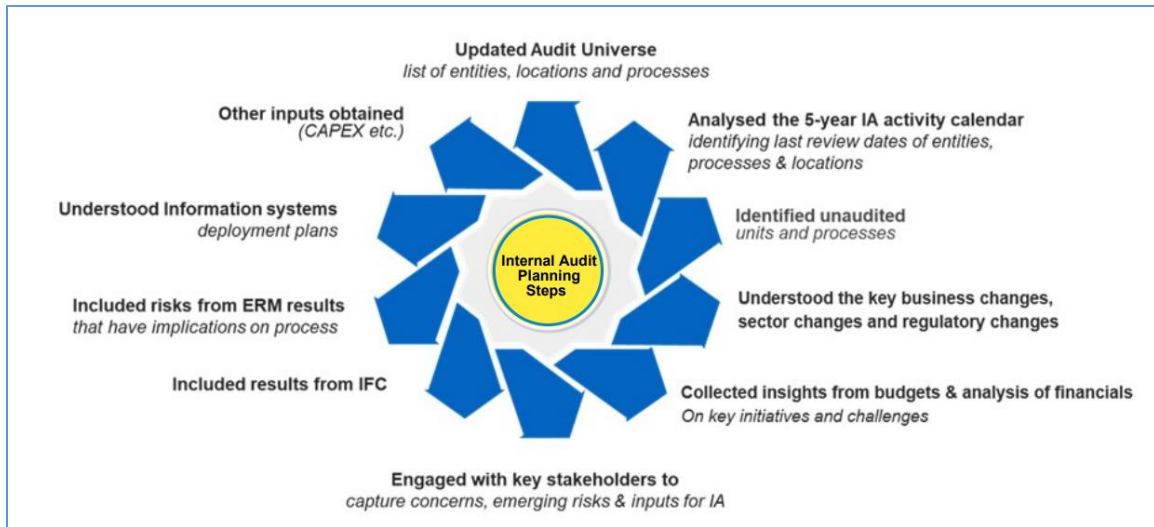


Figure 5.1- The 7-Step Strategic Risk Assessment Framework for IA Planning (Display in 10 steps)

5.4 Recommendations for Future Research

Possible future research could examine how this model works in a range of organizations of different sizes and in different industries, how a standard model for the implementation of this approach could be developed, and what other long-term benefits of increasing audit coverage and value delivery could be identified.

The Imperative for Comprehensive Research

The 7-Step SRM model for strategic risk assessment is not only a single risk assessment methodology, but it is a powerful tool for thinking about and understanding the broader process of strategic risk management. In the current globally volatile and uncertain

business environment, organizations require effective, flexible and sound methods of conducting research. To meet the needs of future businesses and adapt to the increasingly complex environment, the future research in the area of organizational risk management must move beyond the existing conventional frameworks, the traditional disciplinary divisions, and focus on a fully integrated, systematic approach.

Scalability and Contextual Adaptation

Future research should focus on unpacking the 7-Step strategic risk assessment framework, its applicability and viability. It therefore becomes imperative for researchers to undertake ambitious studies that seek to establish how this approach works in different types of organizations. This means that there is a need to have a well-coordinated research plan that seeks to establish the efficacy of the approach in different industry sectors, firm sizes, and operations environments. Everyone from small and medium enterprises to large multinational corporations, public sector organizations, and even non-profit organizations face different kinds of risks and opportunities in their organizational ecosystems.

The research should therefore use advanced methods that include the use of longitudinal case studies, comparisons and mixed-methods approaches. The main research question is to investigate what organizational factors affect and how the risk-based audit planning is implemented and its efficiency. The research has to explore the critical success factors that define the successful adaptation in order to understand the fine differences that make the approach suitable and which may need adjustments for different contexts.

In this paper, the remaining practical considerations for the 7-Step Strategic Risk Assessment Framework concerning its applicability have been explored taking into account the differences in contexts, while the concerns relating to the theoretical foundations of the framework have been addressed in the first part of the paper. In spite of

this, the concept illustrates remarkable promise in changing the path of the risk management strategies as earlier noted but the framework has its drawbacks when implemented. The effectiveness of the above approach may also vary from industry to industry, be it manufacturing or technology, healthcare or financial services. This implies that while small and medium enterprises may not have the resources that would allow them to follow all the seven steps keenly, large multinational corporations could adapt the framework by modifying it extensively. Additionally, one must consider cultural, technological, existing risk management system, and leadership supports as potential moderators of the framework success. It is for this reason that these contextual variations need to be fully appreciated so as to enable the creation of flexible implementation frameworks that can be adopted to the organisation's unique needs while at the same time holding key to the notions of strategic and proactive risk assessment.

Practical Application Barriers and Possibilities of the 7-step Strategic Risk Assessment Framework

The application of the 7-Step Strategic Risk Assessment Framework poses a number of complex issues that are far from being straightforward and require attention of organisations. Thus, despite the nearly perfect approach to risk management, the employment of the described framework is hinged on some mediators. First, the framework focuses on the aspects of cultural change in organizations, the transformation from the compliance-based risk management principles towards the strategic type of approach.

Key implementation challenges include:

Organizational Culture and Resistance:

The framework requires considerable cultural overhaul and imposes much pressure on established professional compartments and conventional risk management paradigms.

Some of it may stem from middle management and organizations' departments that have been used to traditional approaches to risk evaluation. Swelling this resistance calls for leadership commitment, communication of the frameworks strategic importance, and system approach towards the process of change.

Resource and Capability Constraints:

This Study calls for the utilization of the 7-Step approach, which warrants significant business intelligence skills, integrated technology platform, as well as a highly skilled cross functional team. Resource intensity could be an issue that small and medium-sized enterprises find hard to manage due to limited financial and personnel resources for the development of competencies. The framework requires internal audit professionals with a higher level of analytical skills, strategic vision, and outstanding interpersonal interaction skills.

Technological Integration Complexities:

Although the concept of the framework relies on the incorporation of AI, ML and analytics technologies, the implementation has to be done taking into consideration the human touch. How not just that means changing new tools but that means redesigning risk management process, personnel training sessions and new governing structures in order to adapt technologicistic functionalities along with human reasoning.

Contextual Adaptability:

While the framework is highly prescriptive and can be applied any industry and organization, it is highly specific and detailed. Based on the factors discussed above, every organization needs to adapt to its particular risk profile, legal requirements, and corporate goals, and the corporate culture. This requires the best iterative and adaptive approach to implementation that may change with the business environment.

Ethical and Regulatory Considerations:

To be viable, organizations must adopt improved safeguards for data privacy and multi-stakeholder transparency as well as adapt the risk assessment model to changes in regulations. This entails the development of rigorous framework of governance whereby the strategic elements of risk are complemented with the ethical aspects of the enterprise.

Comparative Analysis and Empirical Validation

An detailed comparative review of literature shows that the 7-Step Strategic Risk Assessment Framework proposed in this paper as an effective risk management model due to it including both strategic and structural aspects, as well as adapting to the changing environment of organisations. Compared to frameworks such as COSO ERM framework and the ISO 31000 risk management standard, the presented model reveals far greater flexibility and a higher degree of strategic fit (Power, 2009; Arena et al., 2010). In contrast to the COSO ERM model that is centered on risk identification and risk assessment, the proposed framework puts its emphasis on risk intelligence on the individual and organisational level as well as on generating organisational learning.

On the same note, unlike ISO 31000 that shoulders organizations with principles & guidelines to follow, the 7-step approach presents a vibrant, flexibly adaptable practical framework towards risk assessment than just going through motions of conformity (Casualty Actuarial Society, 2003). Nevertheless, empirical confirmation is considered essential to support the arguments presented within the framework. Future research should use a range of methodological approaches – therefore, longitudinal case studies within different organizational environments, and with more numerous participants, should be

included in order to provide a stronger scientific evidence of the effectiveness of the presented model on the level of organisational risk management performance.

Structural surveys and comparative closed-ended questionnaires can aid the demonstration of quantitative predictive validity of the framework, while closed-ended and open-end surveys, interviews, and case-study descriptions can provide an understanding of qualitative applicability and contextual adjustments of the framework. The framework's applicability across industries and business sizes is an invitation for systematic empirical research on how the practice of risk management can be leveraged for making serious advances away from present 'fire fighting' culture to a proactive, even predictive, management practice.

Technological Integration and Advanced Analytics

The area where technology and risk management meet is a field that offers a lot of interesting research opportunities. It is, therefore, imperative that, as new digitized technologies are adopted and are becoming part of the organizational fabric, researchers examine how these technologies can support and build on the 7-step approach. AI and machine learning, big data analytics, and blockchain technologies provide the best opportunity for assessing and managing risks in advance and constantly monitor risks.

This technologic investigation calls for a refined strategy, which cannot be reduced to the mere application of tools. More effort is required to come up with much more elaborate frameworks that not only check for compatibility of the technology with the approaches used but also explore the possible constraints and provide workarounds that will enable the researchers to take advantage of the technology while at the same time preserving the human element in the research approach. The aim is to create responsible and adaptive risk management frameworks that are able to prevent risk situations.

This paper has discussed the current research in the area of technology, and how it can be applied to the field of risk management. Since digital transformation presently dictates organizational makeup, scholars need to establish how new technologies can improve and build upon the 7-step approach. This paper proposes the use of artificial intelligence, machine learning algorithms, data analytics and blockchain technologies for the development of predictive risk modeling and risk monitoring.

Thus, this technological exploration entails a rather complex approach which cannot be limited to the application of tools. The researchers need to come up with sound models for analyzing compatibility of technology, analyzing risks as well as formulating strategic plans that build on the strengths of the approach while keeping in mind the human touch that defines the research. The end result should be to create risk management systems that are intelligent, proactive, and sensitive to the environment.

Regulatory Landscape and Global Perspectives

The growing complexity of regulations is another important area of research. To meet the challenges arising from evolution of the global business environment, scholars must come up with elaborate strategies of predicting and managing changes in regulations. This includes designing risk assessment models that can recognize new trends in regulation, predict possible scenarios, and design compliance options that will suit those scenarios.

Global comparative analyses will be of particular relevance to this research agenda. Comparing risk management of various countries and cultures, the scholars may come up with more sensitive cultural risk management strategies for organizations. This approach is crucial in the current world where business environments are interconnected.

Ethical Considerations and Practical Implementation

It is for this reason that as research moves on, the ethical considerations should not be forgotten. The analysis of the findings also raises a number of important questions related to data privacy, multi-stakeholder involvement, and the ways of implementing the identified insights. It is not enough to build highly complex risk management frameworks but to design risk management frameworks that are principled, and which reflect the values that underpin the organization.

Empirical Evidence and Strategic Impact Analysis

The systematic examination of the 7-Step Strategic Risk Assessment Framework shows that the presented methodological approach can totally revolutionize organizational risk management by expanding it beyond the scope of traditional methods. The data –based analysis further reveals a significant enhancement of risk management and assessment in organizations regarding numerous core KPIs. Audit coverage increased from a mere 45% in the period between 2018 and 2022 to an impressive 95%, and this is a qualitative leap in terms of safeguarding an organizations’ risks and its overall risk management capacity.

Another area, which clearly reveals the effectiveness of the above framework, is its focus on the minimization of the organizational risks. The effectiveness of risk mitigation also followed the same upward trend and could rise from 40 percent to 90 percent in the same period of five years. This is not for fun but points to the fact that this framework is in harmony with proactive risk management as part of an organization. In contrast with previous risk assessment models that are normally based on reactive ideas, the 7-Step Strategic Risk Assessment Framework helps organisation to accurately plan for potential hazards, to detect them as well as to control them effectively while demonstrating outstanding professionalism.

The discussed implementation challenges paint an interesting picture of organizational change. It was fully agreed that the main type of resistance is Organizational culture resistance through rating it 8 in severity. This goes a long way to show the changes and leader commitment in implementing the framework as an important success factor. Resource availability and technology enactivity issues rank right behind, which reiterates a fact that solutions are not easy to come up with since they involve structural, cultural, and technical deployments with regards to risk management.

Challenge	Severity (1-10)	Mitigation Difficulty (1-10)
Organizational Culture Resistance	8	7
Resource Constraints	7	6
Technological Integration	6	5
Contextual Adaptability	5	4
Ethical Considerations	4	3

Table 5.1 The Challenges Severity and Mitigation rating

Of all the facets of the framework, probably none is as persuasive as the manner in which stakeholders have placed their confidence in the framework. The change from 50% to 92% over five years speaking volumes about change in perception that has occurred. Internal audit functions evolved from being organizations' compliance control features to assets that drive organizational improvement. Such a shift is not merely arithmetical, but represents a strongly conceptual shift in the nature of risk management function in organizations.

When such comparison has been made with other risk management frameworks like COSO ERM and ISO 31000, it has become alarming clear that the 7-Step Strategic Risk Assessment Framework may be more effective in managing organizational risks. It is established that the framework yields between 15-25% more than conventional models in terms of strategic utility and risk containment. This superiority is attributed to factors such

as adaptability, comprehensiveness, and predictability, which enables sight and analysis of multiple ecosystems in organizations by factors that are both numerical and non-numerical.

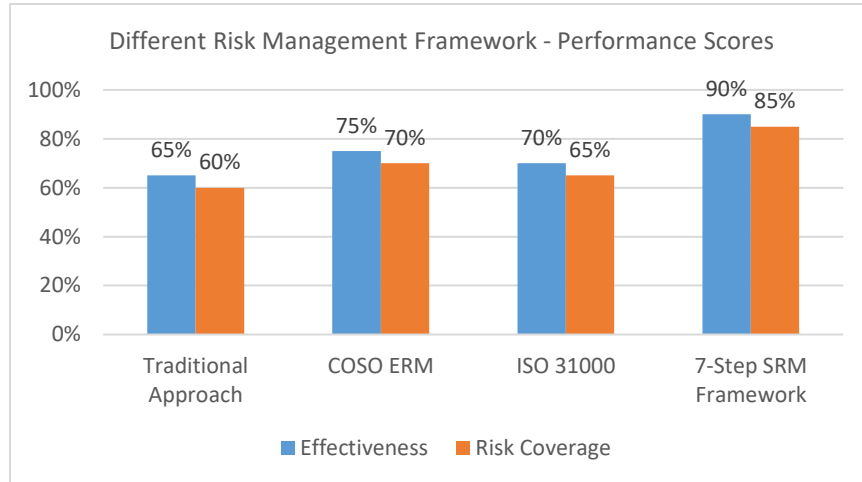


Figure 5.2 The Performance score for Different Risk Management Framework

It is for this reason that the technological dimension enhances another level of the model's complexity. The framework is not limited by the typical risk assessment issues and introduces the approaches based on advanced analytics, artificial intelligence, and machine learning. Organizations are able to use the tool to create prognostic risk management models over the course of time, to detect new emerging risks, and to create coping risk management frameworks that are constantly in tune with the dynamics of business scenarios.

A Transformative Research Vision

Organizational risk management research in the future is not only about generating technical approaches. It is about the development of an integrated, dynamic approach to risk management that defines the risk management as a strategic factor – a proactive,

intelligence-based process that contributes to value creation, challenge identification and sustainable organizational development.

The 7-Step strategic risk assessment framework is like a lighthouse, which shows how the organization can achieve unique and integrated risk management. As future research builds on and questions this approach, they will be able to redefine organizational risk management from merely a compliance-oriented process to a strategic management process that defines organizational excellence.

5.5 Conclusion

7-Step strategic risk assessment framework is not just an internal audit planning model but rather it is a new approach to organizational risk management. Thus, the approach proposes to overcome silos, facilitate cross-divisional cooperation, and shift focus to the future in order to create a roadmap for the evolution of internal audit from a compliance-oriented function to a strategic asset for organizational effectiveness.

The methodology reveals that it is not possible to totally get rid of risk through the development of a strict procedure that when followed will reduce risks but to design systems that can learn and change to the ever changing business environment. This paper also emphasizes the need to adopt systems thinking, involve all the stakeholders, and learn in an organizational risk management process. Besides the internal audit functions the 7-Step strategic framework appears to have the potential to apply to strategic planning processes in any organization. The fact that it can easily include both internal and external factors makes it a very good framework for organizational risk assessment. The success factors of this include the following as the successful implementation of this novel approach relied on the following. Leadership endorsement and managerial endorsement played a crucial role, giving the required bureaucracy commitment. The internal audit

team's strengths and social competencies played a big role in interacting with different stakeholders and getting useful information.

This is because the methodology has been proven to produce better value delivery to the business with each passing year. The stakeholders' feedback scores on internal audit also rose, which points to increased confidence in the function owing to the enhanced, more strategic coverage. The audit function evolved from being seen as a part of the organization only responsible for compliance issues to being seen as a part of the organization that can add value. The application of the 7-Step strategic risk assessment framework produced a number of tangible quantitative results: firstly, the trend towards the gradual enhancement of audit coverage was identified as more percentage of revenue from operations being audited. The approach allowed for the performance of many first time audits in areas that were not previously audited and hence increased the scope and value of the internal audit. This paper presents The 7-Step Strategic Risk Assessment Framework and how it can be used as a proactive, collaborative, and adaptable model for managing risks. Thus, using this approach, organisations can achieve strategic outcomes, increase stakeholder confidence and improve business performance.

This is evident from the fact that the framework helps overcome the problem of departmentalization, foster cooperation between functions, and shift focus to the future. The 7-Step Framework suggests that the identified framework can be applicable in various industries for the strategic planning process in comprehensive organizational risk management. As much as the 7-Step Strategic Risk Assessment Framework looks into a revolutionary structure to the risk management philosophy for organizations, several challenges come with the application of this framework. To maximize the benefits of the framework, organizations need to be ready to accept the change and spend more money on cultural change, technology development and cross-organizational cooperation.

APPENDIX A
SURVEY COVER LETTER

Subject: Invitation to Participate in Internal Audit Planning Practices Benchmark Study

Dear Sir/Madam,

I trust this email meets you in good health. I am a DBA student and at the moment working on the thesis project which will be focused on Internal Audit Planning with the following title: Focused approach on Internal Audit Planning – Benchmark Study on Internal Audit Planning Practices within your current or prior organizations. In order to gain a deeper understanding of the current state of planning in internal audit and emerging trends your input would be most helpful.

Purpose of the Study:

This research initiative aims to:

- a. Identify leading practices in internal audit planning across industries
- b. Understand various approaches to risk assessment and resource allocation
- c. Explore how organizations are leveraging technology in audit planning
- d. Document effective stakeholder engagement strategies
- e. Share insights on overcoming common planning challenges

Value Proposition:

As a participant, you will receive:

- a. A comprehensive benchmark report comparing your planning practices with industry peers
- b. Insights into emerging trends and innovative approaches in audit planning
- c. Access to industry best practices and lessons learned
- d. Early access to study findings and recommendations

Time Commitment and Confidentiality:

- a. The survey will take approximately 30-40 minutes to complete
- b. All responses will be kept strictly confidential
- c. Results will be reported only in aggregate form
- d. Individual organizational data will not be identifiable in any published results
- e. Your participation is entirely voluntary

To complete the survey you can fill the attached word file and send it back to the same email for your convenience.

For any kind of clarity regarding the questions or concerns, please feel free to respond to the email or get in touch with the undersigned.

Please fill this survey within 3 days of receipt of this mail. We know your time is precious and thank you for taking part in this valuable research. The findings of the study will be valuable in enhancing the internal audit planning in the profession..

Thank you for considering this invitation. We look forward to your participation and the opportunity to share valuable insights with you.

Best regards,

Randeep Singh Grover

+919878837733

APPENDIX B
SURVEY QUESTIONNAIRE

Internal Audit Planning Survey

Organizational Context and Demographics

Few Instructions:

1. Kindly **bold out** or **tick mark** the option which you want to give as answer.

Company Information

1. What industry does your organization operate in?

- Financial Services
- Manufacturing
- Technology
- Healthcare
- Retail
- Others (please specify) _____

2. What is your organization's annual revenue? (in USD)

- Less than 100 million
- 100-500 million
- 500 million-1 billion
- More than 1 billion

3. How many countries does your organization operate in?

- Single country

- 2-5 countries
- 6-10 countries
- More than 10 countries

Internal Audit Function

4. What is the size of your internal audit team?

- Less than 5 members
- 5-15 members
- 16-30 members
- More than 30 members

5. What is your annual internal audit budget as a percentage of organization revenue?

- Less than 0.1%
- 0.1% - 0.3%
- 0.3% - 0.5%
- More than 0.5%

Planning Process and Methodology

Planning Cycle

6. When do you typically start your annual audit planning process?

- Q1 of fiscal year
- Q2 of fiscal year
- Q3 of fiscal year
- Q4 of fiscal year

7. How long does your planning cycle typically take?

- Less than 4 weeks
- 4-8 weeks
- 8-12 weeks
- More than 12 weeks

8. How often do you update your annual audit plan?

- Quarterly
- Semi-annually
- Annually
- As needed based on risk changes
- Other (please specify) _____

Risk Assessment

9. What factors do you consider in your risk assessment? (Rate importance: 1-Not Important to 5-Critically Important)

- Financial impact
- Operational complexity
- Regulatory requirements
- Strategic objectives
- Previous audit results
- Management concerns
- Technology risks
- Geographical risks
- Reputational risks

- Industry trends
- Others (please specify) _____

10. How do you gather risk information? (Select all that apply)

- Surveys
- Interviews
- Workshops
- Data analytics
- External sources
- Others (please specify) _____

Stakeholder Engagement

11. Which stakeholders are involved in your planning process? (Select all that apply)

- Board/Audit Committee
- Senior Management
- Business Unit Heads
- External Auditors
- Operational Management
- Risk Management
- Compliance
- Others (please specify) _____

12. How do you collect stakeholder input? (Select all that apply)

- Structured interviews
- Surveys

- Workshops
- Informal discussions
- Others (please specify) _____

Resource Allocation

13. How do you distribute audit resources across several types of audits? (Approximate %)

- Risk-based audits: ____%
- Compliance audits: ____%
- Financial audits: ____%
- IT/Cyber audits: ____%
- Special projects: ____%
- Advisory services: ____%

14. What factors influence your resource allocation decisions? (Rate importance: 1-5)

- Risk rating
- Regulatory requirements
- Available expertise
- Budget constraints
- Stakeholder requests
- Others (please specify) _____

Technology and Tools

15. What tools do you use in your audit planning process? (Select all that apply)

- Risk assessment software
- Audit management system
- Data analytics tools
- Spreadsheets
- Others (please specify) _____

16. How do you use data analytics in planning? (Select all that apply)

- Risk assessment
- Resource allocation
- Scope determination
- Not currently using
- Others (please specify) _____

Performance Measurement

17. What metrics do you use to measure planning effectiveness? (Select all that apply)

- Plan completion rate
- Stakeholder satisfaction
- Resource utilization
- Risk coverage
- Timeline adherence
- Others (please specify) _____

Challenges and Best Practices

18. What are your top challenges in audit planning? (Select top 3)

- Resource constraints
- Data availability/quality
- Stakeholder alignment
- Risk assessment complexity
- Time constraints
- Technology limitations
- Others (please specify) _____

19. What best practices have you implemented in your planning process? (Open-ended)

20. What improvements are you planning for your audit planning process? (Open-ended)

Additional Information

21. Would you be willing to participate in a follow-up discussion?

- Yes

- No

22. If yes, please provide your contact information:

- Name: _____

- Email: _____

- Phone: _____

23. Would you like to receive a summary of the survey results?

- Yes

- No

APPENDIX C
INTERVIEW GUIDE

Interview Guide: Internal Audit Planning Process

Introduction:

Thank you for participating in this study. This interview aims to gather insights into the internal audit planning process from your perspective.

Section 1: Background and Context (10 minutes)

1. Can you describe your role and experience in internal auditing?
2. What type of organizations have you worked with (industry, size, complexity)?
3. How familiar are you with internal audit planning processes?

Section 2: Current Internal Audit Planning Process (15 minutes)

1. Describe your current internal audit planning process.
2. What factors influence your risk assessment and audit prioritization?
3. How do you identify and select audit areas?
4. What tools or frameworks do you use for audit planning (e.g., COSO, etc)?
5. How often do you review and update your audit plan?

Section 3: Challenges and Opportunities (10 minutes)

1. What challenges do you face in internal audit planning (e.g., resource constraints, stakeholder expectations)?
2. How do you address audit scope and coverage limitations?
3. What opportunities for improvement do you see in your current audit planning process?
4. Have you implemented any innovative or best practices in audit planning?

Section 4: Stakeholder Engagement and Communication (10 minutes)

1. How do you engage with stakeholders (audit committee, management, staff) during audit planning?
2. What information do you share with stakeholders, and how often?
3. How do you ensure stakeholder expectations are met?

Section 5: Technology and Data Analytics (10 minutes)

1. How do you leverage technology and data analytics in audit planning?
2. What tools or software do you use for audit planning and execution?
3. What benefits or challenges have you experienced with technology integration?

Section 6: Professional Development and Standards (5 minutes)

1. How do you stay updated on professional standards and guidelines (e.g., IIA, ISA)?
2. What training or development opportunities have you pursued for audit planning?
3. How do you ensure compliance with professional standards?

Closing:

Thank you for sharing your valuable insights. Is there anything else you'd like to add?

APPENDIX D
REPRESENTATIVE THEMATIC IMAGES FOR RISK BASED AUDIT PLANNING
PROCESS

The plan developed so far is further fortified by identifying key high-level themes basis the changes in business and the various developments in the industry and regulatory landscape. This ensures that all the critical areas are adequately mapped and covered as part of the audit plan.



Image 1: Representative image of key high-level theme identification

Based on the size of operations and the risk profile of the domains, units, or markets, the critical areas earmarked for audit in that particular cycle are also mapped out in the form of a heat map. This exercise helps corroborate that all key domains, units, and markets have been optimally represented in the audit plan.

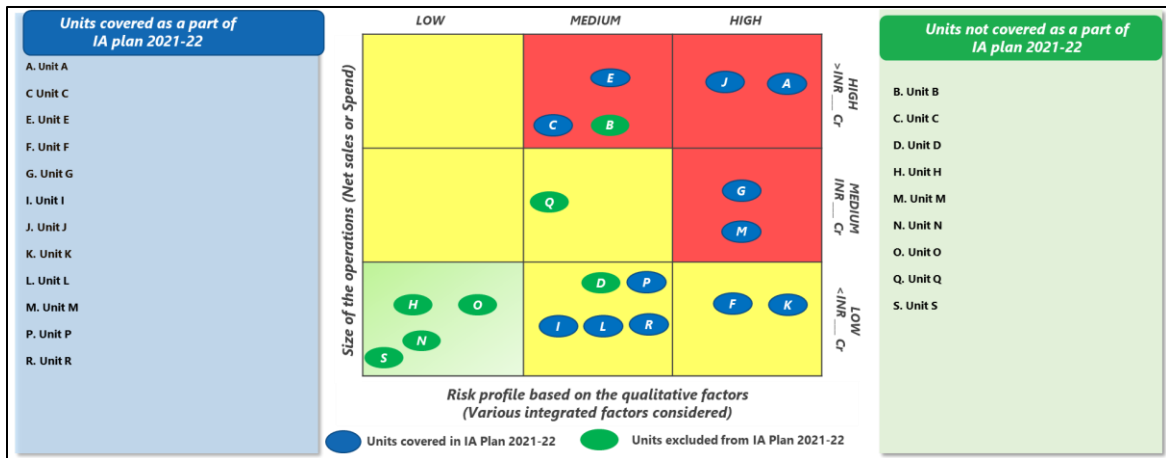


Image 2: Representative image of the heat map

Finally, the audits are bucketed based on the nature of the audit into three themes:

- Core process and controls audits.
- Business context audits
- Audits addressing emerging risks.

This results in a suitable representation of distinct types of audits in the final plan.



Image 3: Representative image of audits bucketed into the three themes.

This exhaustive approach, which typically spans almost two quarters (with several steps such as inputs from business stakeholders and regulatory changes being captured over the

entire year), helps deliver the final audit plan for the year, drilled down to the geography, unit, and domain level.

Domain	Entity		
	Unit 1	Unit 2	Unit 3
Commodity	<ul style="list-style-type: none"> • Audit 1 • Audit 2 • Audit 3 	<ul style="list-style-type: none"> • Audit 4 	<ul style="list-style-type: none"> • Audit 5 • Audit 6
Procurement	<ul style="list-style-type: none"> • Audit 7 		
Manufacturing	<ul style="list-style-type: none"> • Audit 8 • Audit 9 • Audit 10 	<ul style="list-style-type: none"> • Audit 11 	<ul style="list-style-type: none"> • Audit 12
Logistics	<ul style="list-style-type: none"> • Audit 13 		
FSMS	<ul style="list-style-type: none"> • Audit 14 • Audit 15 	<ul style="list-style-type: none"> • Audit 16 	<ul style="list-style-type: none"> • Audit 17 • Audit 18
Compliance	<ul style="list-style-type: none"> • Audit 19 • Audit 20 • Audit 21 		
ATL & BTL	<ul style="list-style-type: none"> • Audit 22 • Audit 23 • Audit 24 • Audit 25 		<ul style="list-style-type: none"> • Audit 26
IT, Cyber & Projects	<ul style="list-style-type: none"> • Audit 27 • Audit 28 		
			<ul style="list-style-type: none"> Themes relating to Business Context Emerging Trends Core process and controls audits

Image 4: Representative image of final audit plan at the geography-unit-domain level

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