In order to identify the key internal and external environments that are important to achieving the strategy, the Internal Audit function conducted an analysis of strengths, weaknesses, opportunities, and threats (SWOT) against the mission and critical success factors. SWOT analysis grouped information into two main categories: Internal factors which include the strengths and weaknesses, and external factors which include opportunities and threats. The table below includes the output of the analysis:

|  |  |
| --- | --- |
| **Strengths**   * + Clearly defined methodology incorporating risk-based planning and audit process including reporting standards and templates.   + Respected business partner: insights well received and seen as value adding.   + Quality assurance and improvement activities are in place. | **Weaknesses**   * Limited resource (staff) which may impact or delay the ability to respond to urgent or ad-hoc work. * Skill gaps – technical skills (data analytics) and higher level (analysis, strategic, consulting) skills. * Co-ordination and reliance are difficult as we lack integrated GRC tools and methodology to make assurance efficient and combined reporting of high quality, transparent, and easy. |
| **Opportunities**   * Collaborate with other assurance functions (internal and external) to provide integrated assurance services to the business. * Confirm and clarify stakeholders’ evolving expectations and provide early assurance over new initiatives. * Optimise audit service balance (advisory, assurance, insights, and foresights). | **Threats**   * Cultural mind-set shift - not forward looking and do not evolve with industry and business changes to stay relevant, critical thinking, and lack of innovation and challenge. * Organisational changes may lead to reduction in management cooperation impacting delivery of plan, and business ability to implement improvement actions. * Changing complexity of the business impacting IA effectiveness. |

The SWOT analysis can be used to assess the internal and external factors that impact the internal audit function's ability to achieve its objectives. By identifying strengths, weaknesses, opportunities, and threats, the internal audit team can develop a strategy that leverages their strengths, addresses weaknesses, capitalizes on opportunities, and mitigates potential threats. This comprehensive analysis enables the internal audit team to develop a robust strategy that:

* + Leverages existing strengths.
  + Addresses identified weaknesses.
  + Capitalizes on emerging opportunities.
  + Mitigates potential threats.

You may consider using the PESTLE framework, or any other strategic analysis framework, to identify factors in each quadrant:

* + Political: Regulatory changes, government policies
  + Economic: Budget constraints, economic trends
  + Social: Organizational culture, stakeholder expectations
  + Technological: Emerging audit technologies, data analytics capabilities
  + Legal: Compliance requirements, legal frameworks
  + Environmental: Sustainability concerns, environmental risks

Key steps in conducting a SWOT analysis for internal audit:

* 1. Gather input from diverse stakeholders, including audit team members, senior management, and the board.
  2. Assess internal factors (strengths and weaknesses) objectively, considering team competencies, resources, and processes.
  3. Evaluate external factors (opportunities and threats) by examining industry trends, regulatory landscapes, and organizational changes.
  4. Prioritize identified factors based on their potential impact on the internal audit function's objectives.
  5. Develop strategic initiatives that align with the SWOT findings, focusing on high-impact areas.