



Chief Audit Executives Concerned About Regulatory Pressure

Almost half of Chief Audit Executives believe that regulatory compliance pressures have impacted their ability to complete thorough audits, according to new research.

The burden of compliance has hit companies hard and these results highlight the challenge posed by compliance regulation that requires companies to assess and test the effectiveness of internal controls on an ongoing basis.

The research, *Evolving Role of Internal Audit*, was commissioned by ACL Services in cooperation with *The Institute of Internal Auditors* (The IIA), and is a global survey of more than 800 chief audit executives. The survey uncovers the key business challenges that have

arisen from balancing compliance requirements with the traditional duties of internal audit.

The study confirms that in the midst of compliance burdens, audit leaders view the adoption of continuous monitoring and audit technology as a possible solution to many of the problems identified. Indeed over 90% of audit executives feel that their organisations should automate the testing of their internal controls (continuous monitoring) at the management and business process owner level.

Key findings from the survey include:

- one in five audit executives felt their department's independence was compromised by their involvement in compliance programmes
- a total of 36% of organisations have adopted a continuous auditing approach across either all or within select business processes
- a shortage of skilled internal audit staff was identified as the most critical challenge to fulfilling the internal audit mandate (68%)
- other major global challenges identified were the complexity of the IT environment (65%) and the lack of ownership for controls and related risk (62%).

Audit independence is considered to be the cornerstone of the internal audit profession (IIA Standard 1100), but despite this, a significant number of respondents (20%) felt that their involvement in compliance programmes did compromise their audit independence.

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