WEP Warwick Evans Publishing

Academic Journal of Management Science and Engineering

ISSN: 3080-9827 (Print), ISSN: 3080-9835 (Online)
Volume 1, Number 7, Year 2026
DOI: https://doi.org/10.62051/ajmse.v1n7.08



# Discussion on the Transformation of Enterprise's Internal Audit Functions in the Context of Digital Transformation

Renzao Lin

Fuzhou University of International Studies and Trade, Fuzhou, Fujian, 350202, China

## ABSTRACT

With the development of the digital economy, digital technology has been widely used in the operation and management of enterprises, which has changed the operation mode of traditional internal audit, only relying on sampling and post-event verification, which cannot meet the needs of enterprise governance and risk management. Digital transformation has brought changes to business processes and ways of generating information, and internal audit can no longer be limited to compliance supervision, but should also play a role in strategic support and risk warning. At present, many enterprises do not meet the requirements of internal audit digitalization, which is reflected in the low level of technological application, the lag in functional positioning, and the lack of high-quality talents. In this paper, the changes in internal audit in the context of digitalization are analyzed, the problems in the functional transformation are identified, and reasonable suggestions are proposed for enterprises to make full use of the governance function and achieve digitalization.

## KEYWORDS

Digital Transformation; Internal Audit; Functional Reshaping; Value Addition.

## 1. INTRODUCTION

Digital technology has been effectively integrated with the real economy, and the digital transformation of enterprises has become a powerful way to improve management levels and prevent risks. Therefore, enterprises should scale up the use of operational data and digitize business processes to accurately grasp risk performance, analyze risk spread at a deeper level, and identify the shortcomings in the current internal audit. The traditional internal audit focuses only on business activities and reviews whether there are violations in the process, but its coverage is insufficient, risk identification is relatively slow, and the support for enterprise management is inadequate. [1]

Internal audit is an important component of enterprise governance, closely related to standardized management and risk prevention and control. In the digital age, the role of internal audit has changed, not only to correct improper behavior, but also to monitor the effectiveness of management and prevent risks. Although most enterprises have achieved some progress in the digitalization of internal audit, the link between audit work and technical means is weak, and the transformation of audit functions is relatively slow. In this context, this paper analyzes the impact of digital transformation on internal audit, identifies the problems in this process, and puts forward reasonable suggestions for the transformation of internal audit functions.

Content from this work may be used under the terms of CC BY-NC 4.0 licence (https://creativecommons.org/licenses/by-nc/4.0/).
Published by Warwick Evans Publishing.

## 2. CHANGES BROUGHT TO INTERNAL AUDIT BY DIGITAL TRANSFORMATION

1) Audit approach shifts from post-event verification to dynamic monitoring

In the traditional audit mode, the audit is carried out after a certain period of time or after the project is completed, which can only make up for the shortcomings that have occurred, but cannot predict the potential risks. In the digital age, enterprises can integrate multiple business systems, store business data in a centralized way, and retrieve data according to their own needs. The audit mode is shifting from the traditional periodic audit to the use of data platforms to monitor the operation of enterprises, find problems in management and data, and identify risks quickly. [2]

2) Audit functions shift from single oversight to diversified services

In the early stage, the internal audit was relatively narrow in scope and responsibility, focusing on compliance and inventory assets. In the process of digital transformation, internal audit should play a greater role. First, it is necessary to provide risk warnings, analyze data, identify problems in operation, finance and digital development, and eliminate hidden dangers. Second, it should manage and optimize business processes, solve the problems found in audits, and avoid unnecessary losses. Third, it should provide strategic support: in the process of digital construction, it should identify problems, allocate resources reasonably, support decision-making, and form a working model of management service, supervision and risk warning.

3) The audit value has shifted from post-event correction to pre-event quality improvement

In the traditional internal audit, the most critical task is to identify problems and make up for losses, which is essentially a reactive corrective act. Digital auditing is different. It uses technology to reduce the workload of auditors, achieve broader audit coverage, and save labor costs. It can also monitor the operation of enterprises over the long term, detect problems promptly, and continuously improve the internal control system. Enterprises can also improve their operational efficiency, use resources more rationally, and achieve high-quality development, which shows that the audit has changed from passive correction to active service.

## 3. THE CHALLENGES OF INTERNAL AUDIT FUNCTION CONSTRUCTION IN THE PROCESS OF DIGITAL TRANSFORMATION

1) Slow updating of functional positioning and an insufficient value-added mindset

Some managers do not realize that internal audit can play an important role in the development of enterprises, but they only regard it as a tool for correcting errors after problems occur, and they do not incorporate internal audit into the overall planning of enterprise informatization construction. At present, the audit work of enterprises is relatively superficial, only checking whether financial activities are legal and compliant, and there is no risk analysis or management efficiency evaluation. Auditors are accustomed to this work method, merely finding problems in their work and not using audit results to improve the efficiency of enterprise management, which is not conducive to the development of internal audit. [3]

2) The system has not yet achieved data exchange, and data governance has not been carried out effectively

Data is the foundation of audit work, and most enterprises operate a large number of business systems, each of which operates independently, and the data standards of each system are different, which means that the data of each system cannot be retrieved across systems, and the problem of data silos is prominent. In auditing, the auditors manually collect and organize data, which is a time-consuming and labor-intensive task, and the data is likely to be distorted or omitted. Enterprises cannot establish

a sound data management system, cannot formulate reasonable data screening and verification standards, and cannot turn all business data into audit information resources, which is not conducive to real-time monitoring.

3) The application of digital technology in the development of enterprises is relatively low, and the integration of technology and business is insufficient

Although most enterprises have introduced audit information software, the effectiveness of its application is not ideal; it is used only to store archives and write working papers. In the process of auditing, enterprises cannot use big data technology to identify risks and establish corresponding models, cannot detect abnormal situations, and the use of visualization technology is limited.

4) Insufficient supply of versatile audit talent

In the process of digital audit, auditors must have data analysis capabilitiesand master audit technology, and have a deep understanding of information systems and enterprise business. The current auditors mostly come from accounting and finance backgrounds and are skilled in internal control and accounting, but have weak abilities in data analysis and information system evaluation. Enterprises have not yet established a sound training system, and the current recruitment is biased toward accounting and finance, so the number of personnel who master both audit and information technology is relatively small, which is not conducive to the development of digital audit.

5) Incomplete supporting systems and insufficient utilization of audit results

At present, the operation and management systems of enterprises are not sound, and there are serious deficiencies in digital audit, which should be addressed urgently. At present, there is no unified standard for data retrieval and operation of online auditing, which restricts the improvement of audit quality control. Some enterprises are highly enthusiastic about audit implementation, but there are obvious deficiencies in problem rectification, and the same problems recur in multiple audits. Audit reports are not well developed, and there is no effective way to convey audit results to managers, and the audit results cannot play a role in improving enterprise management.

## 4. THE TRANSFORMATION OF INTERNAL AUDIT FUNCTIONS AND THE APPROACHES TO REALIZING IT UNDER DIGITAL TRANSFORMATION

1) Clarify role positioning and establish an audit mindset of serving management

Enterprises should reposition internal auditing according to their own development needs, not only to strengthen supervision, but also to fully reflect the role of risk management and management services. In the process of auditing, it is not enough to examine only the financial situation; it should also pay attention to the operation of enterprises, analyze the effectiveness of resource utilization, and evaluate the effectiveness of digital projects. [4]

Enterprise managers should focus on the digital transformation of internal audit, regard audit transformation as an important part of enterprise digital development, encourage auditors to change their mindsets, enhance the implementation of audit recommendations, and give full play to the role of audit in enterprise governance.

2) Create a business data channel and establish a sound audit data management mechanism

Enterprises should unify data standards in the process of development, build a data platform that can be shared by different information systems, and enable auditors to obtain the required data quickly. The data management standards formulated by enterprises should be operational, data should be verified before storage, and the authenticity of the data should be guaranteed. In the development of

enterprises, it is necessary to strengthen the collection of audit materials, summarize risk cases, and build a database, which can provide data support for risk identification and data analysis.

3) Promote the integration of technology and audit work and create an intelligent audit approach

Enterprises need to build an audit information platform according to their own characteristics, use this platform to improve their audit methods, and carry out audit project initiation, anomaly analysis and other tasks online, which can save manpower and material resources.

Enterprises should build a data analysis model to identify risk points, automatically screen operations, and detect problems in business operations. Enterprises should carry out dynamic monitoring to improve their audit and supervision capabilities.

4) Strengthen talent development and cultivate versatile auditors

Enterprises need to organize training activities for auditors regularly and provide them with opportunities to learn more about information systems and master data analysis methods, so as to equip them with the skills of using digital tools. In the process of introducing talent, enterprises should pay attention to the orientation and bring in more professionals with strong information technology backgrounds into the audit team. In the assessment mechanism, enterprises should set reasonable indicators, not only to evaluate the quality of management suggestions, but also to analyze the effectiveness of risk warnings, so that auditors can continuously improve their professional abilities.

5) Improve system construction and strengthen the utilization of audit results

Enterprises must formulate reasonable digital audit standards and implement these requirements in audit activities, data utilization, and other aspects, so as to ensure the smooth progress of audit work. Enterprises need to supervise and manage the process of problem rectification, and set a reasonable time limit for its completion, so as to prevent the recurrence of the same problems. The problems found in the audit should be analyzed regularly, and reasonable suggestions should be put forward to management, so as to promote the transformation of audit results and improve the effectiveness of internal control.

## 5. CONCLUSION

With the development of digital technology, internal auditors face new challenges, which require them not only to master more advanced technology, but also to develop higher-level abilities. In the digital age, auditors can not only examine the financial accounts, but also formulate development strategies for enterprises, play the role of risk management, and provide support for improving enterprise management.

At present, enterprises have not kept pace with the digital transformation of internal audit, and there are problems such as an imperfect system, a low technical application rate, and a shortage of talent. In this context, enterprises should not only change their mindsets, but also break through information barriers, improve the digitalization of audit work, cultivate versatile talent, and further improve the system, so that the functions of internal audit can be transformed, and the role of risk management and management services can be fully realized, so as to promote the sustainable development of enterprises.

## REFERENCES

[1] Li, F. C. (2025). Research on scientific and standardized paths for high-quality development of internal audit in the new era. Finance and Accounting Monthly, 46(12), 30–35. [In Chinese]

[2] Xu, W., Zhang, H. Y., Dong, Y., et al. (2026). Research and application of the DeepSeek-empowered “Dual-Chain Four-Circulation” digital intelligent internal audit ecosystem. China Internal Audit, (3), 32–43. [In Chinese]

[3] He, R., & Zheng, Y. (2023). Practice and reflection on the informatization and digital transformation of internal audit in company W. Finance and Accounting, (5), 64–67. [In Chinese]

[4] Wang, Y. S., & Dong, Y. H. (2024). Advantages, difficulties, and innovative measures of enterprise internal audit digital transformation. Times of Economy & Trade, 21(5), 77–79. [In Chinese]