

GRC SERIES - INTERNAL AUDIT

# Internal Audit ROI Scorecard

Is your internal audit function pulling its weight, or just checking boxes?

Use this worksheet to assess where you are, identify the gaps, and build the case for change.

## WHY IT MATTERS

# The cost of getting internal audit wrong is higher than most CFOs realize.

Organizations that treat internal audit as a compliance obligation, rather than a value driver, tend to share something in common: they get blindsided. By fraud. By control failures. By operational breakdowns that a well-run IA function would have surfaced months earlier. **The question isn't whether to invest in internal audit.** It's whether you're investing in a way **that actually delivers returns.**

**THE ROI FRAMEWORK**

# Four ways internal audit creates measurable value.

When IA functions communicate their value in business terms, not just audit metrics, the conversation shifts from cost center to strategic asset.

## Prevented Costs

Control weaknesses caught before a material misstatement. Fraud schemes identified before significant losses occur. Cybersecurity vulnerabilities surfaced before breach. Harder to measure, but very real. Think of it as the value of insurance you were glad you had.

## Recovered Value

Billing errors, payment leakage, uncollected revenue, fraudulent transactions. When IA finds these, you can often quantify the exact dollar amount recovered or corrected. Single findings have surfaced millions in revenue leakage or procurement fraud.

## Process Improvements

When IA operates as a true business partner, it identifies operational inefficiencies alongside control gaps. A finding that a manual reconciliation process could be automated, saving 200 hours per month, is quantifiable value that has nothing to do with a control deficiency.

## Stakeholder Confidence

For public companies, a robust IA function influences external audit fees and cost of capital. For PE-backed companies, mature controls and governance are a value creation lever; buyers notice, and they price it accordingly.

## SELF-ASSESSMENT SCORECARD

# How does your internal audit function stack up?

Rate your IA function on each of the five dimensions below. Be honest; this is a diagnostic, not a performance review. Select your score for each row, then total up your results.

**1** Not there yet

**2** Making progress

**3** Firing on all cylinders

Dimension	What each score looks like	Your score
<b>Risk-based audit planning</b>	<p><b>1:</b> Audit plan is largely fixed; SOX and financial controls dominate year after year.</p> <p><b>2:</b> Some risk-based audits in the plan, but compliance work still crowds them out.</p> <p><b>3:</b> Audit plan is dynamic, driven by evolving enterprise risks and executive priorities.</p>	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3
<b>Capacity &amp; Expertise</b>	<p><b>1:</b> Meaningful coverage gaps; audit committee wants more than the team can deliver.</p> <p><b>2:</b> Core compliance needs met, but specialized areas like cyber and AI go uncovered.</p> <p><b>3:</b> High-risk areas, including emerging risks, consistently covered with the right skills.</p>	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3
<b>Technology &amp; Analytics</b>	<p><b>1:</b> Most work is manual; sampling-based testing; findings surface months after the fact.</p> <p><b>2:</b> Some analytics tools in use, but not systematically or at scale.</p> <p><b>3:</b> Population-level testing, continuous monitoring, and near-real-time anomaly detection.</p>	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3
<b>Demonstrating ROI</b>	<p><b>1:</b> IA defended on compliance grounds; value assumed but rarely demonstrated.</p> <p><b>2:</b> Some metrics tracked, but the story told to the audit committee is mostly activity-based.</p> <p><b>3:</b> Clear value metrics; audit committee views IA as a strategic asset.</p>	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3
<b>Delivery Model</b>	<p><b>1:</b> Model hasn't been revisited in years; capacity and expertise gaps persist.</p> <p><b>2:</b> Some external support brought in reactively, but no deliberate delivery strategy.</p> <p><b>3:</b> In-house, co-sourced, or outsourced model is a conscious, regularly evaluated choice.</p>	<input type="radio"/> 1 <input type="radio"/> 2 <input type="radio"/> 3

## YOUR TOTAL SCORE

\_\_\_\_ / 15  
Your score

**5 – 8****Value driver gap**

Your IA function is likely operating as a compliance obligation rather than a value driver. The gap between where you are and where you could be is significant, and so is the cost of that gap.

**9 – 11****Building blocks in place**

You've got the right instincts and solid building blocks, but there are meaningful opportunities to sharpen the function. A few targeted changes could deliver outsized results.

**12 – 15****Strategic asset**

Your IA function is operating as a genuine strategic asset. The focus now is on staying ahead of an evolving risk landscape and continuing to demonstrate value in business terms.

Wherever you land, the score is a **starting point**, not a verdict.

## DECISION GUIDE

# Should you consider co-sourcing or outsourcing?

If your scorecard surfaced gaps in capacity, expertise, technology, or demonstrating ROI, an external delivery model may be worth evaluating. The right choice depends on your organization's size, situation, and goals.

### CONSIDER THIS WHEN Co-sourcing

- ✓ You have a core IA team but need to scale capacity during peak periods
- ✓ You need specialized expertise – IT audit, cybersecurity, fraud – on a periodic basis
- ✓ You're navigating a major transition: IPO readiness, M&A integration, or ERP implementation
- ✓ You're modernizing or optimizing your internal control framework
- ✓ You want to maintain institutional knowledge while adding flexibility and fresh perspective

### CONSIDER THIS WHEN Full outsourcing

- ✓ You're a smaller organization or PE portfolio company that needs IA governance without a full-time team
- ✓ You need to rebuild credibility quickly after a control environment breakdown
- ✓ The total cost of an in-house team – salaries, benefits, training, turnover – outweighs the value delivered
- ✓ You need to stand up IA capabilities quickly, in weeks, not months
- ✓ You're phasing or growing into an internal audit group over time

In either model, the goal is the same: access to senior-level expertise, the right technology, and a flexible delivery structure that scales with your needs without the overhead of building it all in-house.

# Ready to take the next step?

Embark offers complimentary IA assessments—a no-obligation conversation where we look at your current state and identify the most meaningful opportunities to enhance rules.