COVID-19’s impact on every conceivable facet of human interaction elevated it to historic, world-changing status. Despite its clearly harmful effects on business and society, the pandemic also offered opportunities for many. The 2021 North American Pulse of Internal Audit: Many Sides of Crisis reflects that disparity in the opportunities the pandemic produced as well as the costs it extracted.

### COVID-19 Impact on the Organization and Internal Audit

<table>
<thead>
<tr>
<th>Extensive impact</th>
<th>Moderate impact</th>
<th>Minimal or no impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>50%</td>
<td>31%</td>
</tr>
<tr>
<td>18%</td>
<td>14%</td>
<td>50%</td>
</tr>
</tbody>
</table>

**ORGANIZATION**

For the organization as a whole, 4 out of 10 CAEs said COVID-19 caused “extensive impact.”

**INTERNAL AUDIT**

Only 2 in 10 CAEs said internal audit has experienced “extensive impact” from COVID-19.

### COVID-19 Impact on Internal Audit Budget

<table>
<thead>
<tr>
<th>Decrease</th>
<th>Stay about the same</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2020 expectation</td>
<td>November 2020 actual</td>
<td></td>
</tr>
<tr>
<td>45%</td>
<td>36%</td>
<td>9%</td>
</tr>
<tr>
<td>46%</td>
<td>44%</td>
<td>20%</td>
</tr>
</tbody>
</table>
STAFFING CHANGES

Internal Audit Budget Compared to Staff Change - Past 12 Months

OVERALL BUDGET

<table>
<thead>
<tr>
<th>Decreased</th>
<th>Stayed about the same</th>
<th>Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>36%</td>
<td>44%</td>
<td>20%</td>
</tr>
</tbody>
</table>

STAFF

<table>
<thead>
<tr>
<th>Decreased</th>
<th>Stayed about the same</th>
<th>Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>18%</td>
<td>64%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Top 3 Reasons for Staff Decreasing

- Budget cut: 47%
- Staff voluntarily resigned: 17%
- Layoff (not due to performance): 16%

Top 3 Reasons for Staff Increasing

- Taking on more assurance responsibilities: 41%
- Adding to the skillset of my team: 22%
- Taking on more non-traditional audit work (e.g., ERM): 14%

RISK AND AUDIT PLANNING

Top 5 Highest Risks

1. Cybersecurity: 65%
2. IT (not covered in other choices): 51%
3. Third-party relationships: 41%
4. Compliance/regulatory (excluding ICFR): 41%
5. Operational: 33%

Top 5 Audit Plan Allocation Areas

1. Financial reporting (including ICFR): 17%
2. Operational: 15%
3. Compliance/regulatory (excluding ICFR): 14%
4. IT (not covered in other choices): 9%
5. Cybersecurity: 8%

Percentage who rated the audit area as “high” or “very high” risk.

Percentage of the audit plan allocated to the audit area.

DOWNLOAD

the full report of The IIA’s 2021 Pulse of Internal Audit

www.theiia.org/Pulse

Source: The IIA’s 2021 Pulse of Internal Audit Survey for North America, completed by 588 CAEs/directors/senior managers. The survey was administered in November of 2020. The complete report is available at www.theiia.org/Pulse. Copyright © 2021 The Institute of Internal Auditors, Inc. All rights reserved. For permission to reproduce, please contact copyright@theiia.org. / March 2021