The Institute of Internal Auditors Malaysia

Technical Newsletter

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The Internal Auditor as Organisational Value Creator: The Delivery of Insight and Foresight for Sustained Value

Reimagining Assurance and Advisory Services through the Purpose of Internal Auditing under the Global Internal Audit Standards

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1. INTRODUCTION AND MOTIVATION

Traditionally recognised as an independent assurance function focused on evaluating inadequacies and ineffectiveness in governance, risk management and controls, internal auditors are now expected to provide meaningful perspectives on emerging risks, organisational performance, and future readiness, thereby positioning the function as a trusted advisor that contributes directly to organisational success.

This expectation is reflected in the Purpose of Internal Auditing of the Global Internal Audit Standards (GIAS), which states that internal auditing strengthens an organisation's ability to create, protect and sustain value by providing independent, risk-based and objective assurance, advice, insight and foresight.[1] Assurance and advisory services are the professional mechanisms through which internal auditors generate insight and foresight that enable better decisions and sustainable value creation.

The operating environment facing organisations has also changed fundamentally, where digital transformation, artificial intelligence, geopolitical uncertainty, cyber threats, evolving sustainability expectations, changing stakeholder demands, and increasing regulatory scrutiny have collectively increased organisational complexity. This requires organisations to be assured much more than mere confirmation that existing controls are operating adequately and effectively, and instead require internal auditors to interpret the significance of audit observations with understanding of emerging organisational trends and the anticipation of future challenges.

Internal auditors are thus positioned to be called upon to help organisations understand why issues happened, who is affected, where systemic issues exist, when intervention is required, how organisational performance can be improved, and pre-empt what may happen next. In doing so, internal auditors should embed audit observations with actionable insight and strategic foresight that support better governance and informed decision-making. These can be aided by first changing the nature of 5W1H questions that internal auditors seek the answers to as tabulated in Figure 1:

Figure 1: Expanding 5W1H Questions to Generate Insight and Foresight

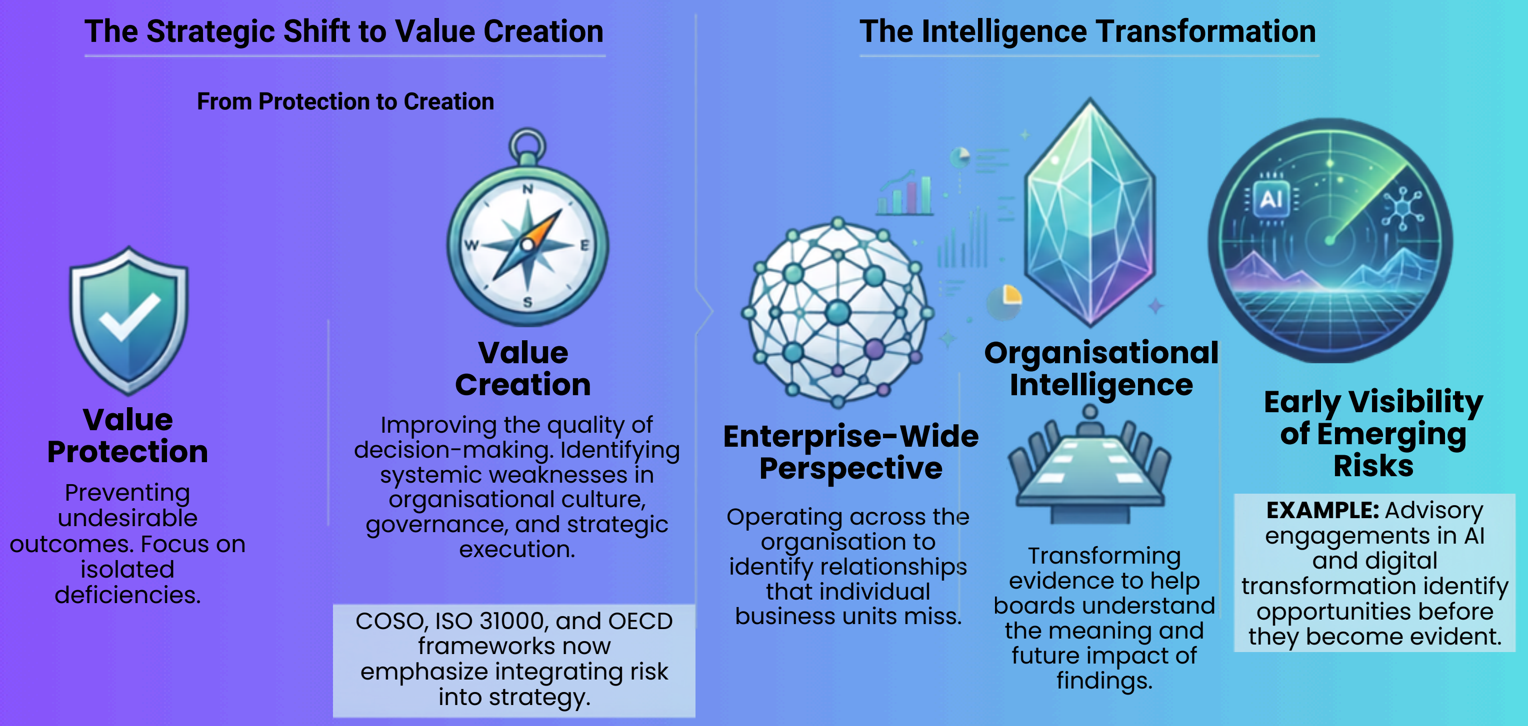
5W1H	Traditional Audit Questions	Insight-Generating Questions	Foresight-Generating Questions
What	What happened?	What caused it to happen?	What else can happen if unmitigated?
Who	Who was responsible?	Who was impacted?	Who should be responsible, accountable, communicated, and informed?
Where	Where did it occur?	Where else had this occurred?	Where else could it have occurred?
When	When did it occur?	When did interventions occur?	When might it recur?
How	How did it happen?	How can it be prevented, detected, and corrected?	How can continuous auditing help reduce the risk to zero?

2.WHY INSIGHT AND FORESIGHT MATTER MORE NOW

Recent research indicates that the profession is already moving in this direction. Internal audit functions that are more closely aligned with organisational strategy tend to receive stronger executive support, greater investment and broader expectations to contribute to strategic initiatives.[2] Similarly, the 2026 North American Pulse of Internal Audit reports that internal audit leaders are increasingly expected to deliver greater organisational value despite constrained resources, reinforcing the need to focus effort on high-impact activities rather than simply increasing audit coverage.[2]

This shift is consistent with broader governance and risk management frameworks. The COSO Enterprise Risk Management Framework recognises that effective risk management should support both value protection and value creation, integrating risk considerations into organisational strategy and performance.[3] Likewise, ISO 31000 emphasises that risk management should improve the quality of decision-making rather than merely prevent undesirable outcomes.[4] The G20/OECD Principles of Corporate Governance similarly encourage boards to focus on long-term resilience, sustainability and stakeholder confidence as integral components of good governance.[5]

Internal auditors are uniquely positioned to fulfil these expectations. Unlike most other organisational functions, internal audit is privileged to operate across the entire organisation and are in the best position to develop a comprehensive understanding of governance structures, operational processes, organisational culture and strategic initiatives. This enterprise-wide perspective enables them to identify relationships that individual business units may not readily recognise.



For example, recurring findings identified across separate audits may collectively indicate weaknesses in organisational culture, capability, governance or strategic execution rather than isolated control deficiencies. Similarly, advisory engagements relating to digital transformation, artificial intelligence, sustainability initiatives or major capital projects often provide early visibility of emerging risks and opportunities long before they become evident through traditional assurance activities.

Consequently, the true value of internal audit lies not merely in reporting audit findings, but in transforming audit evidence into organisational intelligence, which helps boards and management quickly understand what the findings mean, why they matter, and how they impact future organisational performance if left unmitigated.

3. A PRACTICAL FRAMEWORK FOR DELIVERING VALUE

Internal auditors do not create value by making management decisions, implementing controls or assuming operational responsibilities. Those responsibilities appropriately remain with management. Instead, internal auditors create value by providing independent assurance, objective advice and professional perspectives that enable management and the board to make better-informed decisions.

Assurance engagements primarily evaluate the adequacy and effectiveness of governance, risk management and control processes. Advisory engagements, on the other hand, facilitate organisational improvement through advice, facilitation and consultative support while maintaining independence and objectivity.[1] Although these services differ in purpose and execution, both generate valuable organisational knowledge that extends beyond the immediate engagement.

The differentiating value arises when internal auditors synthesise observations from multiple engagements, connect information across organisational boundaries and interpret their broader implications for governance, operational performance and strategic objectives. It is through this process that audit evidence is transformed into organisational intelligence as shown in Figure 2:

Figure 2: Internal Audit's Organisational Value Creation Framework

Internal Audit Activities	Primary Output	Organisational Value
Insight-Generating Activities		
Process Mapping	Insight into patterns, root causes and systemic issues.	Better understanding of organisational performance.
Root Cause Analysis	Identification of underlying drivers behind recurring findings.	More effective, root-cause-focused corrective actions.
Thematic Reviews	Recognition of systemic themes across business units and audit cycles.	Enterprise-wide governance and capability improvements.
Data Analytics & Pattern Recognition	Detection of anomalies and trends across organisational data.	Faster identification of emerging control weaknesses.

Foresight-Generating Activities		
Analytical Reviews	Foresight regarding future risks and opportunities.	Greater resilience and strategic preparedness.
Horizon Scanning	Early visibility of emerging regulatory, technological and market developments.	Proactive readiness for external change.
Scenario Analysis	Evaluation of plausible future risk scenarios and their organisational implications.	Stronger contingency planning and risk appetite alignment.
Advisory on Strategic Initiatives	Independent perspective on risks embedded in transformation and growth plans.	Reduced implementation risk and better-informed strategic decisions.

This broader perspective of how internal audit activities generate organisational value enables internal auditors to move beyond reporting individual findings towards communicating what those findings collectively reveal about organisational capability, strategic execution and future preparedness – which boards and management will find refreshing and useful.

4. DELIVERING VALUE WITH INSIGHT

While audit findings describe what has been observed, insight explains why those observations matter, how they are interconnected and what they reveal about the organisation's broader governance, operations and strategic performance. It is derived by synthesising evidence across multiple engagements, recognising recurring patterns and interpreting organisational issues within their wider business context. It transforms isolated observations into organisational intelligence that supports better decision-making.

Figure 3 below provides examples illustrate how internal auditors can generate meaningful organisational insights that extend beyond traditional audit reporting.

Figure 3: Examples of Organisational Insight Generated Through Assurance and Advisory Services

Auditable Area	Audit Observation	Insight Generated	Value Created
Procurement	Repeated approval overrides across multiple business units.	The primary issue is inefficient procurement workflows rather than weak procurement policies.	Enables process redesign that improves efficiency while maintaining appropriate governance.
Cybersecurity	Similar control weaknesses identified across several departments.	Cybersecurity governance is inconsistent across the organisation rather than confined to individual systems.	Supports enterprise-wide governance improvements instead of isolated corrective actions.
Human Capital	High staff turnover observed in selected functions.	Weak supervisory capability and inadequate succession planning contribute more significantly than remuneration.	Supports targeted leadership development and workforce planning.

Ultimately, insight should influence not only corrective actions but also strategic thinking which enables boards and management to better understand the underlying factors affecting organisational performance, thereby supporting more informed decisions and more effective governance.

5. DELIVERING VALUE WITH FORESIGHT

If insight enables organisations to understand today's realities, foresight helps them prepare for tomorrow's uncertainties. It is the disciplined application of professional judgement, organisational knowledge and environmental awareness to anticipate emerging risks, recognise future opportunities and evaluate the implications of evolving business conditions before they significantly affect organisational objectives.

Foresight extends the conversation from "Are controls operating effectively today?" to "Will today's governance and control arrangements remain adequate tomorrow?" Figure 4 illustrate how internal auditors can generate foresight while remaining firmly within their professional mandate:

Figure 4: Examples of Organisational Foresight Generated Through Assurance and Advisory Services

Auditable Area	Current Observation	Foresight Generated	Value Created
Procurement	Growing reliance on a concentrated pool of overseas suppliers.	Geopolitical and logistics disruptions could increasingly threaten supply continuity.	Enables proactive supplier diversification and stronger supply chain resilience.
Cybersecurity	Increasing reliance on cloud-based platforms.	Third-party governance may not keep pace with rising digital dependency.	Enables proactive cyber governance before major incidents occur.
Human Capital	Ageing workforce and limited succession planning.	Future leadership capability and continuity may be at risk.	Supports earlier talent development and succession planning.

Importantly, foresight should always remain evidence-based where professional judgement must be supported by audit observations, organisational knowledge, external intelligence and structured analysis rather than speculation. The objective is not to predict specific future events, but to help management prepare for plausible future scenarios that could materially influence organisational performance.

6. CONCLUDING REFLECTIONS

Delivering insight and foresight consistently requires more than technical auditing skills, and demands a deliberate shift in mindset, possession of broader business understanding, and robust approach to interpreting audit evidence. While many internal auditors already possess the technical competencies necessary to perform effective assurance engagements, generating organisational intelligence requires them to think beyond individual findings and consider their wider organisational implications.

One of the most common barriers is a tendency to focus primarily on compliance and historical observations. Traditional audit reports often conclude with findings, root causes and recommendations specific to the audited process. While these remain essential outputs, internal auditors create significantly greater value when they also explain how those findings may influence organisational objectives, strategic initiatives and future organisational performance.

Another challenge is that valuable organisational knowledge frequently remains confined within individual audit engagements. Similar findings identified across separate audits may never be analysed collectively, resulting in missed opportunities to identify systemic issues affecting governance, organisational culture or operational capability. Internal audit functions should therefore encourage thematic reviews and cross-engagement analyses that connect observations across business units and audit cycles.

Generating meaningful insight and foresight also requires strong business acumen. Internal auditors should continuously develop their understanding of organisational strategy, industry dynamics, emerging technologies, regulatory developments and stakeholder expectations. This broader perspective enables audit observations to be interpreted within their business context rather than solely from a compliance perspective.

Equally important is the ability to communicate effectively. Insight and foresight create value only when they influence decision-making. Audit reports should therefore move beyond describing deficiencies towards explaining their broader organisational significance. Rather than asking management simply to implement corrective actions, internal auditors should encourage discussions regarding future implications, strategic alternatives and organisational preparedness.

Technology is also becoming an increasingly important enabler. Data analytics, continuous auditing, visualisation tools, and artificial intelligence can significantly improve the identification of patterns, anomalies and emerging trends across large volumes of organisational data. However, technology should enhance – not replace – professional judgement. The true value of internal audit continues to depend upon the auditor's ability to interpret evidence, exercise professional scepticism and communicate balanced, objective conclusions.

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