
2120.A1 – The internal audit activity must evaluate risk exposures relating to the organization’s governance, operations, and information systems regarding the:

- Achievement of the organization’s strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

2130.A1 – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization’s governance, operations, and information systems regarding the:

- Achievement of the organization’s strategic objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

As noted in the Disposition Document released together with the Standards changes, "It is important for internal auditors to acknowledge the need to consider the most important risks of the organization. Assessing strategic risks, or risks to the organization's strategic objectives, has become accepted as an effective way to capture this point."

The original four bullet points in the Standard 2120.A1 and 2130.A1 cover financial risks, operation risks, compliance risk and etc. It is critical that internal Audit’s risk assessment takes into account business strategy and objectives and the full range of risks that have an impact on the organization. The Standards now require that internal auditors evaluate risk exposures relating to the “achievement of the organization’s strategic objectives”, meaning to increase coverage of risks to the achievement of strategic objectives in the audit plan. Internal auditors should be relevant to the most important risks and align with risk priorities of the organization and its stakeholders.

Some questioned whether these changes now require internal auditors to audit the strategic planning process. This is NOT the intent of the revisions to these two Standards.

IIA’s CEO and President Richard Chambers discussed the five most significant revisions through a video on the AuditChannel: http://auditchannel.tv/video/1005/5-Changes-to-the-Standards. IIA continues to develop father guidance on how to audit an organization’s strategic initiatives.