



Date: January 2007  
Frequency: Online  
Website: [www.complianceexecutive.com](http://www.complianceexecutive.com)

## **Regulatory Compliance Found to Compromise Internal Audit**

New Global Survey Reveals Concerns of Chief Audit Executives.

Almost half of Chief Audit Executives believe that regulatory compliance pressures have impacted their ability to complete thorough audits, according to research launched today. 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 an important solution to many of the problems identified. Indeed over 90 percent 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 percent of organisations have adopted a continuous auditing approach across either all or within select business processes
- 39 percent plan to implement continuous auditing in the near future
- A shortage of skilled internal audit staff was identified as the most critical challenge to fulfilling the internal audit mandate (68 percent)
- Other major global challenges identified were the complexity of the IT environment (65 percent) and the lack of ownership for controls and related risk (62 percent)

"Compliance can be a time-consuming distraction of internal auditing's focus from its day-to-day responsibilities," said Dave Richards, president of The Institute of Internal Auditors. "If this prevents the internal auditors from completing the audit plan, it leaves companies wide open to a vast array of other risks that should be assessed and monitored. Software that automates the testing of internal controls to help meet compliance requirements can be a useful tool in balancing the scope of internal audit work."

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 percent) felt that their involvement in compliance programmes did compromise their audit independence.

"It is clear from the survey that Chief Audit Executives in Europe support management taking ownership of the ongoing monitoring of internal controls," said Harald Will, president and CEO of ACL Services. "Rather than organisations tying up valuable resources testing their internal controls manually, senior auditors say leveraging continuous auditing and monitoring technology is a far superior solution."