

Internal Audit Readiness Checklist

10 Steps to Prepare for Internal Audits Using Continuous Monitoring

Preparing for an internal audit can feel overwhelming, especially when evidence is scattered across systems and manual processes to slow teams down.

This **internal audit checklist** helps compliance teams streamline **SOX compliance preparation, automate monitoring, and reduce audit stress** using continuous monitoring tools like **EagleEye365**.

Use this checklist to ensure your organization is **audit-ready, compliant, and efficient**.

Phase 1 – Pre-Audit Data Preparation

1. Centralize Critical Systems

Connect key systems such as **ERP, HR, and finance platforms** to a centralized monitoring platform. This helps auditors access information quickly and reduces the time spent searching across multiple tools.

Example: Integrate **SAP ERP or NetSuite with EagleEye365** to monitor transactions continuously.

Benefit:

Centralizing systems help teams **save time, reduce audit stress, and improve visibility across financial controls**.

2. Extract Full-Population Transaction Data

Instead of relying on sample testing, export **complete transaction datasets** for key financial processes such as procurement, payroll, and revenue recognition.

Benefit:

Full-population data enables **stronger risk detection and better audit coverage**.

3. Align Controls with Audit Requirements

Map internal controls directly to **SOX compliance requirements, internal audit frameworks, and risk management policies**.

Benefit:

This ensures that every control can be easily **traced and validated during the audit process**.

Phase 2 – Control Validation

4. Run Continuous Monitoring Tests

Use automated testing to monitor transactions in real time and detect **control failures, anomalies, or suspicious activities.**

Benefit:

Continuous monitoring helps **identify risks early instead of discovering them during the audit.**

5. Detect Segregation-of-Duties (SoD) Conflicts

Analyze user roles and permissions to identify **Segregation-of-Duties violations**, such as a user having both approval and payment authority.

Benefit:

This reduces **fraud risk and strengthens internal controls.**

6. Review Exception Logs and Control Gaps

Evaluate unresolved exceptions and identify areas where controls may have failed or been bypassed.

Benefit:

Addressing these issues early ensures **cleaner audit results and fewer last-minute surprises.**

7. Validate Approval Workflows

Review approval of workflows and confirm that **timestamped audit trails and authorization logs** are properly recorded.

Benefit:

Clear audit trails help auditors **verify compliance quickly and confidently.**

Phase 3 – Audit-Ready Documentation

8. Generate Evidence Lineage

Create a structured evidence trail using **version-controlled files and automated documentation tools.**

Benefit:

This ensures **complete transparency and simplifies evidence of verification.**

9. Organize Documentation by Control Owner

Group documentation by **controlling ID, department, and process owner** to streamline the audit review process.

Benefit:

Well-organized documentation helps **auditors navigate evidence faster and reduces review time.**

10. Conduct a Mock Internal Audit

Before the official audit, perform a **mock internal audit** to simulate real audit conditions.

Benefit:

This helps teams **identify gaps early and prepare confidently for external auditors.**

Ready to Simplify Your Next Audit?

Request a [Demo](#) Today and experience stress-free compliance preparation.

Resources: [HIPAA 2026 Regulatory Guide](#) | [Unified GRC Solutions](#)

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