

2024 North American Pulse of Internal Audit

Benchmarks for Internal Audit Leaders



Internal Audit
FOUNDATION



About the Pulse of Internal Audit



NUMBER OF RESPONSES

CAEs	375	84%
Directors	73	16%
Total	448	100%

The IIA's annual **Pulse of Internal Audit report**, published by the [Internal Audit Foundation](#), provides benchmarks to help leaders plan and manage internal audit functions. With survey data going back to 2008, Pulse reports speak to current conditions and long-term trends for internal audit budgets, staff, audit plans, risk assessments, and more.

The online survey for the 2024 North American Pulse of Internal Audit report was conducted from November 3 to December 5, 2023. Respondents primarily came from organizations headquartered in the United States (79%) and Canada (13%), with the remaining 8% coming from the Caribbean or outside North America.

To enhance use as a benchmarking tool, Pulse reports generally analyze financial services respondents separately from other sectors because financial services responses are often unique. The financial services category is created by extracting financial services respondents from the broader organization types (see graph below). In addition, the term chief audit executive (CAE) is used in Pulse reports generically to reference all survey respondents.

Learn more about Pulse of Internal Audit research and download additional reports at theiia.org/Pulse.

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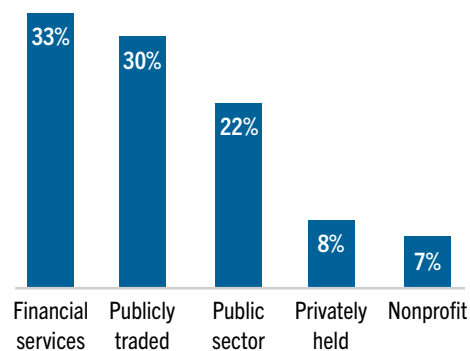
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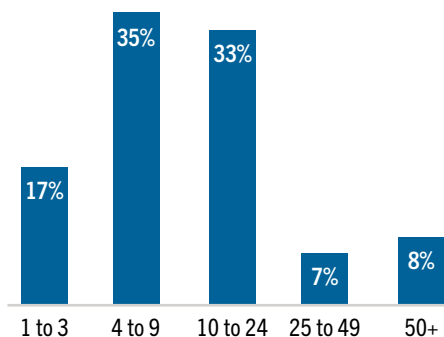


Grant Thornton

Organization Type With Financial Services Breakout

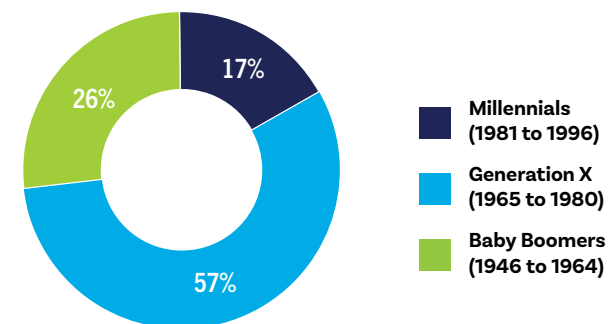


Internal Audit Function Size (FTEs)



FTE = full-time equivalent employee

Respondent Generation



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Executive Summary

The Internal Audit Foundation publishes the annual North American Pulse of Internal Audit report to provide essential benchmarking data about internal audit activities. These are the highlights from this year's report, based on survey responses from 448 CAEs and directors:

Budget and staffing: The profession of internal auditing is on a steady rate of growth in North America, according to survey results. After sharp cuts due to the COVID pandemic, the percentage of functions increasing their budgets is now significantly outpacing functions that are decreasing their budgets (36% vs. 13%) (pages 13-14). Further, the percentage of functions increasing staffing levels now outweighs the percentage of functions reducing headcount (26% vs. 11%) (pages 19-21).

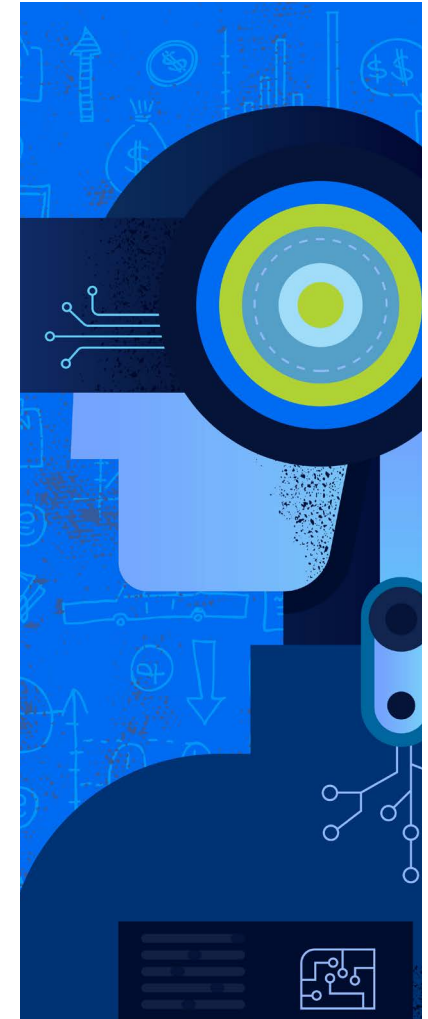
Outsourcing/co-sourcing: On average, about 60% of internal audit functions are leveraging outsourcing/co-sourcing. Sourcing services are used much less by the smallest functions (32%) compared to the largest functions (74%). Engagements that are sourced the most tend to be technology-related (cybersecurity or data security and general IT). Interestingly, Sarbanes-Oxley is not a high area for leveraging sourced services (page 28).

Remote work: The mix of remote work vs. in-person work appears to have stabilized, with 72% saying they work remotely half of their time or more. Millennial CAEs were significantly more likely to lead functions where all work was done remotely (page 25). In terms of future remote work, Millennial CAEs were also significantly more likely to see remote work continuing at current levels, compared to other generations (page 26).

Hiring recent college graduates: Nearly one-third of all respondents said they have hired a recent college graduate in the past year. The rates for hiring a recent college graduate were much higher for larger internal audit functions (over 25 FTEs) (page 24).

Sustainability auditing: Although sustainability regulations are on the horizon, sustainability as a percentage of audit plans remains very low (page 30). However, about 22% of respondents say they consider sustainability as a part of their auditing process in general (page 37).

In summary, CAEs in 2024 are likely to continue to rebuild staff and to seek ways to increase access to technology skills. Remote work is the new normal for most organizations and will be broadly expected by those hired as recent college graduates. Sustainability is being considered as part of audits in general at some organizations, but sustainability as a specific area in the audit plan has not increased.



Benchmarking Categories

This report is designed to be used as a benchmarking tool for understanding and managing internal audit functions. To help leaders find the best point of comparison, metrics are often compared against five organization types — publicly traded, privately held, public sector, nonprofit, and financial services. The financial services category was created by extracting financial services respondents from the other four organization types. This page shows the industries most commonly represented in these organization types.

Nonprofit	
Educational services	41%
Health care and social assistance	34%
Other	25%
Total	100%
Number of responses	32

Financial Services	
Financial institutions	61%
Insurance	28%
Asset management	3%
Broker-dealer	2%
Other	6%
Total	100%
Number of responses	145

Publicly Traded	
Manufacturing	30%
Utilities	8%
Retail trade	8%
Mining, quarrying, and oil/gas extraction	8%
Transportation and warehousing	7%
Professional, scientific, and technical services	6%
Information	6%
Health care and social assistance	4%
Other	23%
Total	100%
Number of responses	130

Public Sector	
Public administration	35%
Educational services	32%
Transportation and warehousing	6%
Health care and social assistance	5%
Other	22%
Total	100%
Number of responses	95

Privately Held	
Manufacturing	27%
Transportation and warehousing	11%
Professional, scientific, and technical services	8%
Information	8%
Arts, entertainment, and recreation	8%
Utilities	6%
Agriculture, forestry, fishing, and hunting	5%
Management of companies and enterprises	5%
Other	22%
Total	100%
Number of responses	37

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q7: What is the primary industry classification of the organization for which you work (or your primary client if you are a service provider)? *n* = 439.

SECTION 1

CAE Metrics

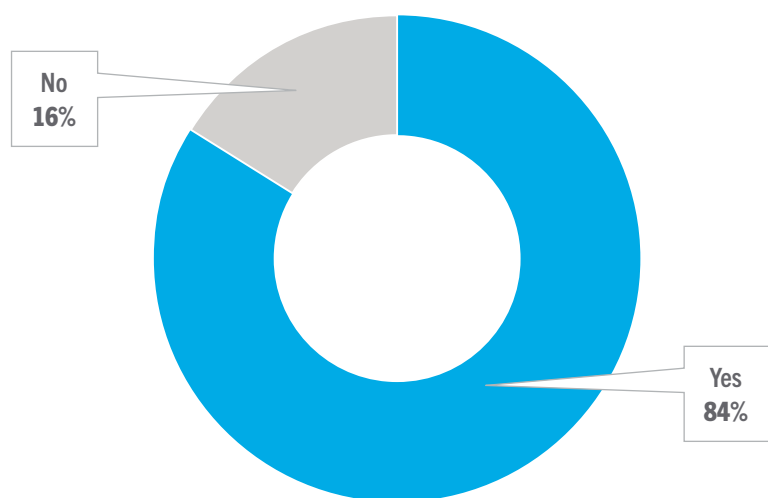


CAE Responsibilities

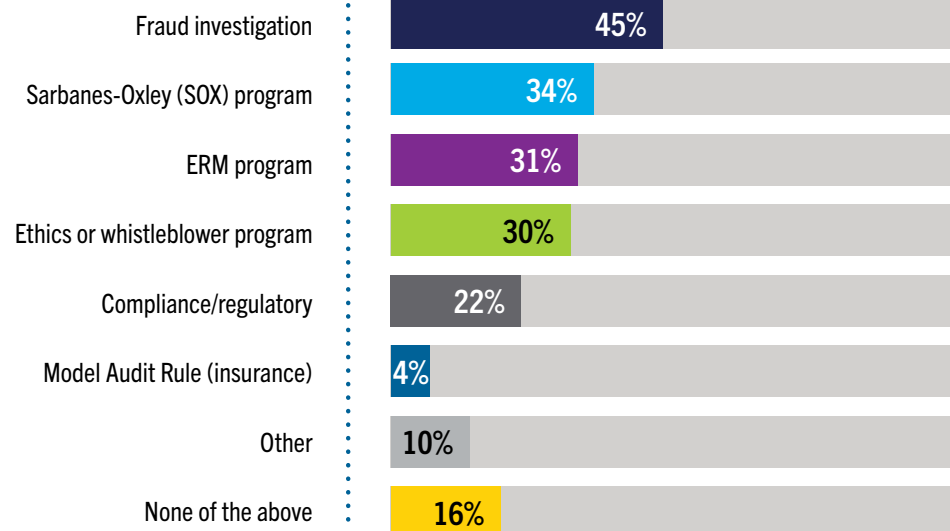
Eighty-four percent of CAEs have at least one area of responsibility outside of internal audit

CAEs are often responsible for one or more areas outside of internal audit, but there are wide differences between organization types. (See the next page for more details.) For example, fraud investigation was the most common area of responsibility (45%) for respondents as a whole, but the rate was much higher for privately held (64%) and public sector organizations (60%). Another good example of differences is Sarbanes-Oxley (SOX) program responsibility. As would be expected, SOX program responsibility is much higher for publicly traded organizations (69%) compared to all other organization types. Finally, responsibility for ERM programs was especially high at privately held organizations (61%). (See the next page for more details.)

CAEs Having Responsibilities Outside of Internal Audit



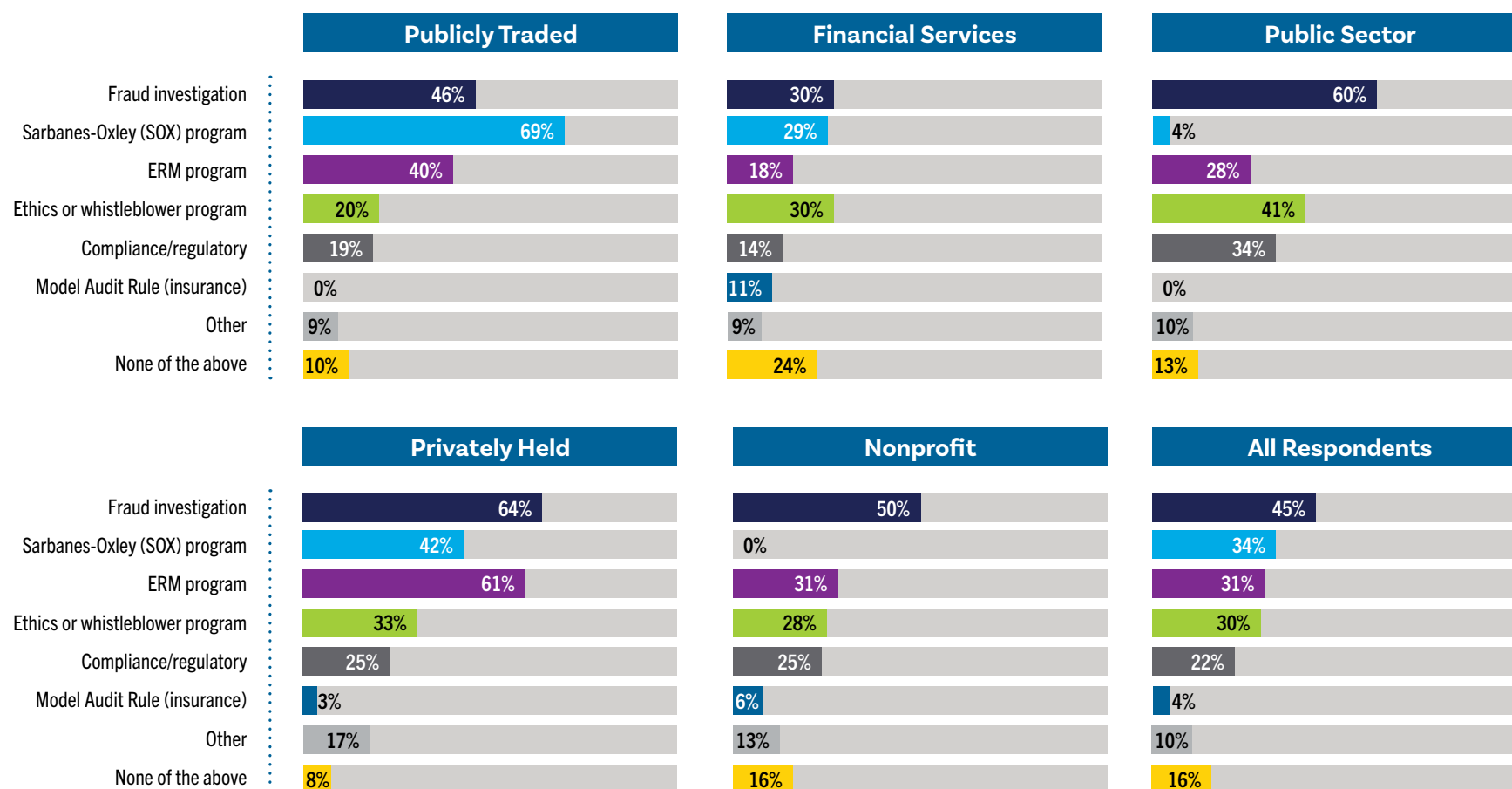
CAE Responsibilities



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q5: In addition to your role as head of internal audit, for which areas are you responsible? (Choose all that apply.) $n = 429$.

CAE Responsibilities – Organization Type Differences

More than 60% have fraud investigation responsibility at privately held and public sector organizations

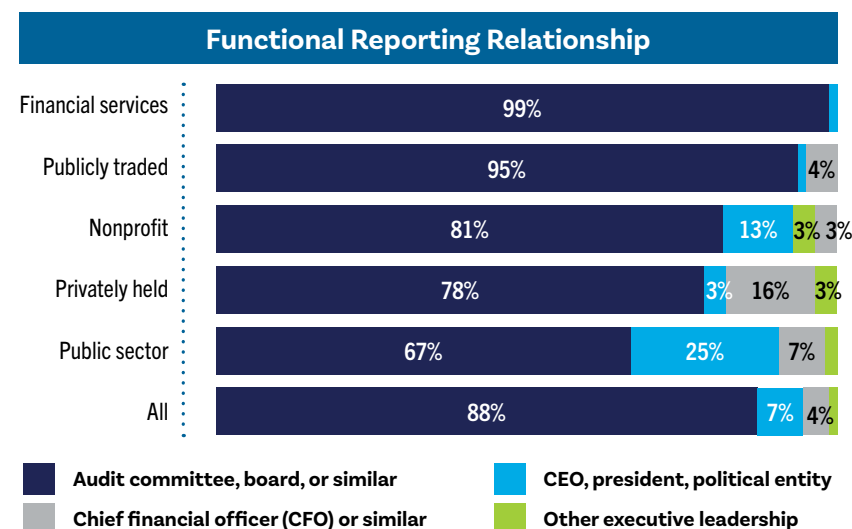
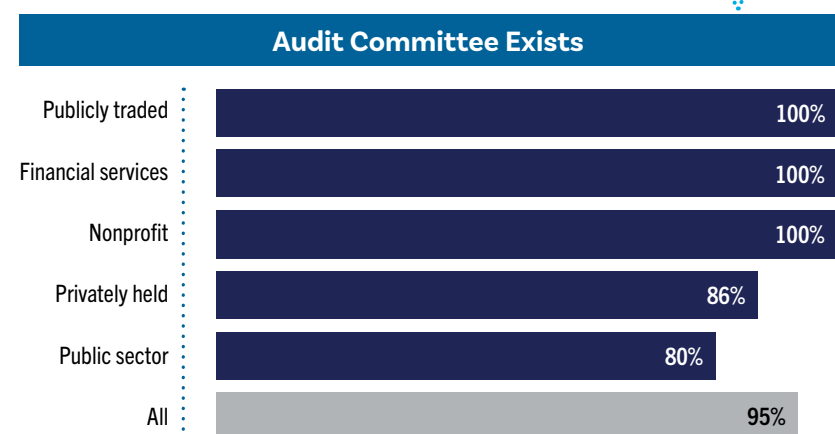
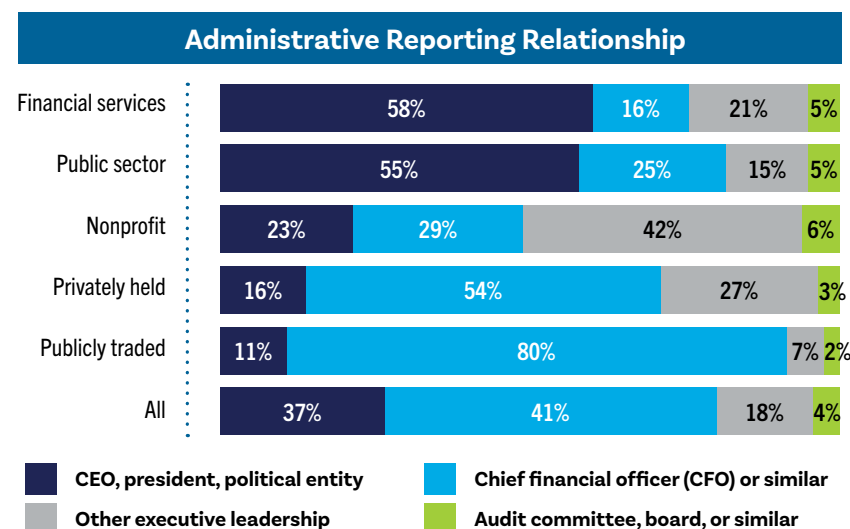


Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q5: In addition to your role as head of internal audit, for which areas are you responsible? (Choose all that apply.) *n* = 127 for publicly traded. *n* = 141 for financial services. *n* = 93 for public sector. *n* = 36 for privately held. *n* = 32 for nonprofit. *n* = 429 for all respondents (including those with organization types categorized as "other.")

Reporting Relationships

Functional reporting to an audit committee is lower at privately held and public sector organizations

Functional and administrative reporting relationships for CAEs are important considerations for internal audit independence. According to the [2024 Global Internal Audit Standards](#), “Internal auditing is most effective when the internal audit function is directly accountable to the board (also known as ‘functionally reporting to the board’).” An audit committee appointed by the board often becomes the point of contact for this functional reporting relationship. In addition, the Standards say, “It is leading practice for the chief audit executive to report administratively to the chief executive officer or equivalent, although reporting to another senior officer may achieve the same objective if appropriate safeguards are implemented.” (Standard 7.1 Organizational Independence, page 47).



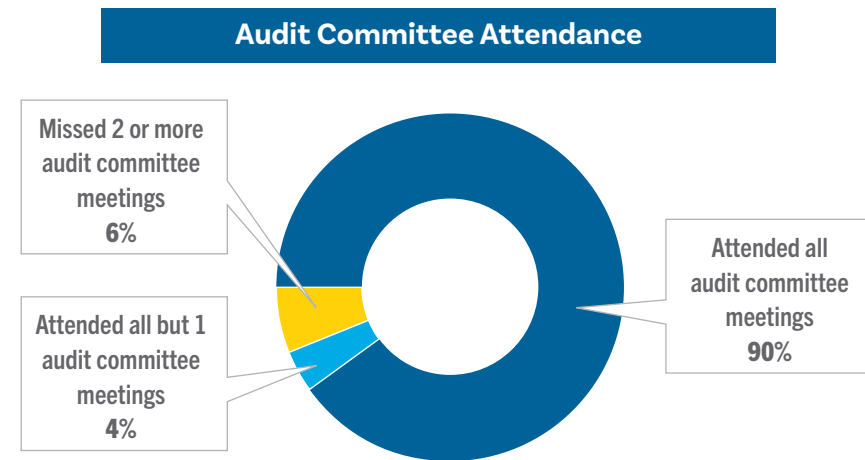
Note: The IIA’s North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q35: Does your organization have an audit committee, board, or similar oversight body? Q38/Q39: What is the primary functional/administrative reporting line for the chief audit executive (CAE) or head of internal audit in your organization? *Administrative reporting* refers to oversight of day-to-day matters, expense approval, human resource administration, communication, internal policies and procedures. *Functional reporting* refers to oversight of the responsibilities of the internal audit function, including approval of the internal audit charter, the audit plan, evaluation of the CAE, and compensation of the CAE. Percentages of 2% or less are not labeled on the graphs. *n* = 422.

Audit Committee Attendance

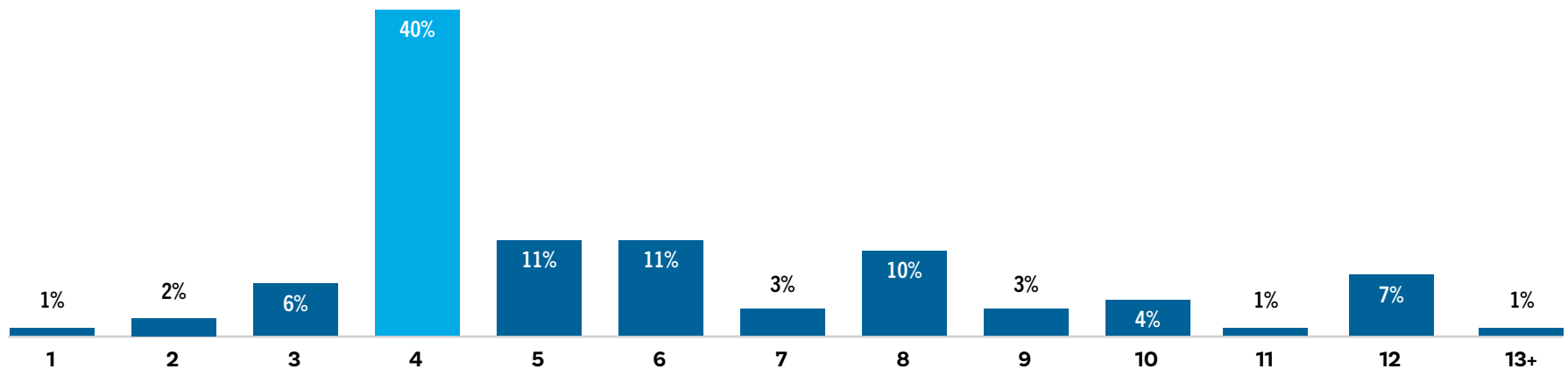
Ninety percent said they attended all committee meetings held in the past year

The vast majority of CAEs say they attended all audit committee meetings in the past year (90%). A few said they missed one meeting (4%), or more (6%).

The number of audit committee meetings per year varies widely. Forty percent say their audit committees meet four times per year. However, more than half of audit committees meet five or more times per year. A few committees meet every month or more.



Number of Audit Committee Meetings Per Year



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q36: In the past 12 months, approximately how many times did your organization's audit committee (or equivalent) meet? Q37: In the past 12 months, approximately how many audit committee meetings (or equivalent) were attended by internal audit? $n = 448$.

Three Lines Model

Usage of the Three Lines Model is high among respondents

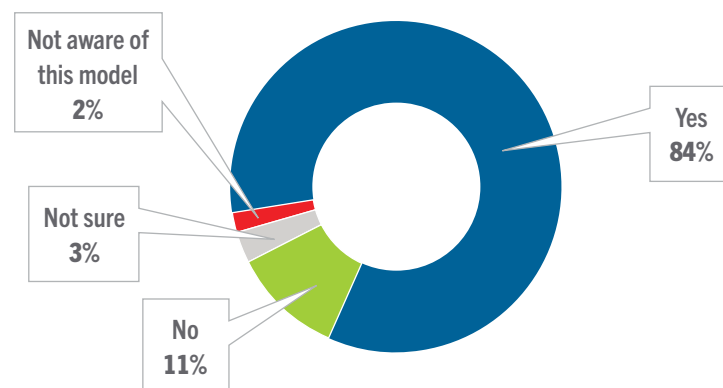
The purpose of the **Three Lines Model** is to help organizations achieve their objectives while supporting strong governance and risk management.

Eighty-four percent say their organizations take the Three Lines Model into consideration for governance. Only 2% said they were not aware of the model.

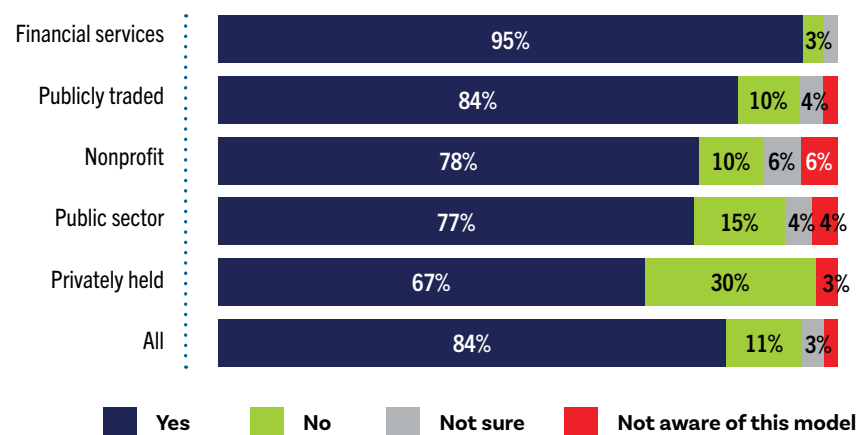
Some types of organizations are less likely to consider the Three Lines Model than average, particularly privately held organizations (68%), and organizations with internal audit functions that have 3 or fewer FTEs (69%).

More information about the Three Lines Model is available on The IIA's [website](#).

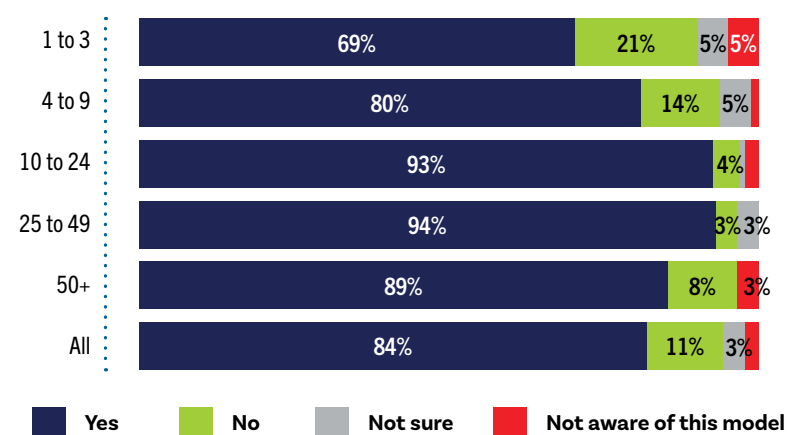
Organization Considers The IIA's Three Lines Model for Governance



Organization Considers The IIA's Three Lines Model for Governance (Compared to Organization Type)



Organization Considers The IIA's Three Lines Model for Governance (Compared to Function Size)



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q40: Does your organization take into consideration The IIA's Three Lines Model for governance? Percentages of 2% or less are not labeled on the graphs. *n* = 447.

CAE Credentials

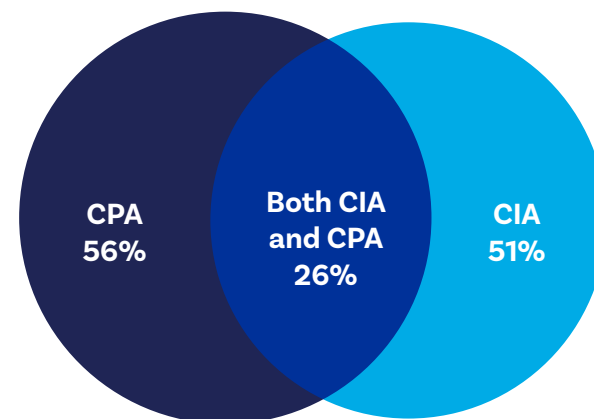
Ninety-three percent of survey respondents hold a certification of some type

About half of respondents are Certified Internal Auditors (CIAs), and about half are Certified Public Accountants (CPAs). These two groups partially overlap, with 26% overall who are both CIAs and CPAs. Nearly one quarter have a Certification in Risk Management Assurance (CRMA). Notable percentages also hold a specialized certification related to fraud or IT.

Credentials Held by CAEs



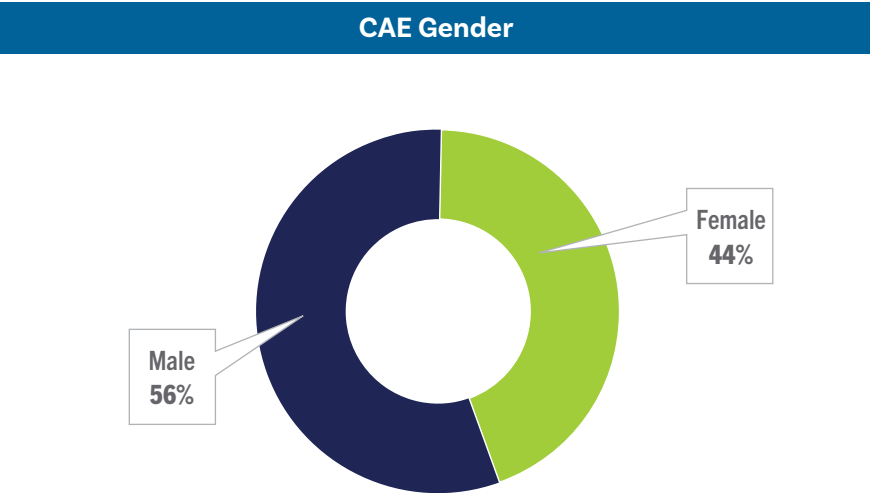
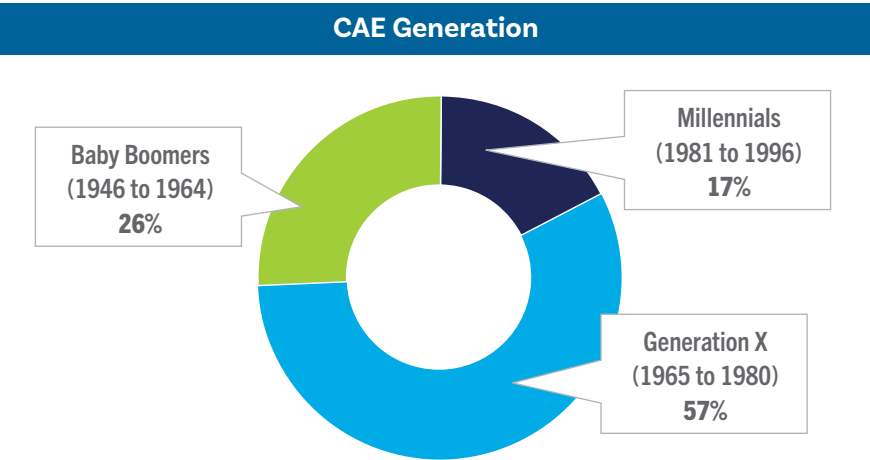
Overlap Between CIA and CPA Credentials Held by CAEs



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q46: Which of the following professional certifications or designations do you hold? $n = 448$.

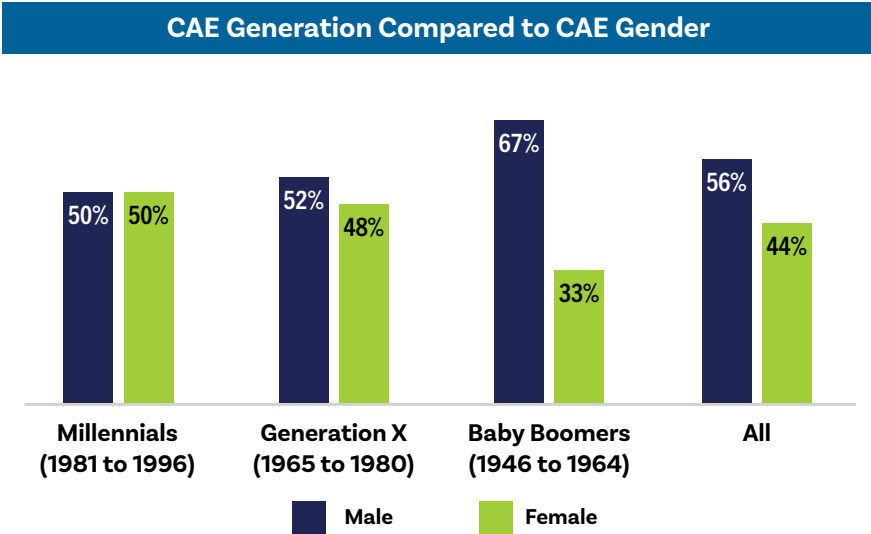
CAE Age and Gender

Nearly 6 in 10 CAEs are from Generation X



Among the internal audit leaders who took the Pulse survey, 57% of positions were filled by Generation X, 26% were filled by Baby Boomers, and 17% by Millennials.

Overall, more men than women were represented in the survey (56% to 44%), with the difference primarily driven by Baby Boomers (67%).



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q50: Please select your year of birth. Those who did not answer were excluded from analysis. n = 354. Q51: Please select the gender identity option that best matches you. Those who did not answer were excluded from analysis. n = 417.



SECTION 2

Budget

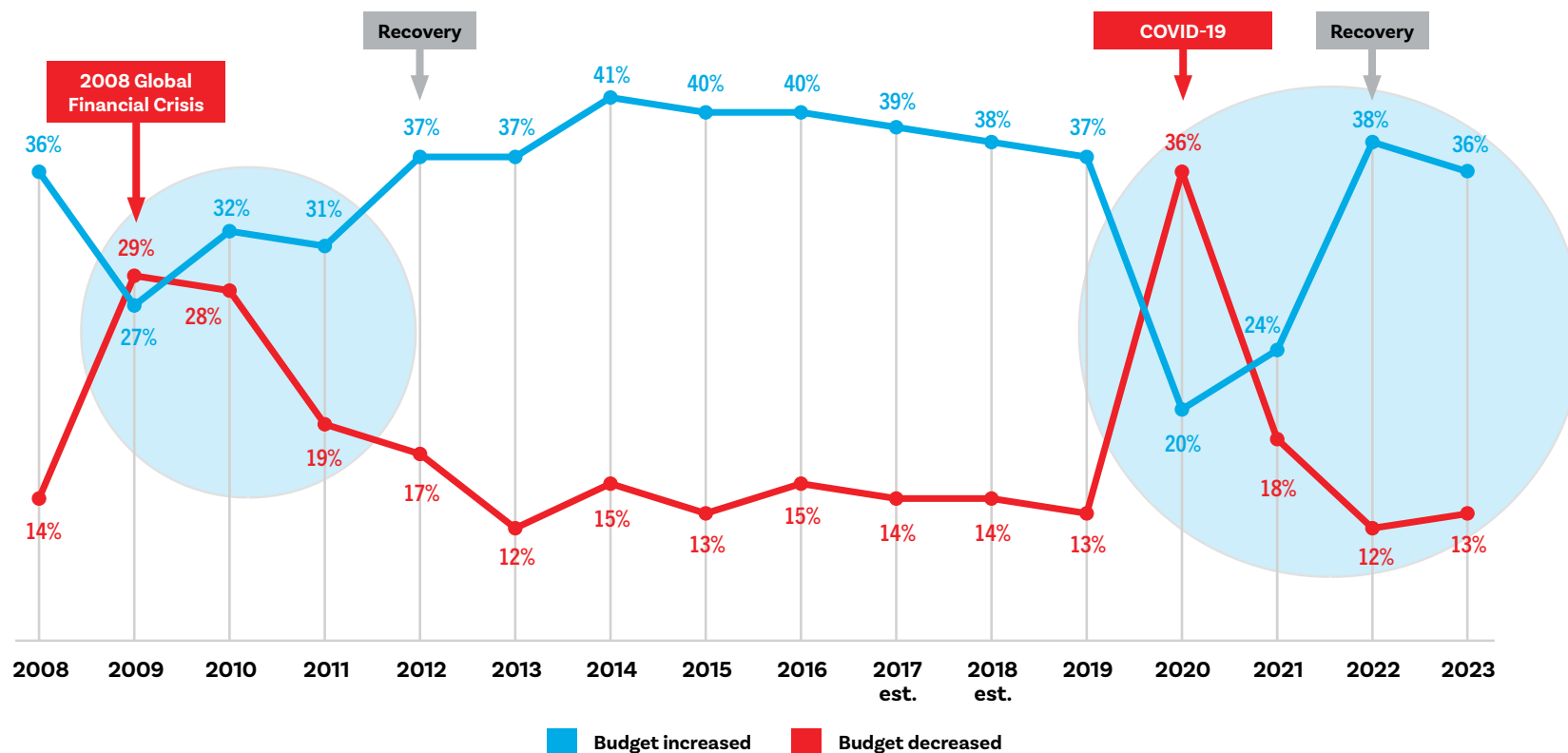


Budget Growth from 2008 to 2023

Internal audit budgets are growing steadily in North America

Survey metrics indicate the profession of internal auditing is on a steady rate of growth in North America. After sharp cuts due to the COVID pandemic in 2020 and 2021, the percentage of functions increasing their budgets now significantly outpaces functions that are decreasing their budgets (36% vs. 13%).

Internal Audit Functions With Budget Increases or Decreases in the Prior Year

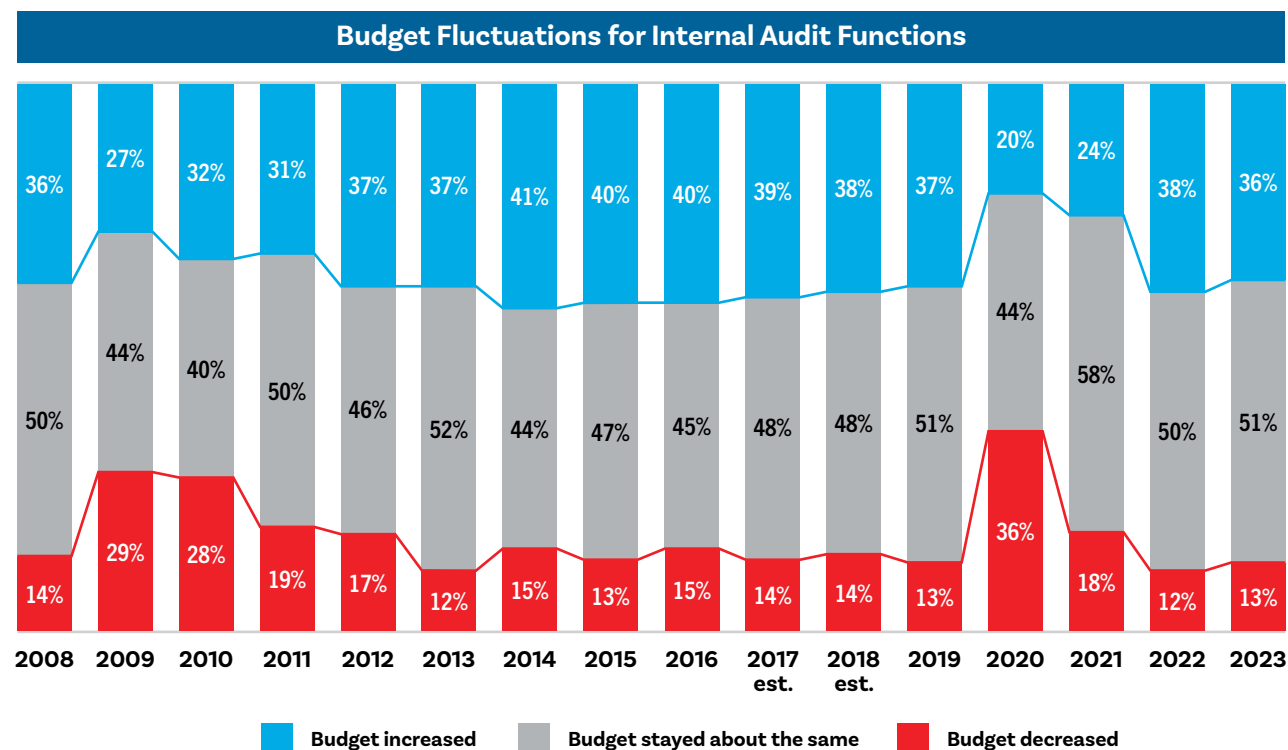


Note: The IIA's North American Pulse of Internal Audit Survey, multiple years. Question: Looking back over the past 12 months, how has your overall internal audit budget changed? Data for 2017 and 2018 were estimated because the budget question was not included in the survey for those years. $n = 440$ for 2023.

Budget Fluctuation from 2008 to 2023

About half said budgets were unchanged from last year

Long-term trend shows that during normal economic conditions, about 50% of budgets stay about the same year over year (budget stability). In 2020, budget stability dropped to 44% as those with budget cuts jumped up to 36%. The following year (2021), the percentage of functions with budgets remaining stable went up dramatically to 58%, as the budget cuts stopped, but budgets overall did not start to increase.

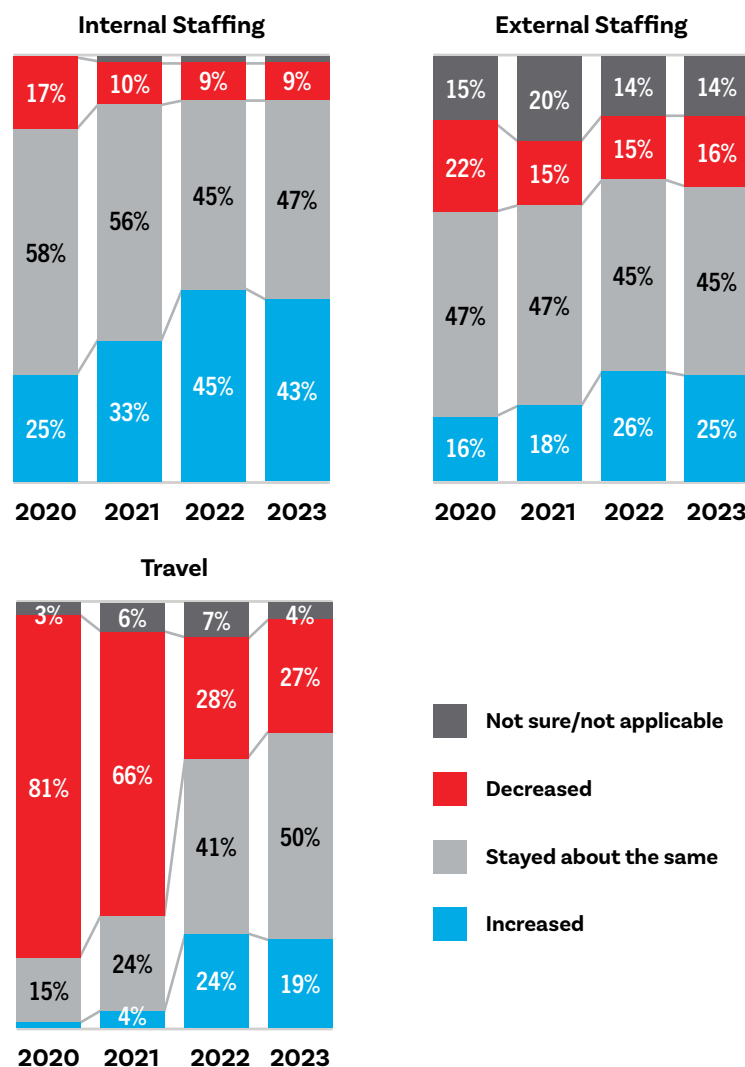


Note: The IIA's North American Pulse of Internal Audit Survey, multiple years. Question: Looking back over the past 12 months, how has your overall internal audit budget changed? Totals may not equal 100% due to rounding. Data for 2017 and 2018 were estimated because the question about budget was not included in the survey during those years. $n = 440$ for 2023.

Budget Subcategories

Budget trends for staffing and professional development have improved since 2021

Budgets for specific expense types, such as internal staffing, external staffing, and professional development, have increased and stabilized since 2021. It was interesting that tools and technology budgets were consistent for the past three years (essentially unaffected by COVID cuts). Travel budgets are no longer being broadly cut, but it is not clear whether the new norm has been established.



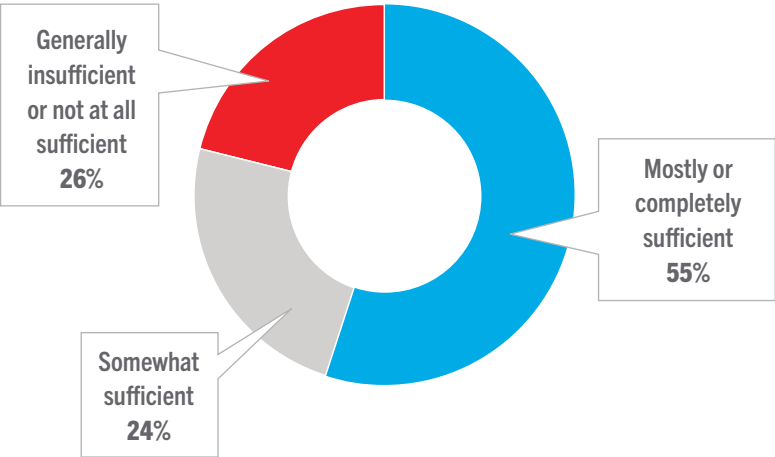
Note: The IIA's North American Pulse of Internal Audit Survey, multiple years. Question: Looking back over the past 12 months, how has your budget changed in the following areas? Percentages of 2% or less are not labeled on the graphs. $n = 448$ for 2023.

Funding Sufficiency

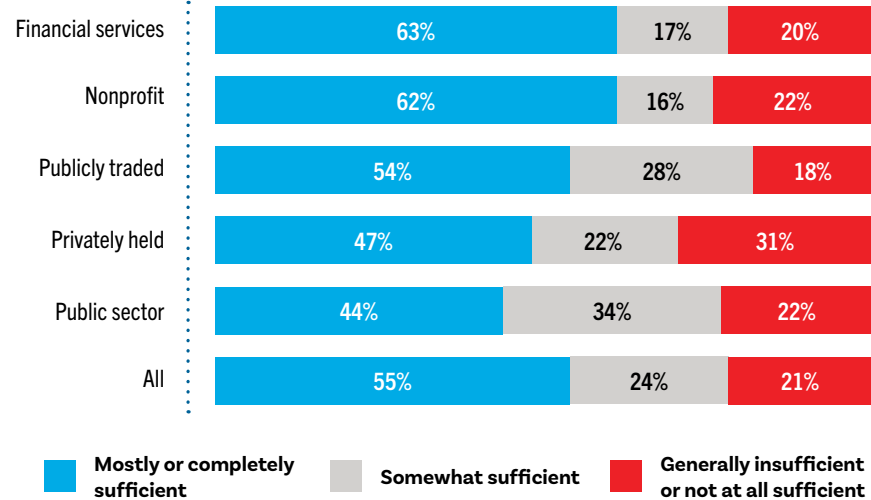
About half of CAEs say their internal audit funding is mostly or completely sufficient

The public sector had the lowest percentage of CAEs saying that their budgets were mostly or completely sufficient (44%) compared to other sectors. The best funding appears to be in financial services and nonprofit organizations, where more than 60% said funding was mostly sufficient or better, and about 20% said it was not sufficient.

Internal Audit Funding Sufficiency



Internal Audit Funding Sufficiency vs. Sector



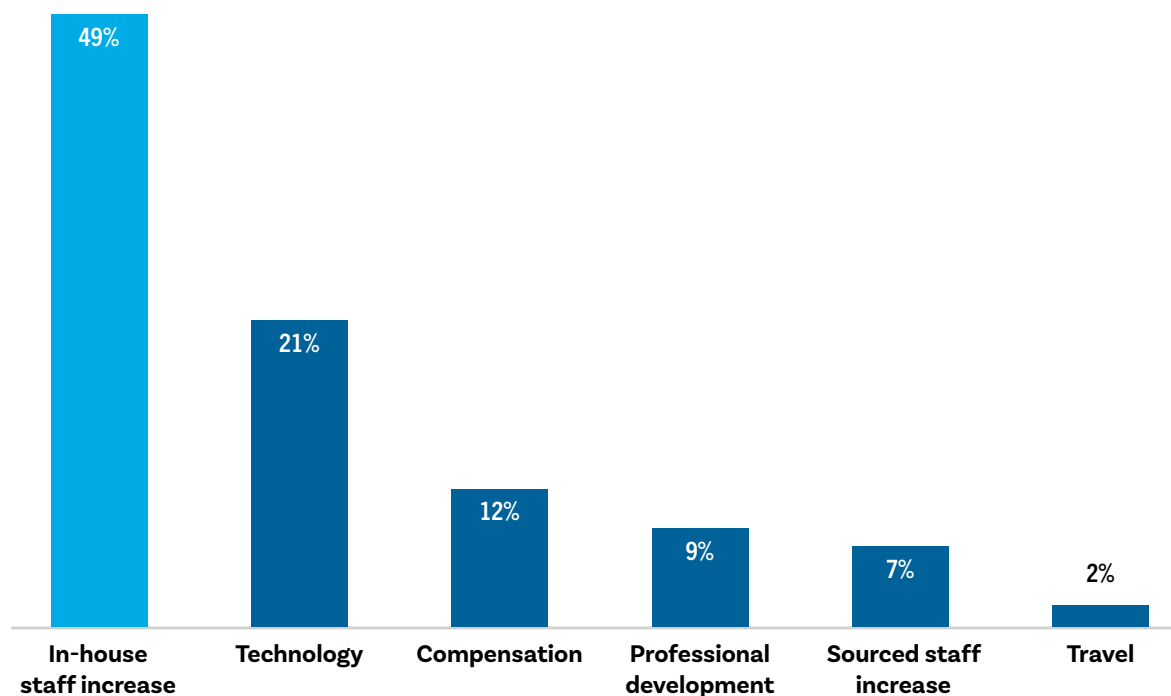
Note: The IIA’s North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q13: In your opinion, how sufficient is the funding for your internal audit function relative to the extent of its responsibilities? n = 445.

Top Priority for Extra Budget

About half of CAEs would increase staff if they had more budget

If CAEs had access to additional funds beyond their current budgets, almost half said their top priority would be to increase in-house staff. Very few said the priority would be for sourced staff. The second most common priority was technology, chosen by 21%.

Top Priority If Extra Budget Received



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q14: If your internal audit function were to receive an unexpected budget increase, in which area would you primarily spend it? $n = 439$.

SECTION 3

Staff

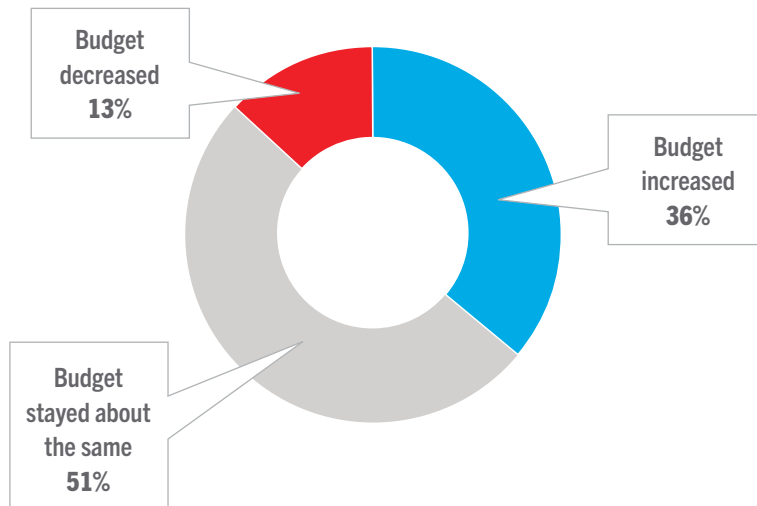


Budget and Staff Changes Compared

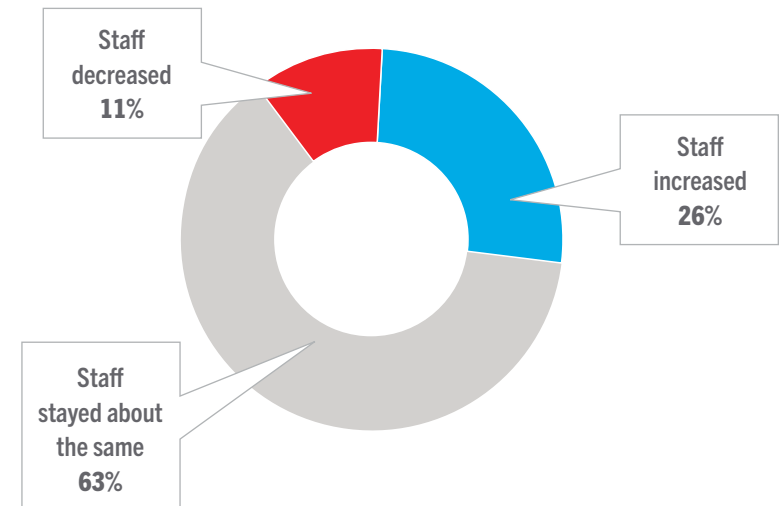
More CAEs increased budget than staff in the past year

There is a 10-percentage-point shortfall between those who say they increased staff in the past year (26%) compared to those who increased budget (36%). This is consistent with data going back to 2008, where budget increases always outpaced staff increases.

Budget Fluctuation for Internal Audit – 2023



Staff Fluctuation for Internal Audit – 2023



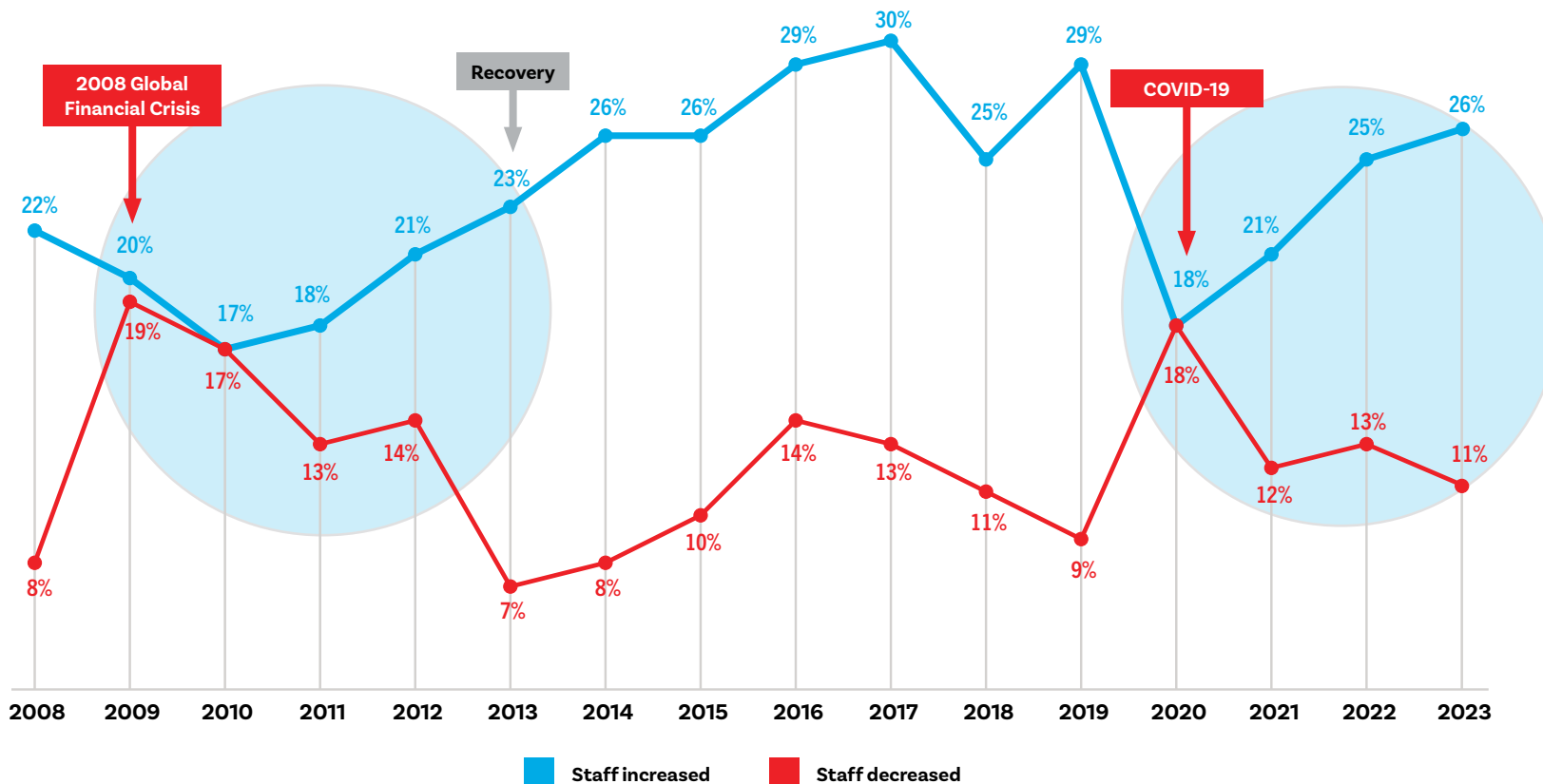
Note: The IIA's Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q11: Looking back over the past 12 months, how has your overall internal audit budget changed? Q16: Looking back over the past 12 months, how has your overall internal audit staff changed? *n* = 440 for 2023.

Staff Growth from 2008 to 2023

Internal audit staff growth is almost back to pre-COVID levels

In the year prior to the pandemic, 29% of internal audit functions said they increased staff. At the COVID low point, that metric dropped to 18%. However, internal audit staff growth has nearly returned to pre-COVID levels, with 26% reporting growth in 2023, which is only 3 percentage points less than pre-COVID levels. Similarly, staff reductions were only experienced by 11% of survey respondents in 2023, which nearly matches the pre-COVID level of 9% in 2019.

Internal Audit Functions With Staff Growth or Reductions in the Prior Year

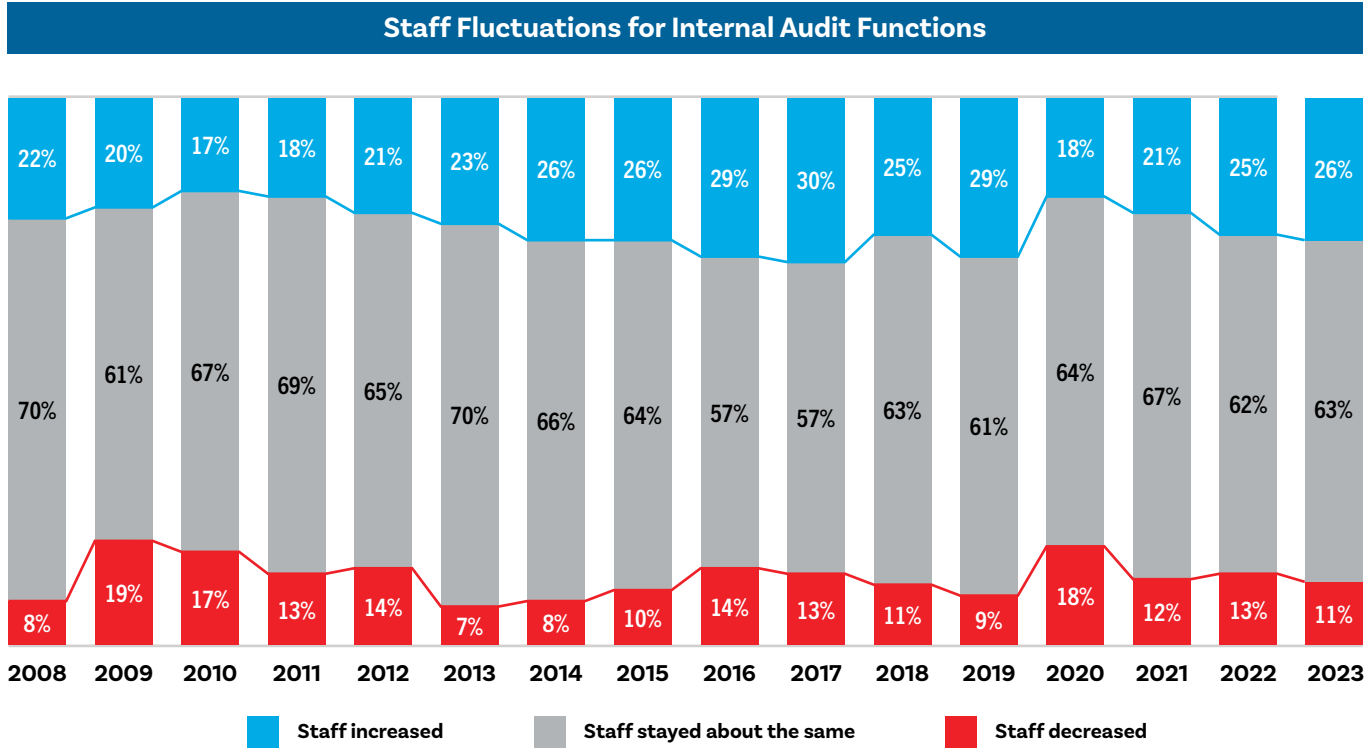


Note: The IIA's North American Pulse of Internal Audit Survey, multiple years. Question: Looking back over the past 12 months, how has the number of in-house and/or sourced staff within your internal audit function changed? Totals may not equal 100% due to rounding. *n* = 440 for 2023.

Staff Fluctuation from 2008 to 2023

About two-thirds said staff levels were unchanged from last year

Compared to budgets, staff sizes are more likely to remain unchanged year over year, with about two-thirds having unchanged staff sizes in 2023, compared to about half for budget. Long-term trends indicate that staff stability varies in different circumstances, with a low of 57% (2016 and 2017) compared to a high of 70% (2008 and 2013).



Note: The IIA's North American Pulse of Internal Audit Survey, multiple years. Question: Looking back over the past 12 months, how has the number of in-house and/or sourced staff within your internal audit function changed? Totals may not equal 100% due to rounding. n = 445 for 2023.



Staff Recruiting

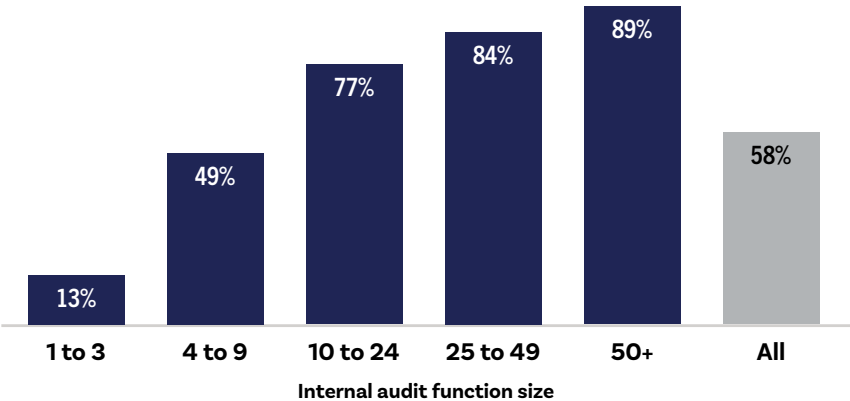
About two-thirds say they did some recruiting in the past year

Sixty-nine percent of respondents said they had recruited to fill an internal audit position in the prior year. (This includes backfilling existing positions or hiring for a new position.) Recruiting to backfill a position was very common for functions with 10 or more FTEs (77% or more). Recruiting to fill a newly created position was much lower, averaging 26% overall.

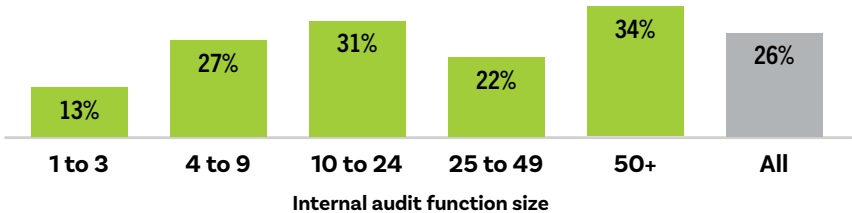
Recruited for Internal Audit Position in the Past 12 Months (Any Position Type)



Recruited for an Open Existing Position in the Past 12 Months



Recruited to Fill a Newly Created Position in the Past 12 Months



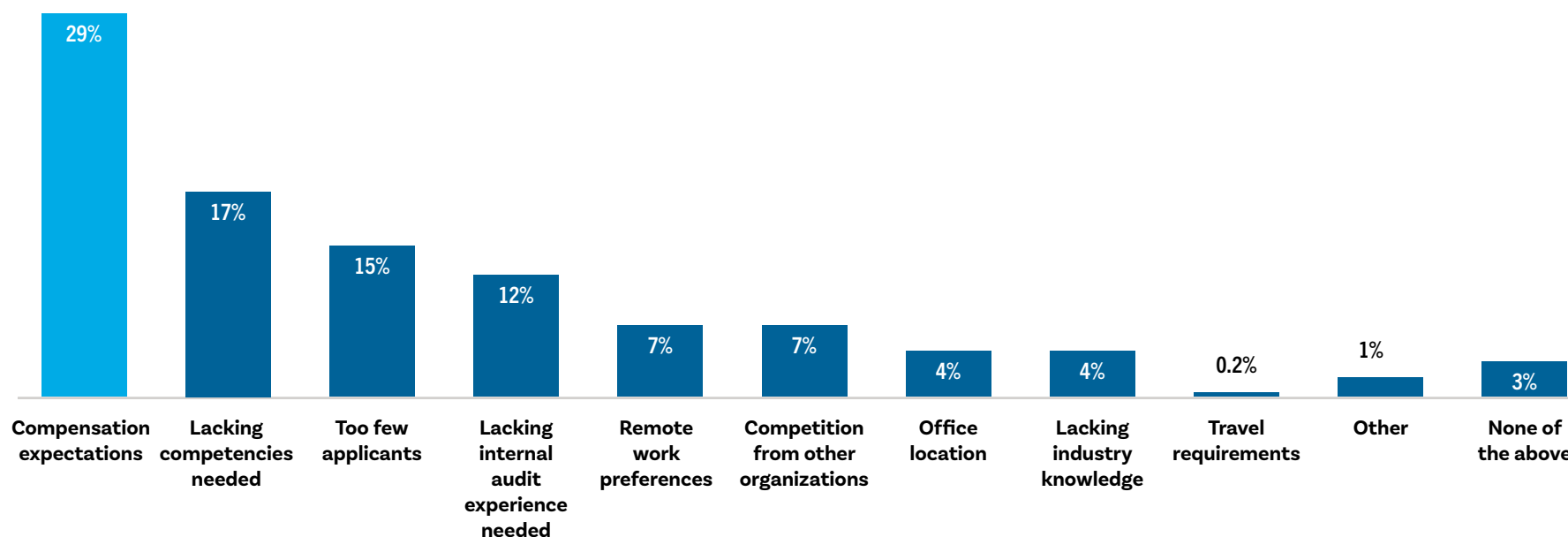
Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q21: Did you recruit to fill any positions for your internal audit function in the past 12 months? (Choose all that apply.) n = 445.

Top Recruiting Challenges

Compensation is a common recruiting challenge, but many other issues are also impactful

When asked to narrow down their biggest recruiting challenge to just one area, the most common answer was compensation expectations, chosen by 29%. However, this means that more than two-thirds of respondents found a challenge other than compensation to be most significant for them. These challenges include lack of competencies, too few applicants, or lack of internal audit experience needed.

Most Significant Challenge in Finding Qualified Candidates



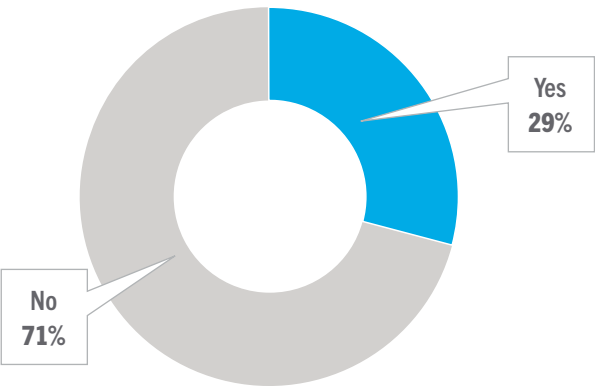
Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q24: What is the most significant challenge you face in finding qualified candidates to hire for the internal audit function? (Choose one.) Those who chose "not applicable" were excluded from this analysis. $n = 402$.

Hiring Recent College Graduates

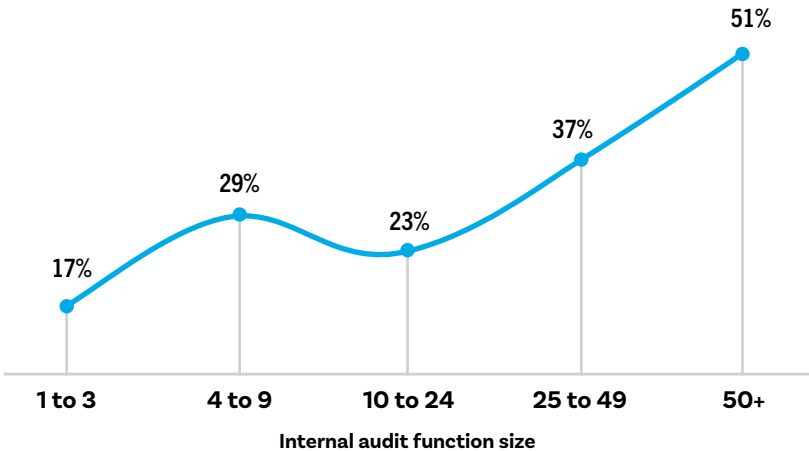
Almost one-third of CAEs said they hired a recent college graduate in the past year

Twenty-nine percent of CAEs say they have hired a recent college graduate. Larger internal audit functions are much more likely to hire recent college graduates compared to functions with less than 25 on staff. Smaller functions may not have structure in place to onboard inexperienced new employees while maintaining needed services.

Hired a Recent College Graduate



Hired a Recent College Graduate
(Compared to Internal Audit Function Size)



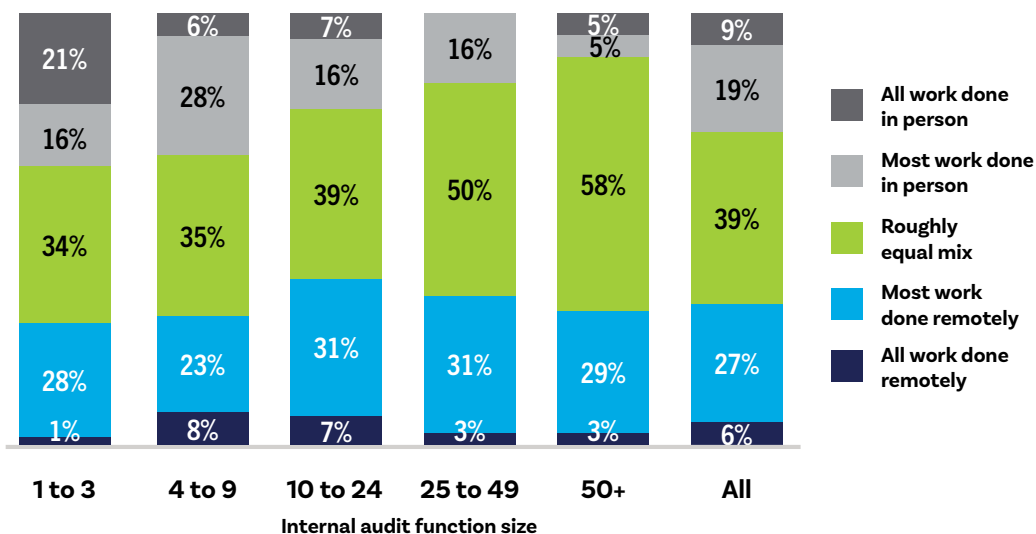
Note: The IIA’s North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q23: Did you fill any positions with people who have less than one year of full-time professional work experience (for example, recent college graduates)? Only those who had hired staff in the previous year were included in analysis. n = 307.

Remote Work Now

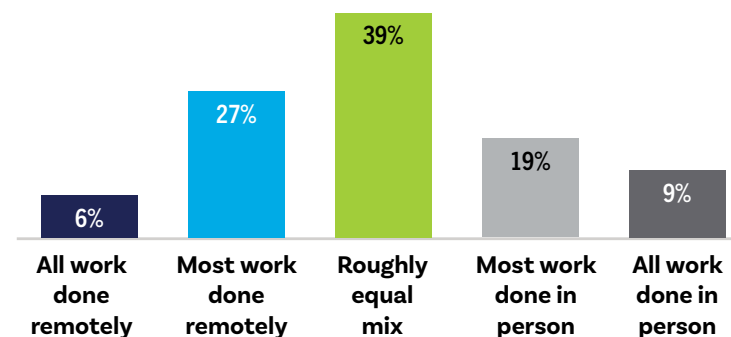
More than 70% of functions work remotely half of their time or more

The most common remote work arrangement is a roughly equal mix of remote and in-person (39% of respondents). Thirty-three percent do all or most work remotely, which is balanced out by 28% who do all or most work in person. These results are very similar to the Pulse of Internal Audit survey conducted for last year. Functions with fewer than 10 FTEs spend more time working in person than larger functions. Millennial CAEs are more likely than the other generations to lead functions where all work is done remotely (15%).

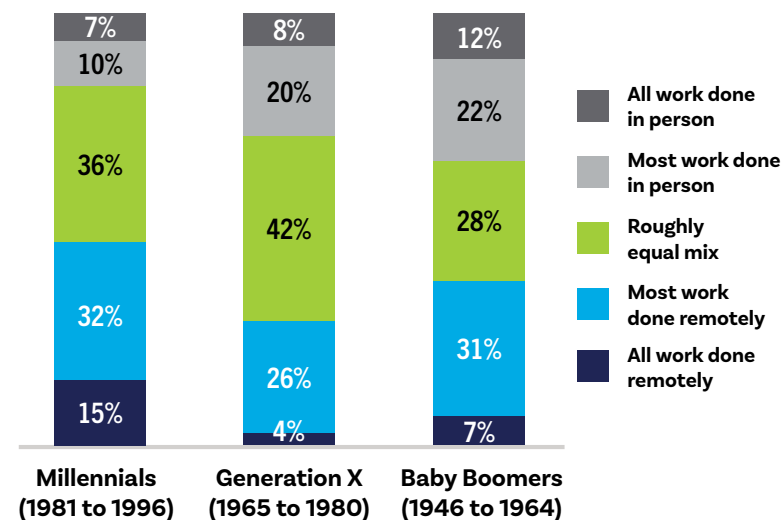
Remote Work (Compared to Function Size)



Current Remote Work Arrangements



Remote Work (Compared to CAE's Generation)



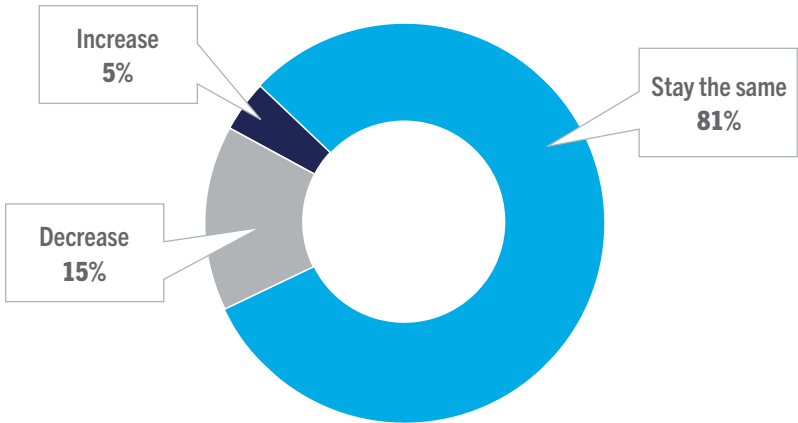
Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q25: In terms of working remotely vs. in-person, how is your internal audit function currently operating? n = 448.

Remote Work Future

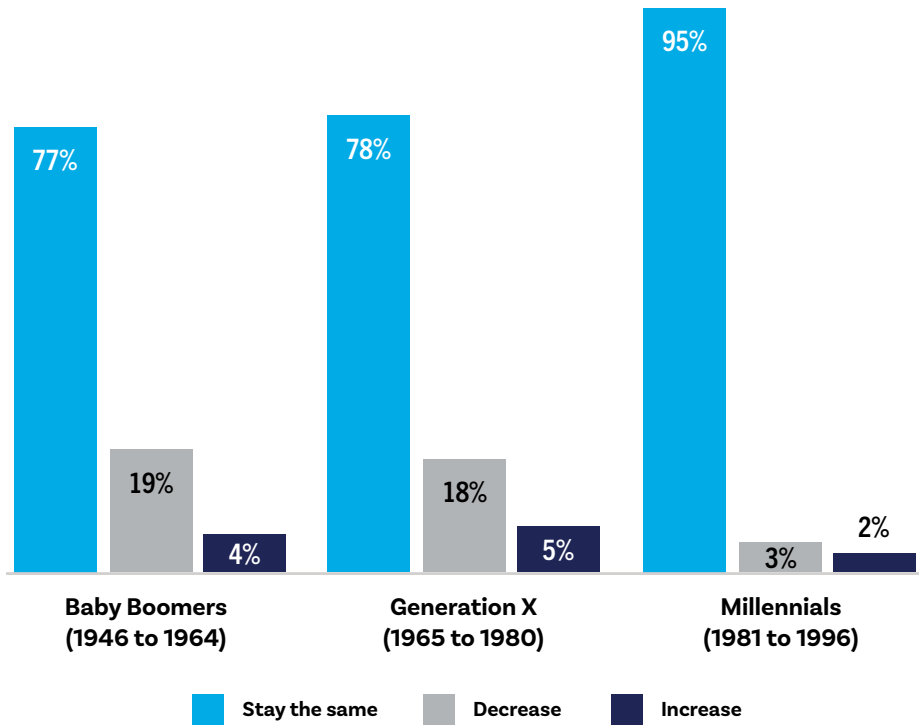
Millennial CAEs have high expectations that remote work will continue as is

Overall, about 80% of all respondents expect remote work to continue as is. However, Millennial CAEs are significantly higher than average, with 95% expecting remote work to continue as is. About one-fifth of Generation X and Baby Boomers expect remote work to decrease.

Expectations for Future Remote Work Levels (All Respondents)



Expectations for Future Remote Work Levels (Compared to Generation)



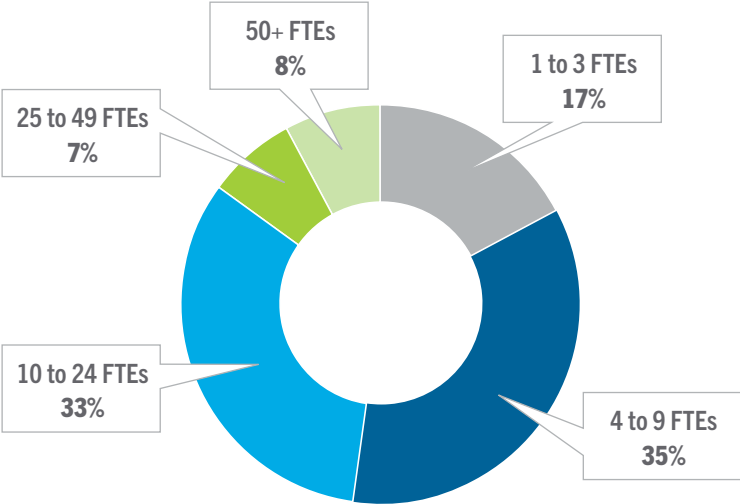
Note: The IIA’s North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q26: Looking ahead over the next 12 months, how do you anticipate that remote work for your internal audit function will change? n = 432.

Internal Audit Function Size

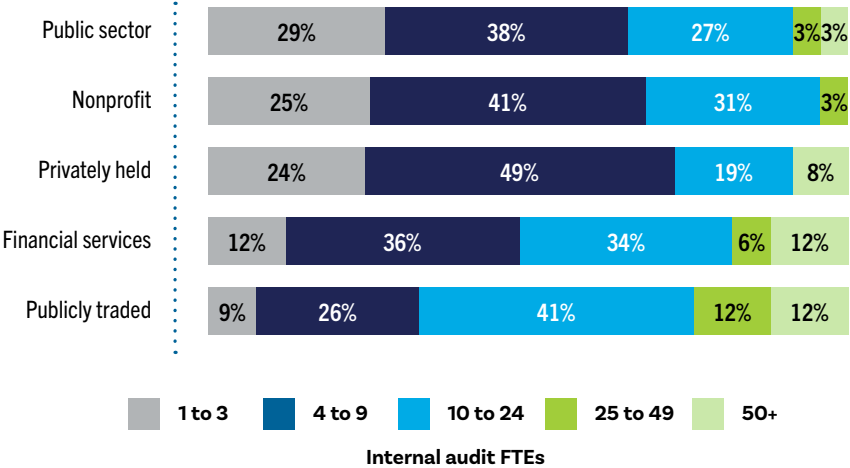
Public sector, nonprofit, and privately held organizations have smaller staff sizes

Many differences in internal audit activities are related to the size of the internal audit function. Overall, most functions have fewer than 10 FTEs (full-time equivalent employees). However, it's worth noting that the majority of functions fall between 4 FTEs and 24 FTEs, with relatively few functions that are larger or smaller. Note: For purposes of the Pulse of Internal Audit report, internal audit function size is the combined total of in-house and outsourced or co-sourced FTEs.

Internal Audit Function Size (FTEs)



Internal Audit Function Size (Compared to Sector)



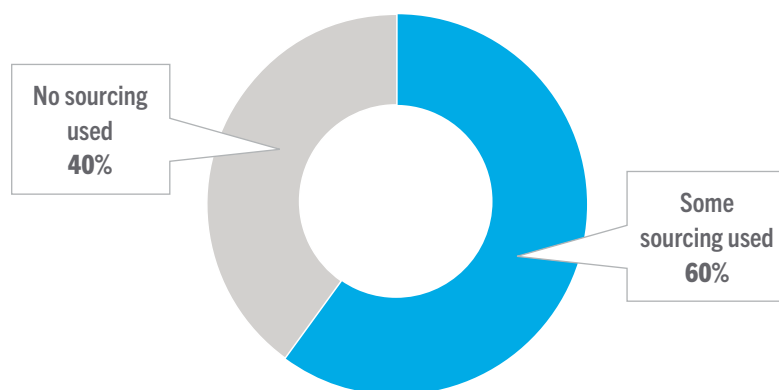
Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q15: How many full-time equivalent employees (FTEs) are in your internal audit function (in-house and/or sourced)? In-house FTEs include the CAE, employees, and long-term contractors. Sourced FTEs include people obtained through short-term contracts, co-sourcing, outsourcing, or similar means. n = 448.

Internal Audit Use of Sourcing

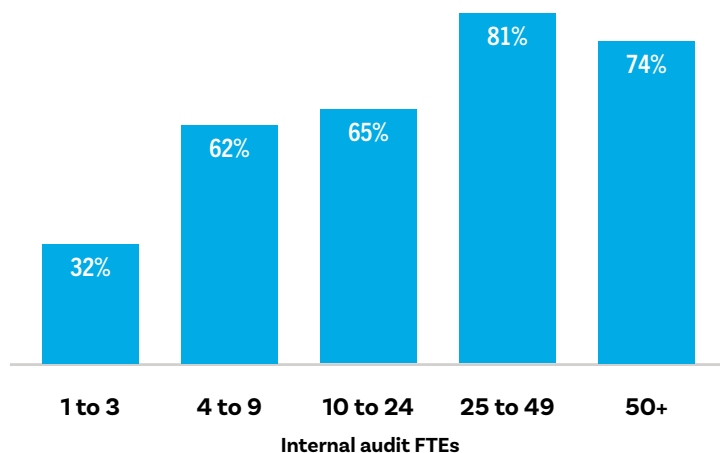
About 60% of all functions use some sourcing for internal audit activities

On average, 60% obtain internal audit services from outsourcing or co-sourcing. However, only 32% of smallest functions use sourcing, compared to 60% or more for larger functions. Engagements that are sourced the most tend to be technology-related (cybersecurity or data security and general IT). Interestingly, Sarbanes-Oxley is not a high area for leveraging sourced services.

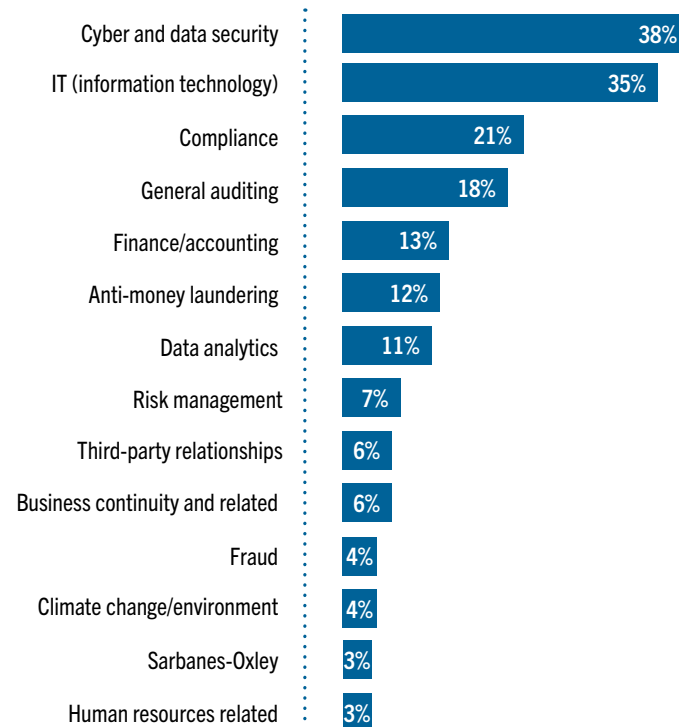
Internal Audit Functions That Use Sourcing



Functions With Sourcing Compared to Internal Audit Size



Most Commonly Sourced Audit Services in the Past 12 Months



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q15: How many full-time equivalent employees (FTEs) are in your internal audit function (sourced)? Q20: In the past 12 months, for which of the following areas have you cosourced or outsourced audit services? (Choose all that apply.) $n = 448$.

SECTION 4

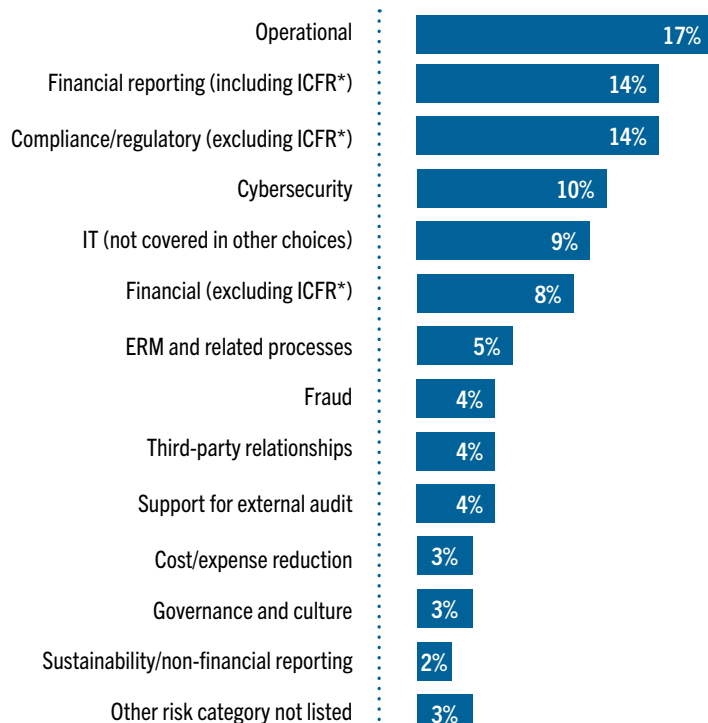
Audit Plans



Audit Plans – All Respondents

Cybersecurity and IT efforts combined make up nearly 20% of respondents' audit plans

Audit Plan for 2024 – All Respondents



Operational auditing is the largest portion of the audit plan on average for all respondents. In those organizations where Sarbanes-Oxley (SOX) is implemented, financial reporting (including ICFR) usually takes the No. 1 position, and operational auditing follows in second place.

Internal audit consistently invests a large amount of effort toward cybersecurity and IT audits – with a combined average of 19%.

Compliance/regulatory (excluding ICFR) is a top component of audit plans on average and across organization types.

Some audit areas with lower allocations in audit plans (4% or less) may be integrated as considerations for audits in general. These areas include fraud, third-party relationships, cost/expense reduction, governance and culture, and sustainability. (See Section 5: Audit Plan Analysis for more information about Integrated Audit Considerations.)

The following pages in this section show audit plans for specific sectors and for financial services.

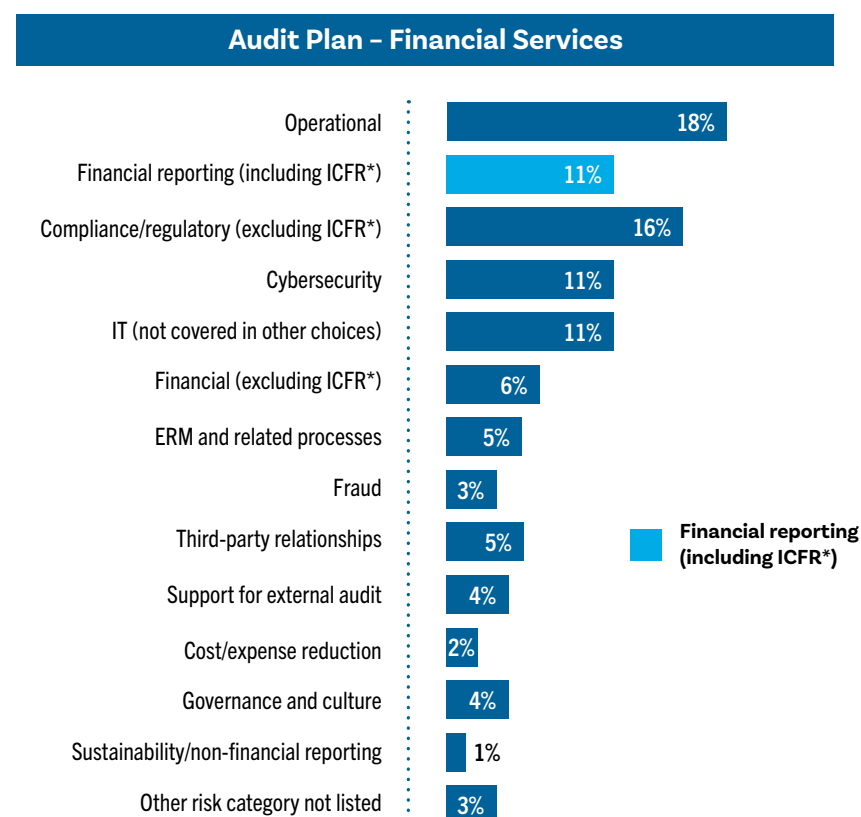
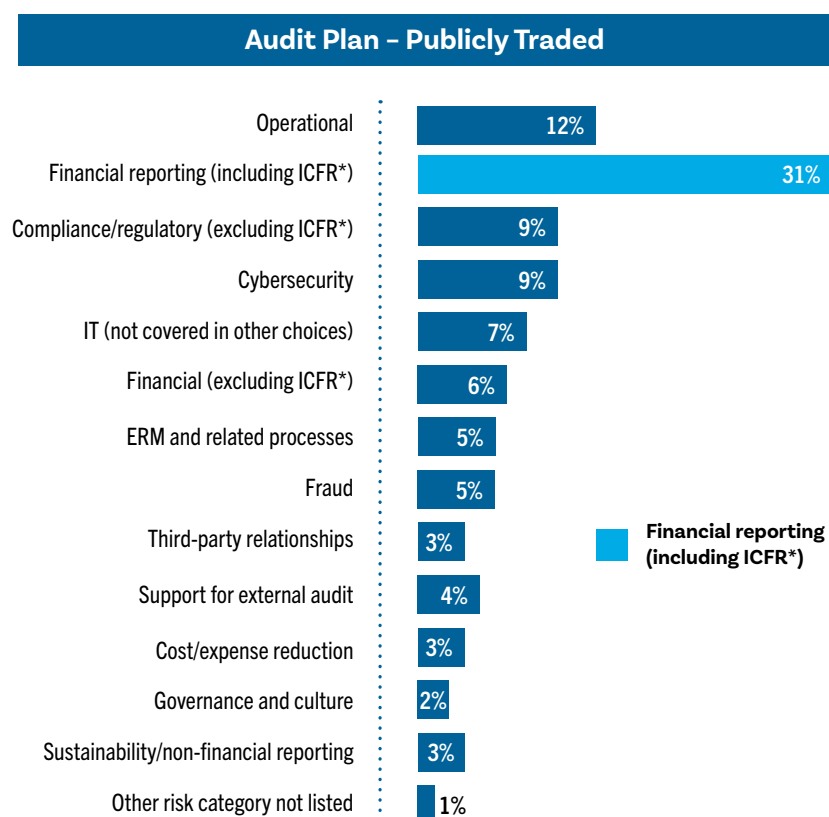
*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q28: Looking ahead over the next 12 months, please indicate what percentage of your audit plan you anticipate will be allocated to each of the risk areas listed. *n* = 448.

Audit Plans – Publicly Traded and Financial Services

Internal audit is heavily involved in SOX compliance for publicly traded companies

Financial reporting (including ICFR) comprises a substantial portion of audit plans for publicly traded organizations (31% on average). If SOX allocation is combined with other compliance at publicly traded organizations, the total is 40%. In contrast, financial services only allocated a total of 27% of the audit plan to financial reporting (including ICFR) and compliance combined.



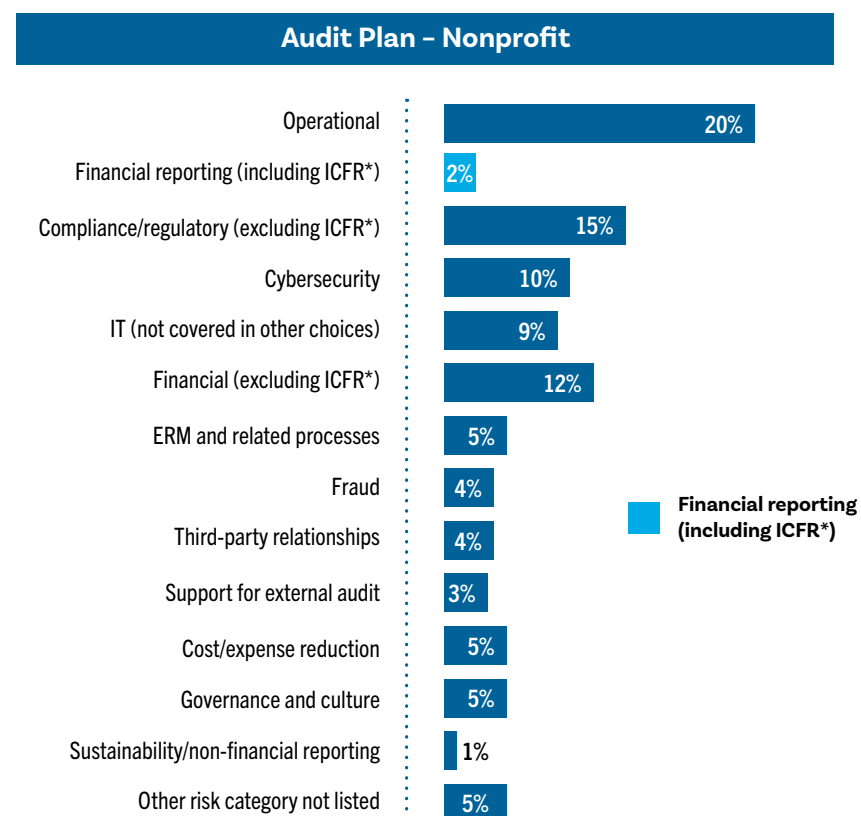
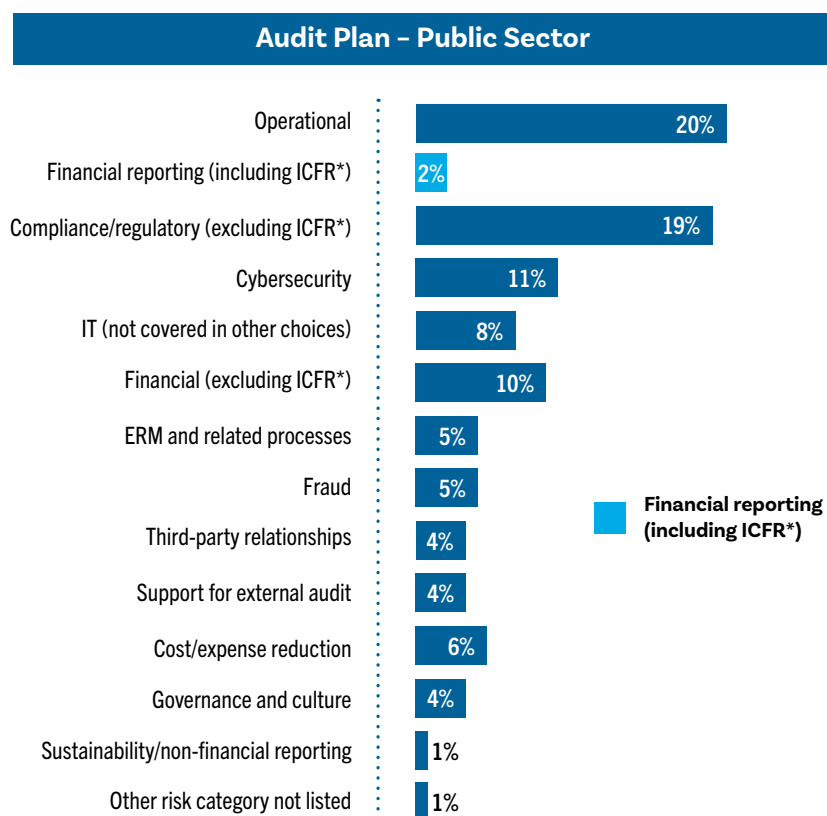
*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q28: Looking ahead over the next 12 months, please indicate what percentage of your audit plan you anticipate will be allocated to each of the risk areas listed. *n* = 130 for publicly traded. *n* = 145 for financial services.

Audit Plans – Public Sector and Nonprofit

Operational efforts top the audit plan for public sector and nonprofit organizations

Because Sarbanes-Oxley reporting is not generally required for public sector or nonprofit organizations, their audit plans require little allocation for financial reporting (including ICFR) (2%). As a result, allocation percentages can be higher for other risk areas, particularly operational and compliance auditing (excluding ICFR).

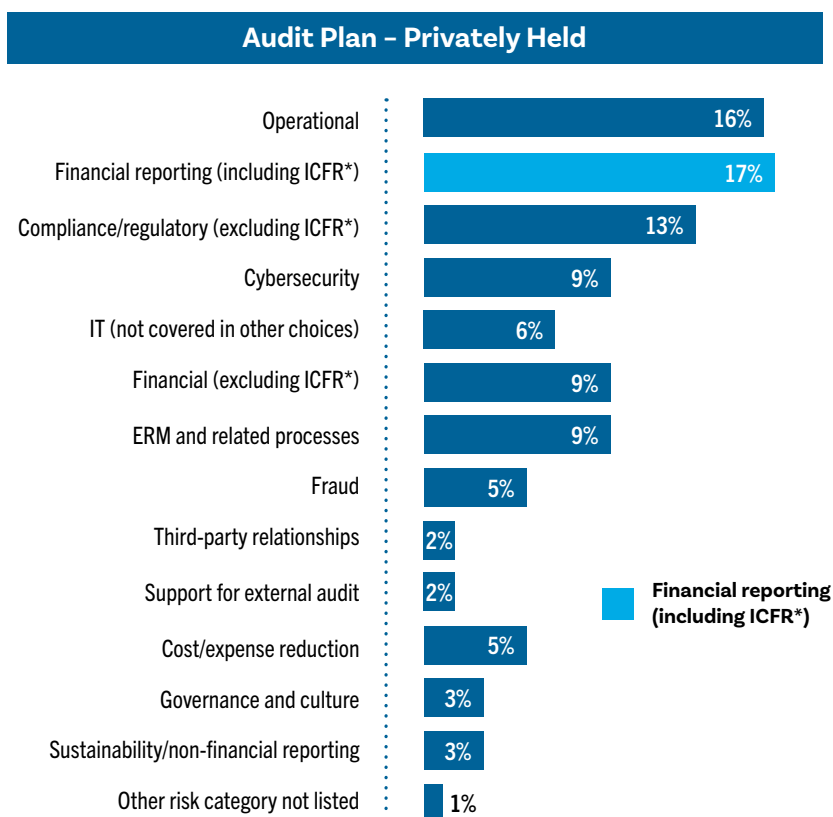


*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q28: Looking ahead over the next 12 months, please indicate what percentage of your audit plan you anticipate will be allocated to each of the risk areas listed. *n* = 95 for public sector. *n* = 32 for nonprofit.

Audit Plans – Privately Held

Slightly lower-than-average audit plan allocation to cybersecurity and IT at privately held organizations



Privately held organizations are slightly lower than overall average for allocation to cybersecurity and IT combined (15% for privately held vs. 19% for overall average.) Although privately held organizations may not be legally required to follow Sarbanes-Oxley requirements, many implement SOX reporting on a voluntary basis. Their average allocation to financial reporting (including ICFR) is 17%.

*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q28: Looking ahead over the next 12 months, please indicate what percentage of your audit plan you anticipate will be allocated to each of the risk areas listed. *n* = 37 for privately held.

SECTION 5

Audit Plan Analysis

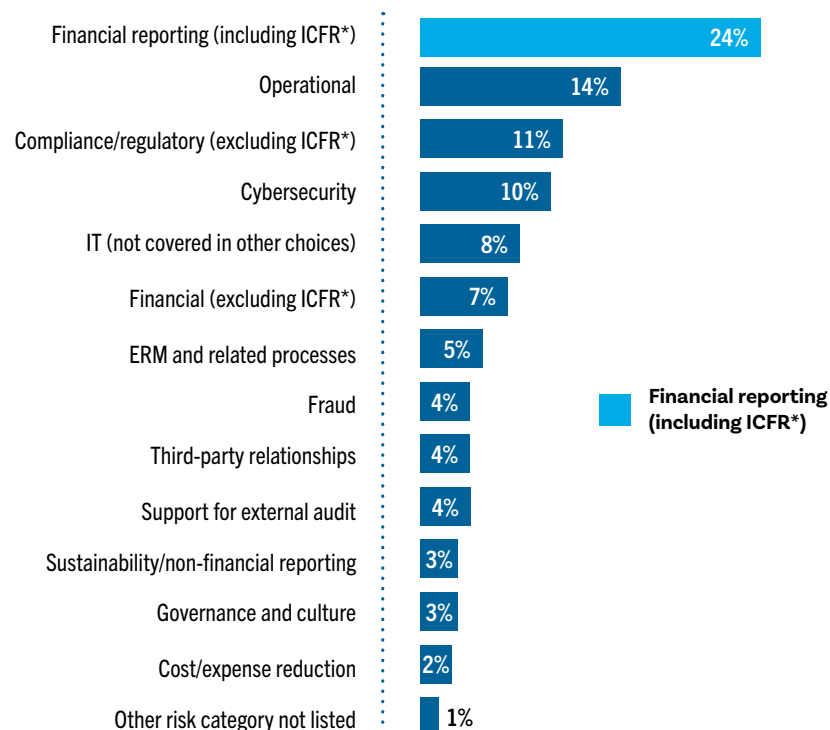


SOX Impact on Audit Plans

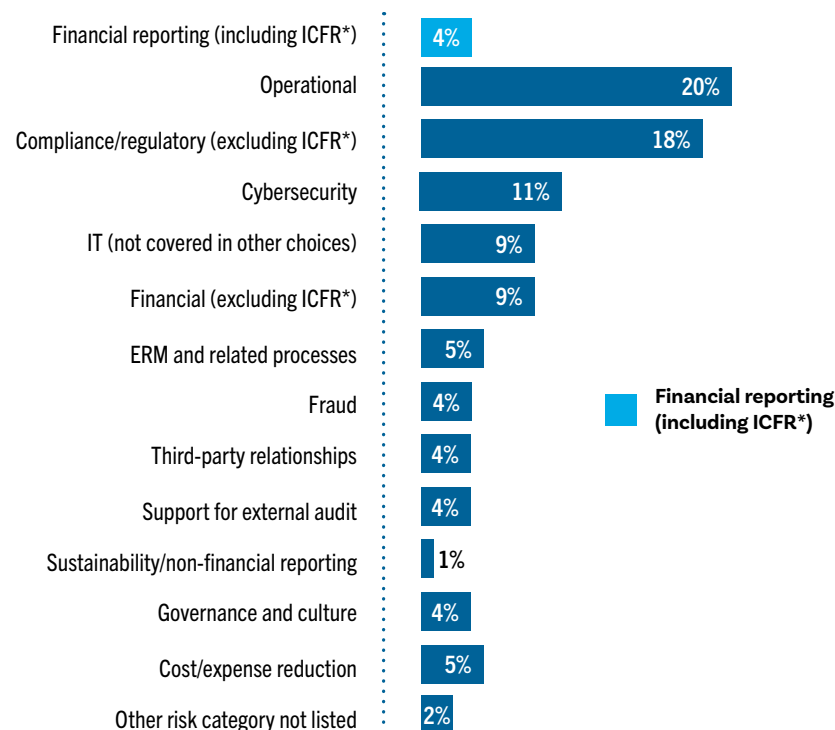
Sarbanes-Oxley comprises a large portion of the audit plan where SOX is implemented

SOX implementation changes the balance of audit plans dramatically. Those with SOX implemented allocated 24% to financial reporting (including ICFR) compared to 4% for those without SOX implemented. In addition, where SOX is implemented, the audit plan had lower allocations for operational auditing (14% compared to 20%). However, totals for cybersecurity and IT were similar between groups (18% for SOX implemented and 20% for SOX not implemented.)

Audit Plan With SOX Implemented



Audit Plan Without SOX Implemented



*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

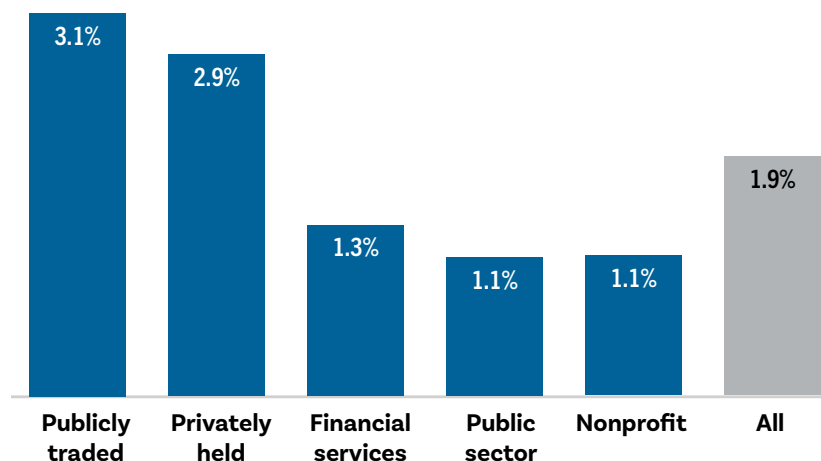
Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q28: Looking ahead over the next 12 months, please indicate what percentage of your audit plan you anticipate will be allocated to each of the risk areas listed. *n* = 239 for SOX implemented. *n* = 205 for SOX not implemented.

Sustainability Auditing

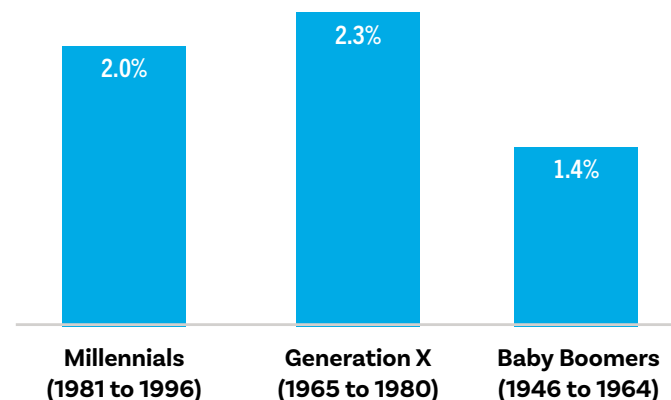
Effort toward sustainability remains low as regulations in the U.S. not yet implemented

Publicly traded and privately held organizations allocated about 3% of their audit plans to sustainability compared to about 1% for financial services, public sector, and nonprofits. Millennial and Generation X CAEs allocated more to sustainability than Baby Boomer CAEs. Although audit plan allocation toward sustainability is small, sustainability was considered as a part of other audits by 22% of respondents. (See the next page for more details.)

**Sustainability/Non-Financial Reporting
(Compared to Organization Type)**



**Sustainability/Non-Financial Reporting
(Compared to Generation)**

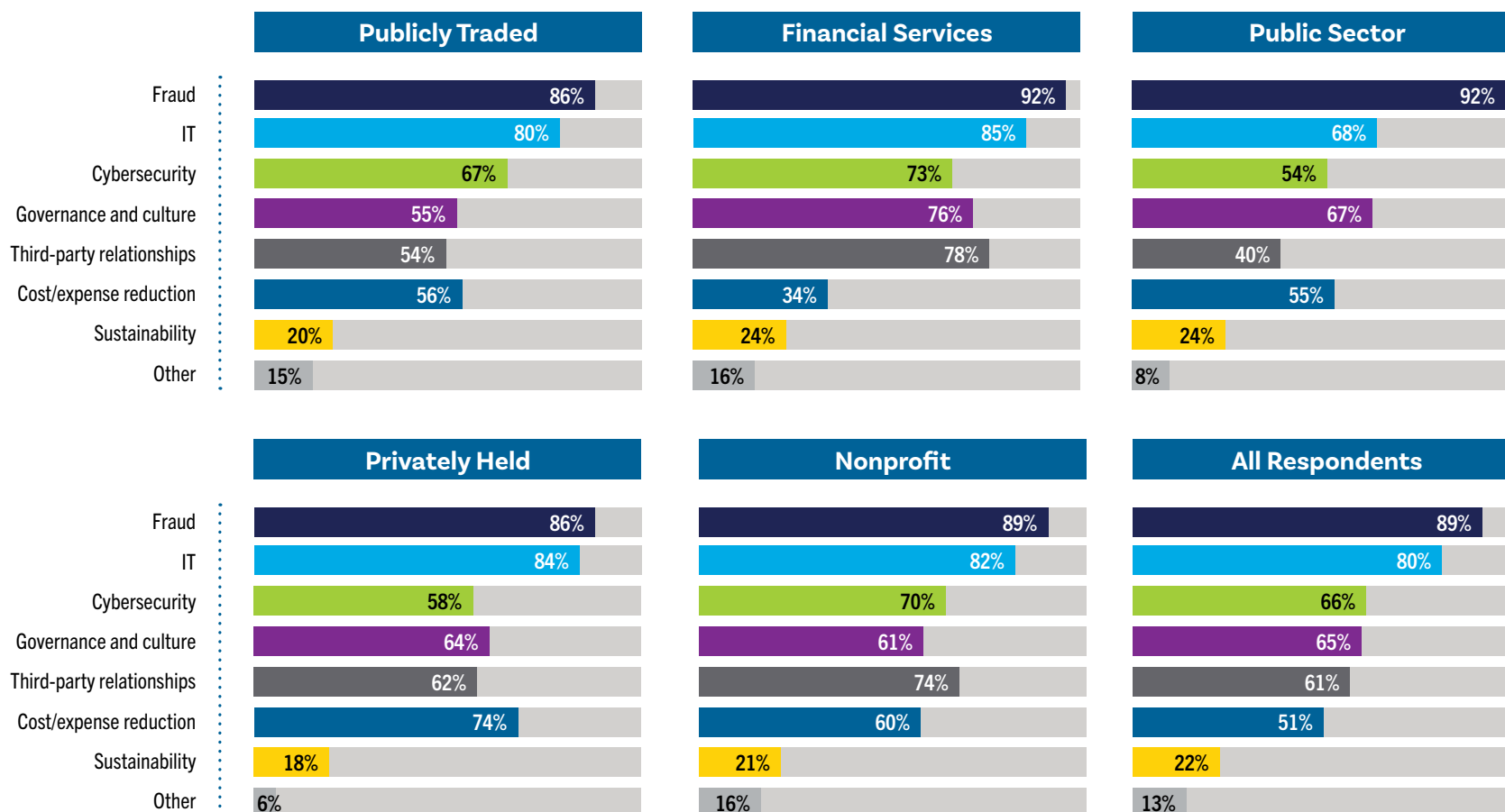


Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q28: Looking ahead over the next 12 months, please indicate what percentage of your audit plan you anticipate will be allocated to each of the risk areas listed. $n = 448$ for organization type comparison. $n = 354$ for generation comparison.

Integrated Audit Considerations

Integrated considerations provide insights across the audit universe

CAEs were asked to indicate which areas they consider as part of their audits in general. Answers show that auditors often take a holistic approach and consider a broad range of issues. Because these areas are integrated into other audits, they might not be included in the audit plan as separate audits (particularly fraud, governance, third-party relationships, and cost/expense reduction).



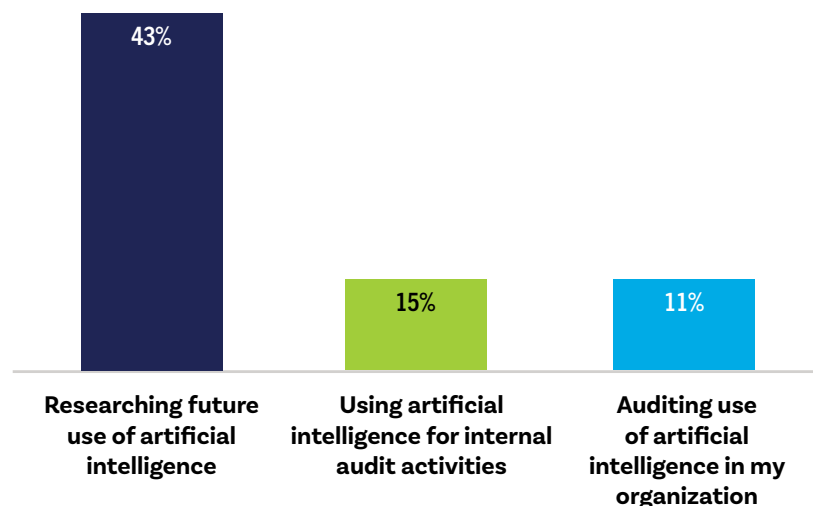
Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q29: When you are conducting audit engagements in general, which of the following areas do you usually include in your considerations? (Choose all that apply.) $n = 448$.

Artificial Intelligence Involvement

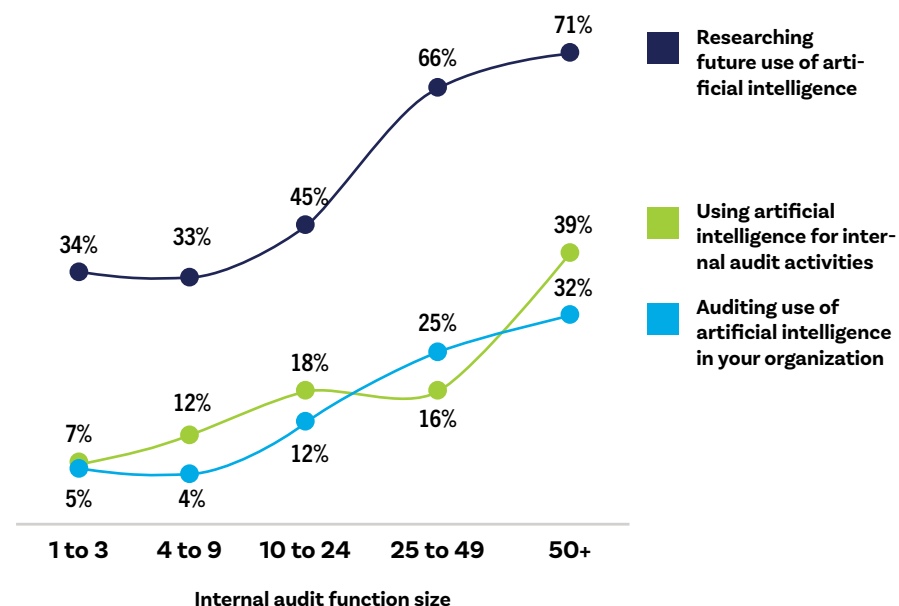
Many functions are researching use of AI, fewer are auditing or using it

Internal audit involvement with artificial intelligence (AI), including generative AI, can be divided into three domains: 1) researching future use, 2) using it for internal audit activities, 3) auditing its use in the organization. At the time of the survey in November and December of 2023, research far outweighed use or auditing. But technology moves quickly, and it is likely that these percentages will be different by the end of 2024 when the survey is repeated.

Internal Audit Involvement in Artificial Intelligence



Internal Audit Involvement in Artificial Intelligence (Compared to Function Size)



Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q30: Is your internal audit function involved in any of the following activities related to artificial intelligence? (Choose all that apply.) $n = 448$.

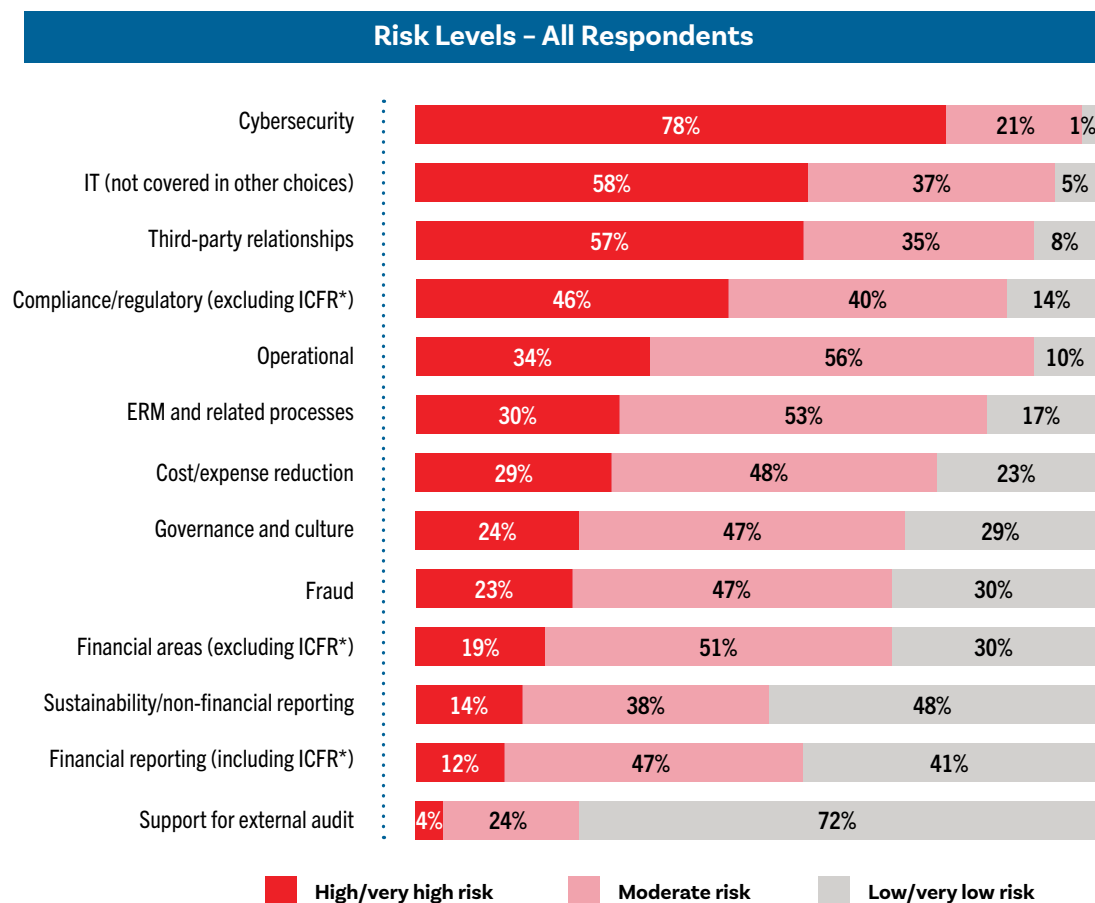
SECTION 6

Risk Levels



Risk Levels – All Respondents

Technology drives the two highest risk areas – cybersecurity and IT



Risk assessment is an essential component of audit planning. While risk rankings are similar across sectors, there are some differences worth noting, for example:

- Financial services risk levels are generally higher than average this year.
- Nonprofit organizations see higher risk for cost/expense reduction than other sectors.
- For privately held organizations, fraud risk is rated higher than for most other sectors.

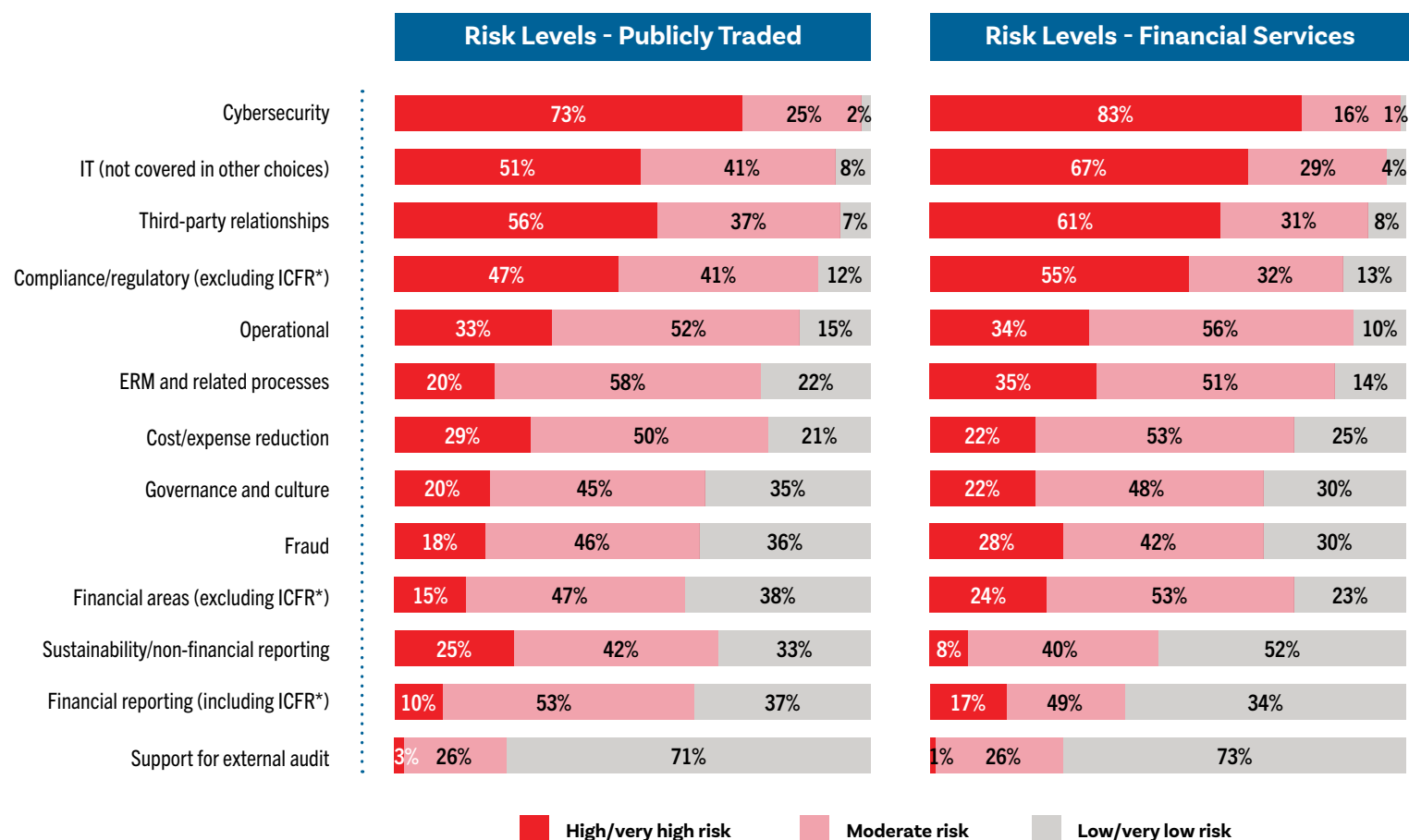
The following pages in this section show risk levels for different sectors and for financial services.

*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q27: How would you describe the level of risk in your organization in the following risk areas? *n* = 414.

Risk Levels – Publicly Traded and Financial Services

Risk levels in financial services are generally elevated above average

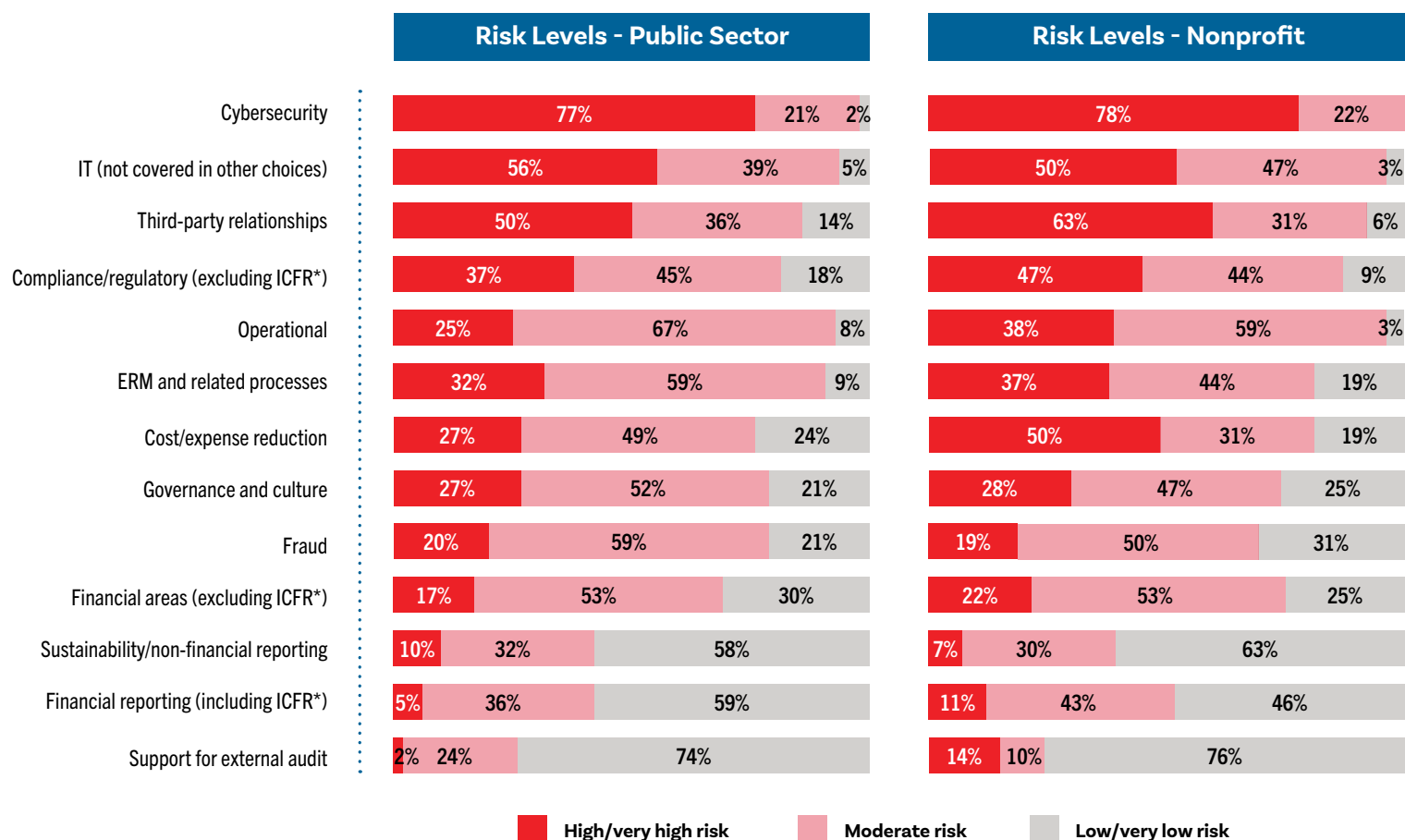


*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q27: How would you describe the level of risk in your organization in the following risk areas?
 n = 130 for publicly traded. n = 145 for financial services.

Risk Levels – Public Sector and Nonprofit

Nonprofit organizations cite the highest level of risk for cost/expense reduction (50%)

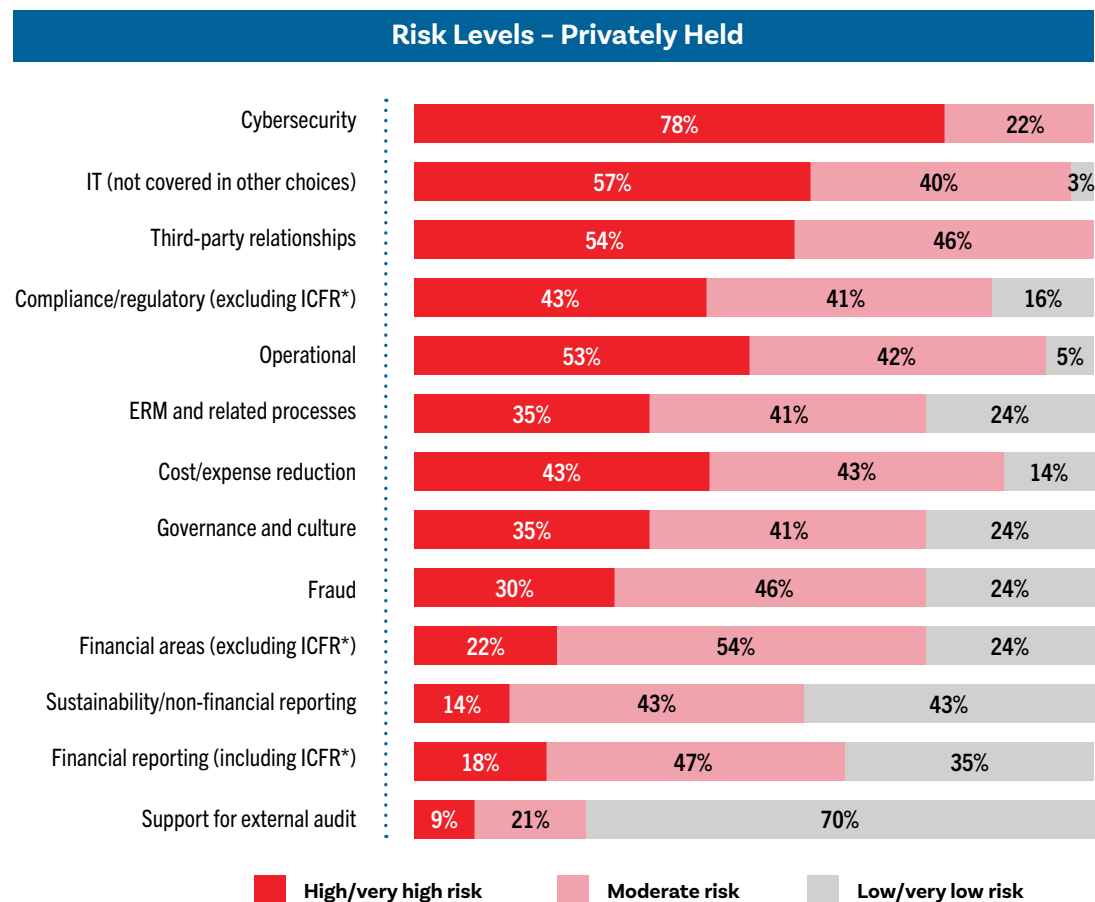


*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q27: How would you describe the level of risk in your organization in the following risk areas?
 n = 95 for public sector. n = 32 for nonprofit.

Risk Levels – Privately Held

For privately held organizations, fraud risk is rated higher than for most other sectors



*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Nov. 3 to Dec. 5, 2023. Q27: How would you describe the level of risk in your organization in the following risk areas?
 n = 34 for privately held.

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