

INTERNAL AUDIT FOUNDATION

2022 Premier Global Research

Internal Audit: A Global View



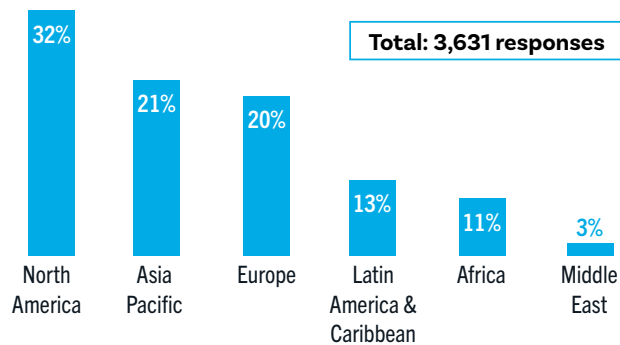
2022 Premier Global Research



In 2021, the Internal Audit Foundation, in collaboration with The IIA, deployed its largest global survey since 2015 to gather information about internal audit focus, how functions meet expectations, conformance to the *International Standards for the Professional Practice of Internal Auditing*, and demographic trends worldwide.

With the support of IIA affiliates and regional bodies, this survey was distributed to internal auditors via email and social media from July to September of 2021. More than 3,600 responses were received from 159 countries and territories in all regions of the world.

Responses Per Region



Internal Audit Foundation's Premier Global Research Initiative

For more than 45 years, the Internal Audit Foundation has served the internal audit profession by delivering knowledge that shapes the profession and supports practitioners globally.

The Foundation exists to help audit practitioners experience continuous growth in their careers and propel them to become respected and trusted advisors and thought leaders in the industry. Through its relationship with The IIA and its global affiliates, the Foundation is uniquely positioned as the hub of research, information, and knowledge.

In recent years, the Foundation has further expanded global research efforts through the release of an annual premier research report. These projects enhance previous Common Body of Knowledge (CBOK) research by offering current, relevant findings on emerging topics. Each area of focus provides knowledge on how the profession is currently practiced and changes that are anticipated in the future.

The Foundation is pleased to present you with its 2022 Premier Global Research report, providing a global view of internal auditing today.

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Foreword

As we both begin new leadership terms, it's fitting that The IIA's focus for the next year is *One IIA - Building Trust Together*. After more than two years of pandemic life, in which our shared humanity and common struggle against COVID brought us together and helped us connect, work, and live in new ways, the truly global nature of our profession has never been clearer. The internal audit profession spans the globe, yet we're united under one set of professional standards and committed to the same mission – providing objective and independent assurance for our stakeholders.

For all the things we have in common, however, we know that local and regional differences can make your specific internal audit challenges and opportunities look very different from peers in other parts of the world. That's why this study is so important; and so valuable – it truly captures the breadth and depth of our global profession and the nuances of industries, sectors, and regions, because it includes feedback from more than 3,600 auditors from 159 locations.

The results reveal regional differences within a vibrant and diverse profession that's broadly involved in traditional activities like compliance, risk, and fraud. We're also adding value for our stakeholders through governance, sustainability, and IT/cybersecurity engagements.

In the following pages, we examine how internal audit functions are positioned differently within entities, analyze how a function's reporting line correlates with its funding, and dive deeper into other regional differences.

Within the report, we provide 12 action items in areas where there are opportunities for improvement and continued growth. Small incremental improvements add up to a stronger, more influential profession that builds trust together.

We hope this report gives you a fresh perspective of our global profession.

The Internal Audit Foundation and The Institute of Internal Auditors are proud to present ***Internal Audit: A Global View***.



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Acknowledgments

The Internal Audit Foundation would like to acknowledge **The IIA's 2022 International Conference Host, IIA-Chicago**, for their generous contribution in support of this global research project. We would also like to thank The IIA's North American chapters and the following 67 global affiliates and 5 regional bodies for supporting the 2021 global survey that made this report possible.

IIA-Albania	IIA-Dominican Republic	IIA-Kenya	IIA-Qatar
IIA-Argentina	IIA-Ecuador	IIA-Kuwait	IIA-Russia
IIA-Australia	IIA-El Salvador	IIA-Latvia	IIA-Rwanda
IIA-Azerbaijan	IIA-Egypt	IIA-Lithuania	IIA-Saudi Arabia
IIA-Belgium	IIA-Estonia	IIA-Malawi	IIA-Serbia
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IIA-Costa Rica	IIA-Hong Kong (China)	IIA-Nicaragua	IIA-Turkey
IIA-Cote d'Ivoire	IIA-Hungary	IIA-Nigeria	IIA-United Arab Emirates
IIA-Croatia	IIA-India	IIA-North Macedonia	IIA-United Kingdom & Ireland
IIA-Cyprus	IIA-Italy	IIA-Norway	IIA-Zambia
IIA-Czech Republic	IIA-Japan	IIA-Peru	IIA-Zimbabwe
IIA-Denmark	IIA-Kazakhstan	IIA-Portugal	



African Federation of
Institutes of Internal
Auditors (AFIIA)



Asian Confederation
of Institutes of Internal
Auditors (ACIIA)



European Confederation
of Institutes of Internal
Auditing (ECIIA)



Latin American
Foundation of Internal
Auditors (FLAI)



Union Francophone de
l'Audit Interne (UFAI)



Executive Summary

Internal audit best practice is evolving to meet the needs of organizations at a time of unpredictable change. *Internal Audit: A Global View* is The IIA's first major global survey of practitioners in recent years to map and benchmark developments in the profession. Through this report, you will gain insight into foundational questions, such as:

- In what areas are internal auditors focusing their efforts?
- How well are the *Standards* being followed?
- Is funding sufficient for internal audit to achieve its mission?
- How are the demographics of internal auditors changing?

Discoveries in key areas include:

- **Information technology and cybersecurity** – Many CAEs say their internal audit functions have significant involvement in reviewing information technology and/or cybersecurity, which impacts how audit leaders manage staff competencies and co-sourcing.
- **Standards conformance** – Conformance with the *Standards* has increased among survey respondents during the last six years in all major standards series. At the same time, some audit functions struggle to implement internal and external quality assessments (Standard 1300).
- **Internal audit funding** – Internal audit functions were more likely to have sufficient funding if they reported functionally to audit committees, boards, or board equivalents.
- **Demographic trends** – Representation of women is increasing in several regions. At the same time, the profession appears to be trending older, which presents challenges for the talent pipeline.

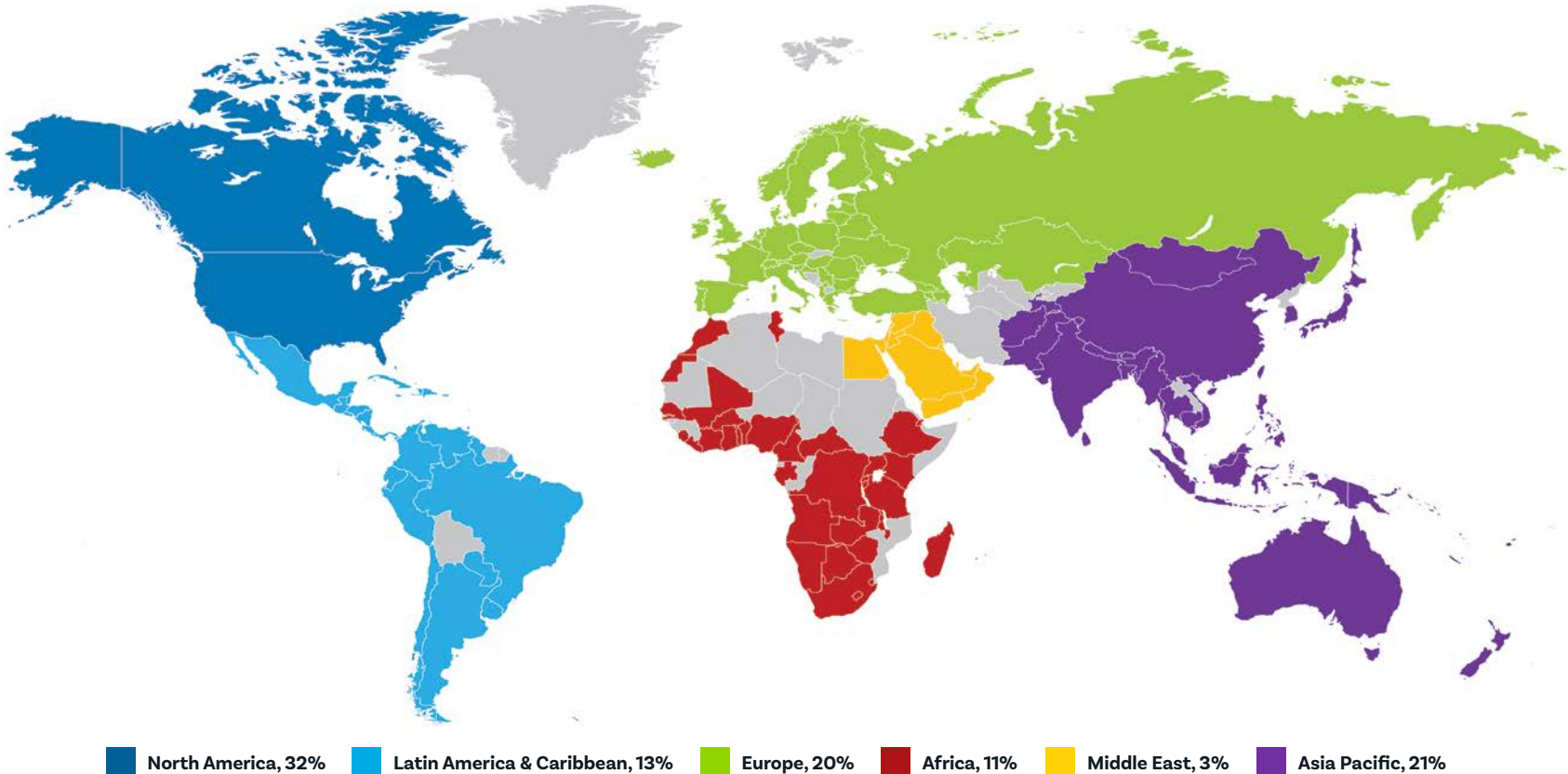
Throughout the report, the unique characteristics of different regions are highlighted and discussed. In addition, in-depth interviews were conducted with internal audit leaders from around the world to obtain their perspectives on the results.



Participant Map

More than 3,600 responses received from 159 countries and territories

The survey was distributed through IIA affiliates around the world, producing responses from 159 countries, dependencies, and areas of special sovereignty. Areas from which responses were received are highlighted in the map below and color-coded in the region groupings that are used in the report for analysis. The region groupings are aligned with IIA membership regions.



Key Findings and Actions

Section 1: Internal Audit Focus

When chief audit executives (CAEs) were asked to identify areas where internal audit functions have significant involvement, compliance activities figured highly (78%), followed by fraud (57%) and risk assessment (56%). In addition, 51% also said they spent significant time on information technology and/or cybersecurity.

In addition to leading their audit functions, about two-thirds of CAEs said they had responsibility for other areas as well. The most frequently cited were compliance (41%) and fraud (39%).

Although internal audit covers a broad range of activities, internal audit functions are generally small. About half of CAEs reported that they had 5 or fewer staff members. Globally, only 10% of CAEs said they managed functions of more than 50.

To supplement regular employees on staff, 54% of CAEs reported outsourcing or co-sourcing internal audit services. Those who outsourced or co-sourced generally used these methods to obtain 25% or fewer of their staff. The most common reason cited for outsourcing or co-sourcing was the need to acquire technical knowledge (76%).

Section 2: Meeting Expectations

Conformance with the Standards has increased since The IIA's last major survey on the issue in 2015, with conformance for most standards series ranging from 81% to 87%. The lone exception was Standard 1300, which requires a Quality Assurance and Improvement Program (QAIP), for which only 62% indicated conformance in 2021.

Almost all internal audit functions (94%) said they had a charter, as required by the *Standards*. Many have also implemented an internal audit operating manual (78%) and a code of ethics (75%). Fewer monitor key performance indicators (51%) or have documented internal audit strategies (44%).

More than 80% of survey respondents indicated their internal audit functions were at maturity level 3 or higher on the [Internal Audit Ambition Model](https://jia.nl/kwaliteit/ambition-model). (jia.nl/kwaliteit/ambition-model)

Key Actions

Section 1

- In addition to essential compliance skills, build skills in other areas of significant internal audit involvement as well, including fraud, risk assessment, and technology.
- For risk areas in which internal audit has responsibility, ensure that management retains oversight and reviews are conducted independently.
- Balance in-house and co-sourced staffing to ensure needed technical skills are obtained.

Section 2

- Use the *Standards* to guide and demonstrate internal audit professionalism.
- Improve internal audit effectiveness by implementing a Quality Assurance and Improvement Program (QAIP).
- Track key performance indicators (KPIs) and define strategy to demonstrate value and align with business priorities.



Key Findings and Actions (continued)

Section 3: Influence and Funding

For most regions of the world (other than North America), an average of 67% of CAEs said they report administratively to the CEO. However, in North America, only 38% said they report administratively to the CEO, with many reporting to the chief financial officer (CFO) (31%) or other executive levels (18%) instead.

In terms of functional reporting, almost 3 out of 4 CAEs said they report functionally to an audit committee or board, an arrangement that is often a reliable indicator of internal audit independence. At the same time, survey responses indicate that regional differences in governance structures play a role in how reporting lines are described.

Globally, 51% of CAEs said they were “mostly or completely” funded. Reporting functionally to an audit committee, board, or board equivalent was associated with significantly higher levels of funding sufficiency in certain regions.

Section 4: Today’s Internal Auditor

At a global level, 61% of respondents were men compared to 37% women (and 2% who did not disclose). In some regions, more than 75% of respondents were men. But in North America, the ratio was closer to equal.

Survey respondents in 2021 were significantly older than survey respondents in 2015, with those 40 years old or younger dropping 17 percentage points (from 43% to 26%). This raises concerns about the talent pipeline.

Internal auditors worldwide reported high levels of certification and education. More than half (55%) hold at least one internal audit certification. In addition, the vast majority of respondents have earned bachelor’s degrees or higher (96%).

Certification rates increased with seniority. Among those at staff level, 44% had internal audit certifications, compared to at least 60% for CAEs and directors. Those with internal audit certifications reported significantly more training hours per year than non-certified auditors.

Key Actions

Section 3

- Consider the possible effect of having an administrative reporting line that does not go to the CEO.
- Secure independence through appropriate functional reporting lines, based on organizational characteristics.
- Leverage audit committees or boards to advocate for sufficient internal audit funding.

Section 4

- Provide relevant opportunities to attract and retain younger talent.
- Enhance career development with internal audit certification.
- Ensure adequate training hours for both certified and non-certified auditors.



Section 1. Internal Audit Focus

Summary

The survey asked CAEs to select the areas in which their internal audit functions have “significant levels of involvement.”

Compliance figured highly across all regions, averaging 78%. Other areas with broad involvement were fraud (57%) and enterprise risk management (56%).

Notably, 51% of CAEs said their functions were significantly involved in information technology and/or cybersecurity. Even though this involvement may appear as a relatively low percentage of an audit plan, it’s an important statistic about the skills that internal audit functions need (see the [2022 North American Pulse of Internal Audit](#) for audit plan allocation statistics).

In addition to managing their audit functions, about two-thirds of CAEs said they had responsibility for other areas as well. The most frequently cited were compliance (41%) and fraud (39%). Others were ethics (29%), enterprise risk management (ERM) (26%) and governance, risk management, and compliance (GRC) (25%).

Despite their diverse activities, internal audit functions are generally small. About half of CAEs (51%) reported that their functions had 5 or fewer people on staff. Globally, only 10% of CAEs said they managed functions of more than 50.

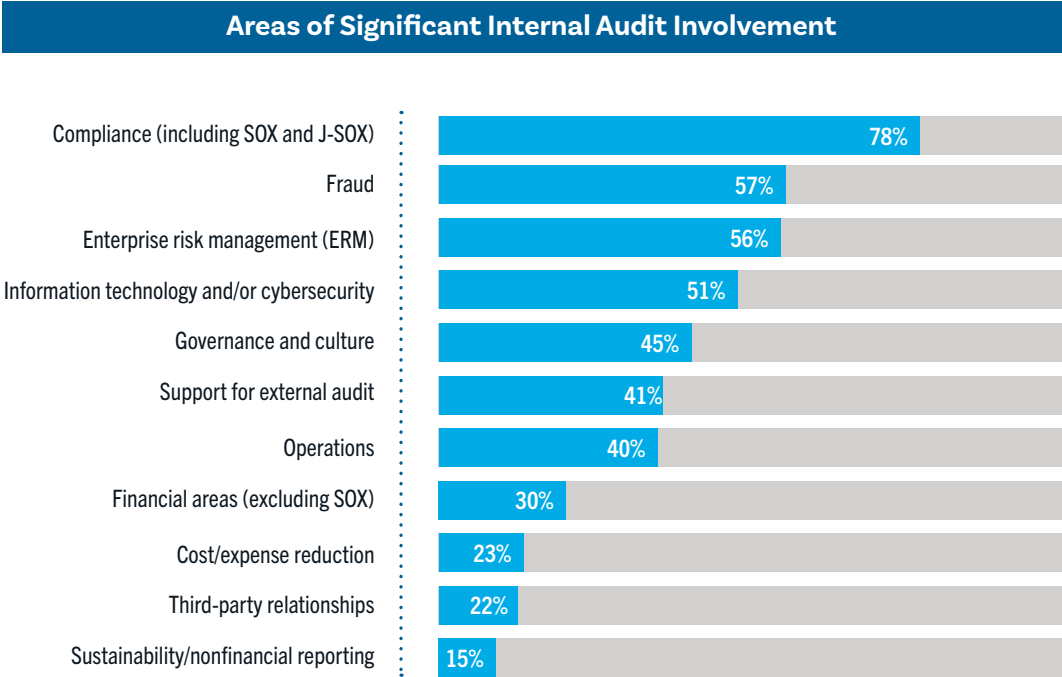
To supplement regular employees on staff, 54% of CAEs reported outsourcing or co-sourcing internal audit services, with higher percentages in North America and Europe. Those who outsourced or co-sourced generally used these methods to obtain 25% or fewer of their staff.

The most common reason for outsourcing or co-sourcing was the need for technical knowledge (76%), followed by a need to increase staffing capacity (41%).



Internal Audit Activities

Significant involvement in compliance, fraud, risk, and technology



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q73: Please indicate the areas where your internal audit activity has a significant level of involvement. SOX = U.S. Sarbanes-Oxley Act. J-SOX = Japan’s Financial Instruments and Exchange Law. Answered by CAEs only. n = 1,182.

To identify audit priorities, the survey asked CAEs to indicate in which areas their internal audit functions had “significant involvement.”

Compliance was the top area of involvement across a broad range of organizations—shared by 78% of survey respondents. This area includes general compliance as well as the U.S. Sarbanes-Oxley Act of 2002 (SOX) and Japan’s Financial Instruments and Exchange Law (J-SOX).

Compliance has long been a core area of activity for internal audit. However, internal audit’s broad mandate ensures that functions provide services in a wide range of areas, including fraud (57%) and enterprise risk management (ERM) (56%).

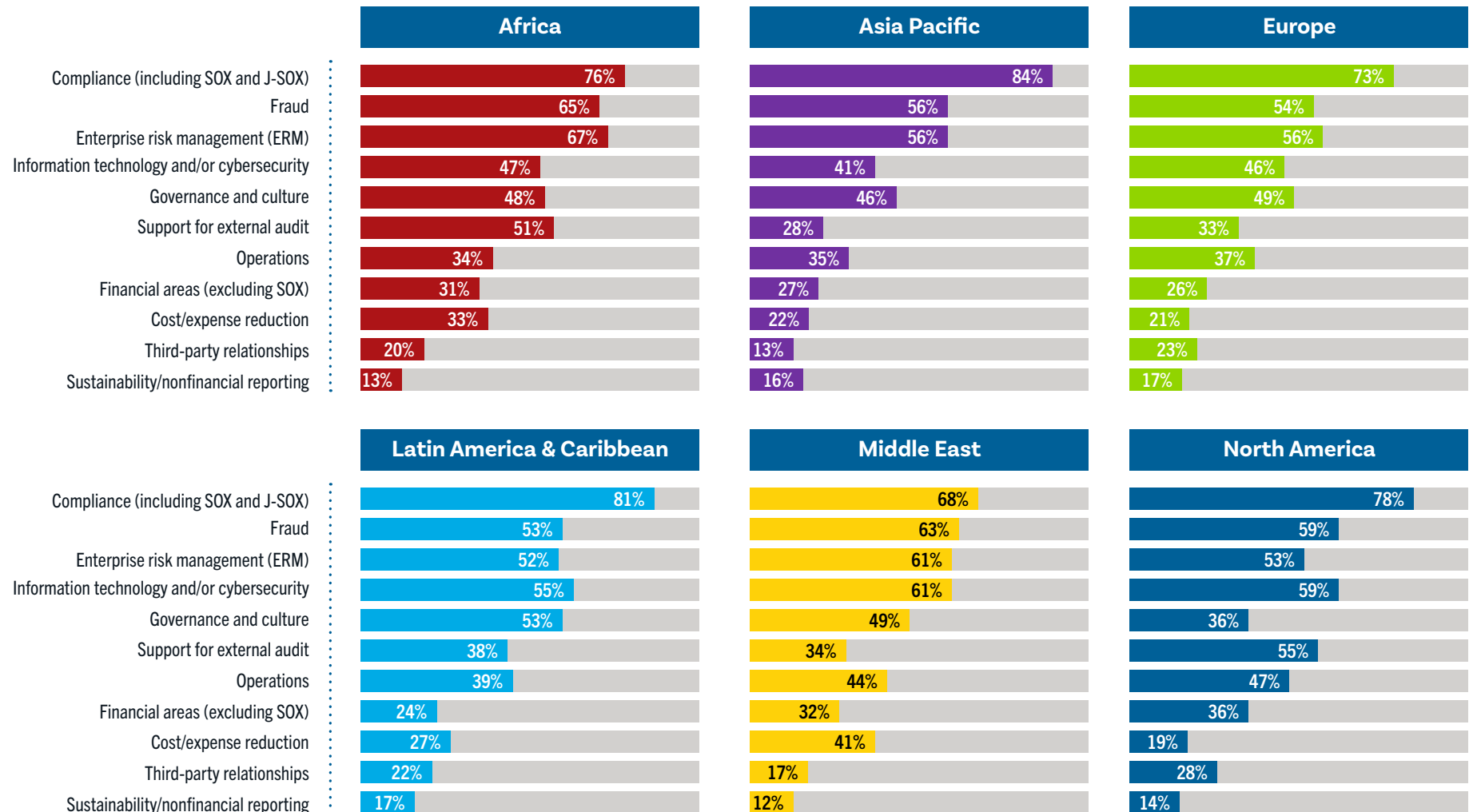
In addition, about half of CAEs say that their functions have significant involvement in information technology and/or cybersecurity (51%). This points to a growing need for internal audit functions to have technology skills on staff or accessed through co-sourcing.

As shown on the next page, responses for different regions were relatively similar. One exception was North America, which was lower than average for governance and culture (36% vs. 45%) and higher than average for support for external audit (55% vs. 41%).



Internal Audit Activities - Regional View

Compliance is a consistent area of focus across regions



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q73: Please indicate the areas where your internal audit activity has a significant level of involvement. SOX = U.S. Sarbanes-Oxley Act. J-SOX = Japan's Financial Instruments and Exchange Law. Answered by CAEs only. n = 1,182.



Information Technology and Cybersecurity

New skills and talent strategies are needed

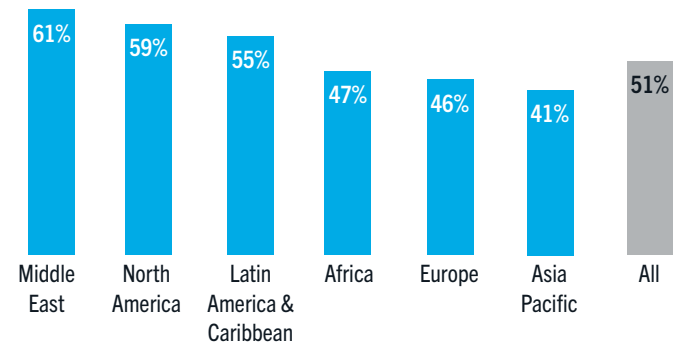
The survey asked CAEs to indicate whether their functions had significant levels of involvement in information technology in general, and in cybersecurity specifically. More than half of survey respondents reported their audit functions were significantly involved in the combined category of information technology and/or cybersecurity. The Middle East (61%), North America (59%), and Latin America & Caribbean (55%) were above the global average on this metric.

“I’ve been expecting this change in focus for many years because all processes rely on digital systems and controls,” said **Reyes Fuentes Ortea, CIA, CCSA, CRMA, COSO, COSO ERM, CISA, CFE, Corporate Audit Director at Indra in Spain**. She became a Certified Information Systems Auditor in 2008. On her team of 19, there are three dedicated information systems auditors, and she expects that most internal auditors will have specialized competencies in information technology and fraud in the future. Fuentes Ortea believes that internal audit functions also need to co-source with specialist information technology service providers because the skills needed in certain areas change too quickly for most to keep up with—and also because it can be cheaper not to retain such specialist knowledge in-house.

Lishuang Fang, CIA, FRM, Vice General Manager of Internal Audit Service at the Dalian Wanda Group in China, agrees that information technology is an area of increased focus. “As more business goes online and controls become automated, the audit team is in urgent need to upgrade its capacity to be sufficiently qualified to identify the ever-changing enterprise risks and control deficiencies. Many auditors come from financial and accounting backgrounds. They need to master more information technology, cybersecurity, and big data analysis expertise,” Fang said.

“As you would expect, we are seeing a lot more hacking and cybercrime globally, so this is becoming a key area for internal audit involvement,” said **Fábio Pimpão, CIA, CCSA, CRMA, Director of Internal Audit at Whirlpool Corporation Latin America**. But he said that this does not mean all internal auditors need to become specialist information technology auditors—or that internal audit functions need to step in and own the process. In his prior work experience, for example, Pimpão has partnered with the business’s chief information officer in an advisory capacity to develop better processes to protect the business. While Pimpão said there may be a need in the short-term for some internal audit functions to own a process while they develop a control framework, owning the process should not be the long-term plan for audit’s involvement because of the potential risk to objectivity.

Significant Involvement in Information Technology and/or Cybersecurity



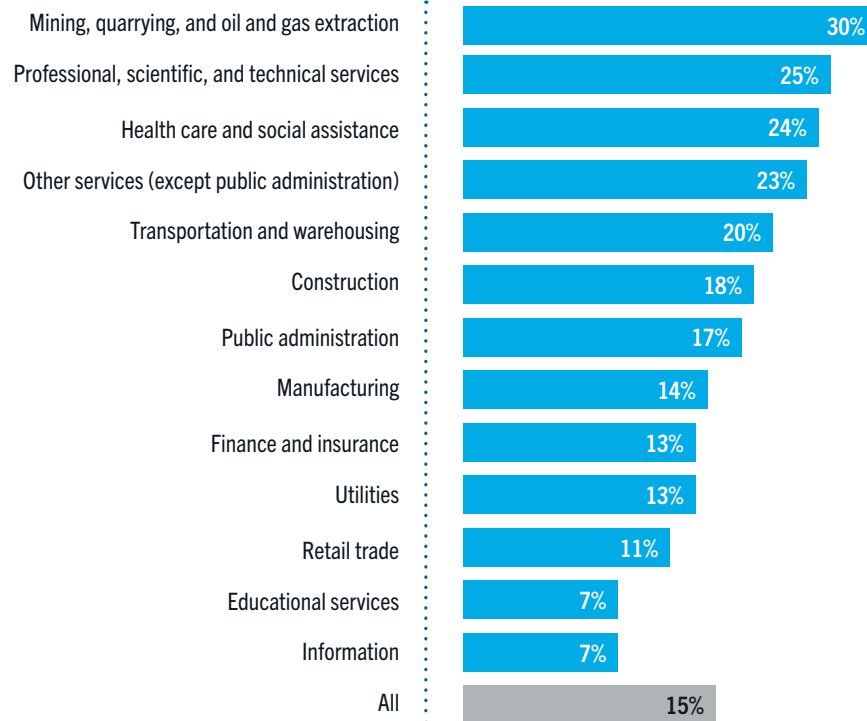
Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q73: Please indicate the areas where your internal audit activity has a significant level of involvement. Topic: Information technology and cybersecurity topics combined. Answered by CAEs only. $n = 1,181$.



Sustainability and Nonfinancial Reporting

Internal audit involvement is higher in certain industries

Significant Involvement in Sustainability/Nonfinancial Reporting (Selected Industries)



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q73: Please indicate the areas where your internal audit activity has a significant level of involvement. Topic: Sustainability and nonfinancial reporting. Answered by CAEs only. *n* = 1,182.

With increased public interest and new regulations on the horizon, boards and management have increased their attention on sustainability and related reporting. Although only 15% of CAEs overall reported spending significant time on sustainability/nonfinancial reporting, the percentage was much higher in certain industries, for example, 30% in mining, quarrying, and oil and gas extraction.

But many expect interest in sustainability to increase. “ESG [environmental, social, and governance] is really starting to become a focus area for CAEs in Europe, and I expect that to grow exponentially,” said **Reyes Fuentes Ortea, CIA, CCSA, CRMA, COSO, COSO ERM, CISA, CFE, Corporate Audit Director at Indra in Spain**. “It is an area where new regulation is important, but now chief executive officers are coming under a lot more pressure to explain to investors where they are on this issue—and that is rapidly driving executive interest in the area.”



Additional Responsibilities for CAEs

CAEs balance assigned responsibilities with need for independence

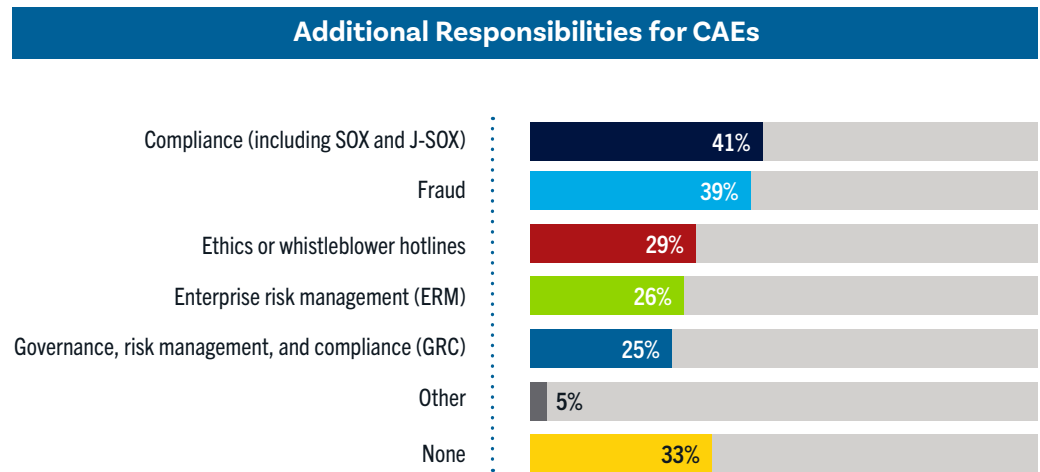
In addition to managing the internal audit function, about two-thirds of CAEs said they had responsibilities in other areas. The most frequently cited were compliance (41%) and fraud (39%). Other areas were ethics (29%), ERM (26%), and GRC (25%).

Internal auditors are often willing to help in areas where their skills are needed, according to **Anne Mercer, CIA, Senior Director of Professional Guidance at The IIA**. “Internal auditors are trained to solve problems, and because they are sensitive to risk areas, they may find themselves managing a risk.” She said the key is that internal auditors should not have oversight or ownership of these areas and should not audit the controls they may have implemented. (For more information, see the IPPF’s [Implementation Guide for Standard 1112 – Chief Audit Executive Roles Beyond Internal Auditing](#).)

This widening scope of responsibility can be a double-edged sword, according to **Fábio Pimpão, CIA, CCSA, CRMA, Director of Internal Audit at Whirlpool Corporation Latin America**. “In Latin America at least, CAEs are often being asked to take on more responsibility for compliance, fraud, and information technology by top management,” he said. “But that can come with a demotion in terms of reporting lines.” He said CAEs often end up reporting functionally to the department where they have areas of responsibility. Once under that umbrella, it can become difficult to arrange for those areas to be audited independently.

A lack of understanding within the organization about internal audit’s role can also lead to the CAE taking on additional responsibilities, said **Daniel Nyaga, CGAP, CRMA, CFE, CRCMP, Deputy Internal Auditor General for the Government of Kenya**. For example, internal audit may become directly responsible for compliance activities, rather than providing assurance for them, he said.

“When taking on these extra responsibilities, CAEs need to be clear on the rules of engagement,” said **Elizabeth Sullivan, CIA, CCSA, CRMA, Vice President, Chief Risk and Audit Officer with the Washington Metropolitan Area Transit Authority in the U.S.** “When it comes specifically to ERM, do you see yourself as the ‘owner’ or ‘doer’ vs. the ‘facilitator’ for management?” At her organization, for instance, Sullivan ensures that management owns the ERM process, whereas her team facilitates it. “The CAE’s ERM facilitator role is acknowledged in the audit charter, and when ERM is audited, the charter makes it clear that the audit will be conducted by a third party so objectivity is not impacted at all,” she said.

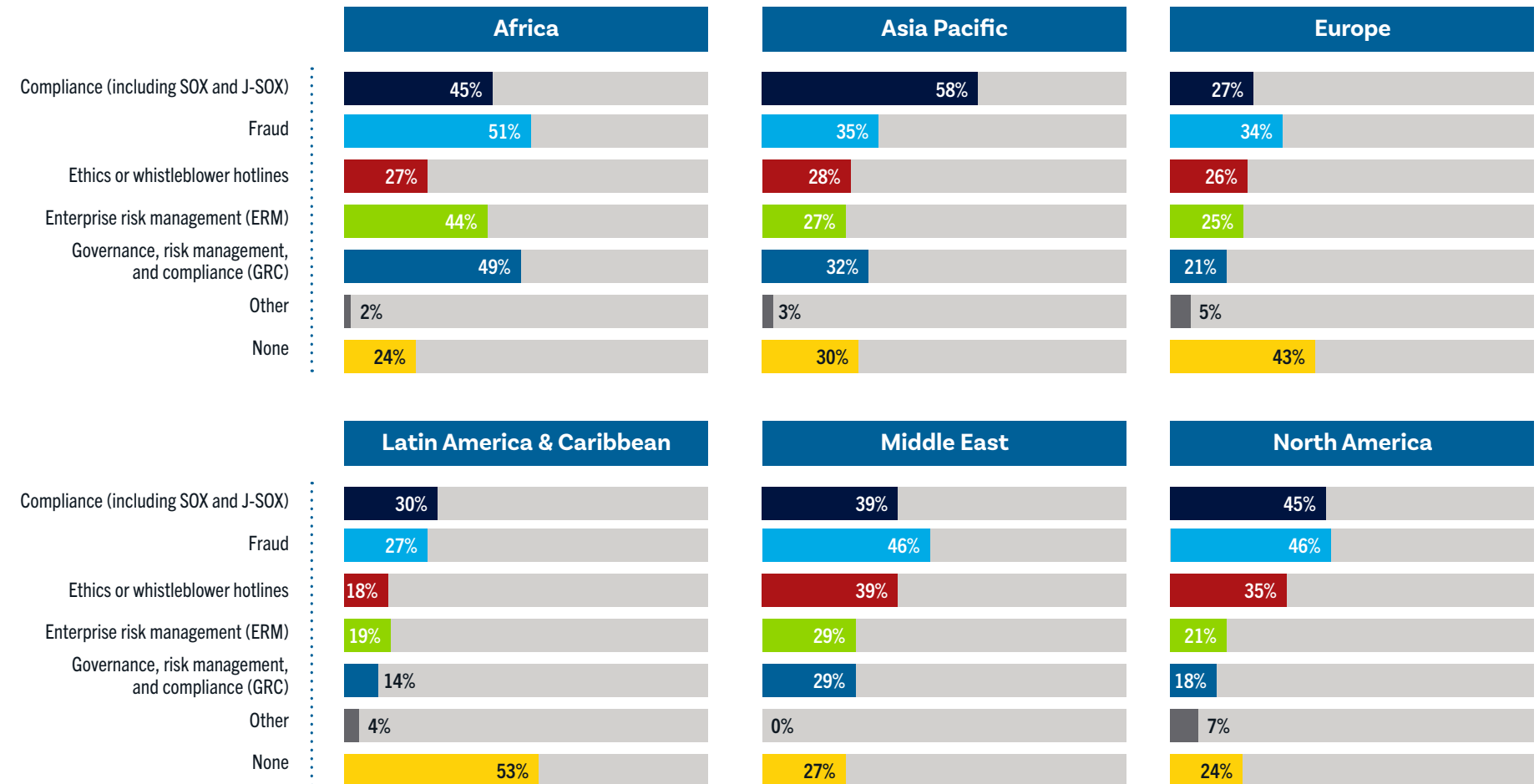


Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q72: In your role as a chief audit executive/head of internal audit, for which of the following areas are you directly responsible? SOX = U.S. Sarbanes-Oxley Act. J-SOX = Japan’s Financial Instruments and Exchange Law. Answered by CAEs only. n = 1,182.



Additional Responsibilities for CAEs - Regional View

Areas of responsibility vary among regions



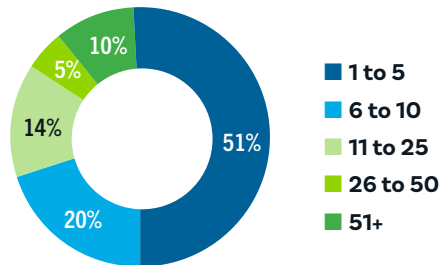
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Internal Audit Function Size

The majority of internal auditors work in small audit functions

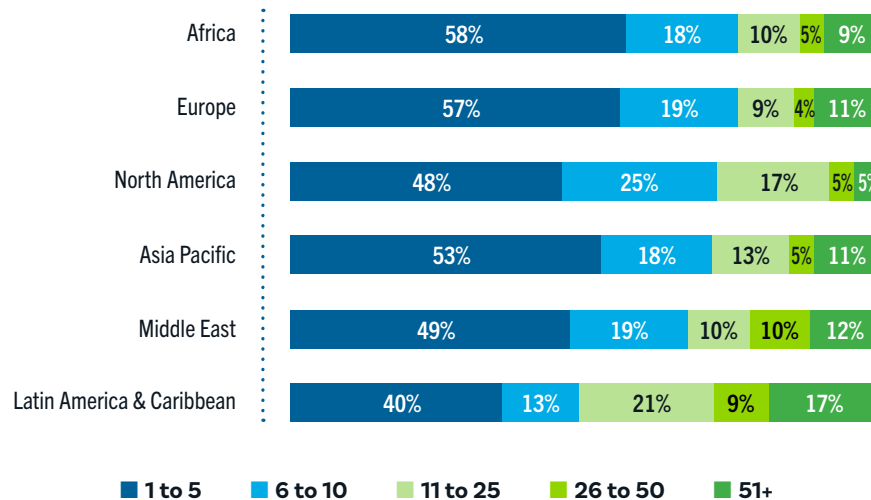
Internal Audit Function Size



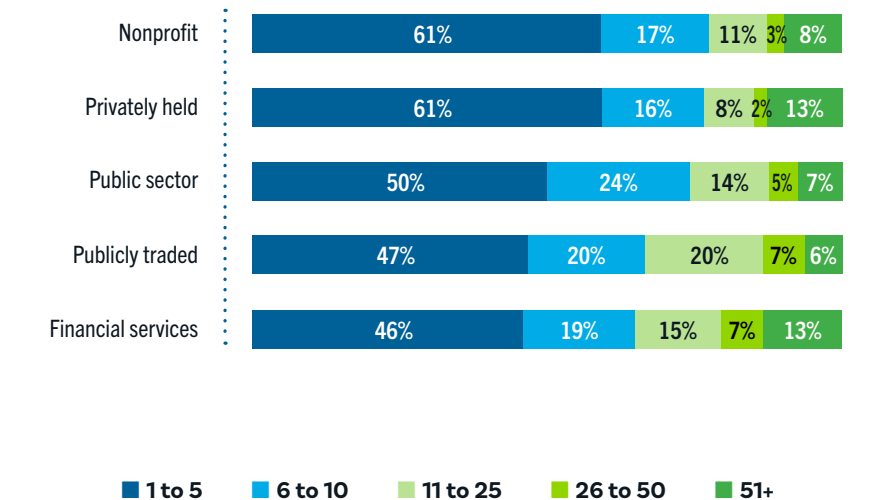
Globally, 51% of CAEs said that they had 5 or fewer people in their audit functions. This percentage was relatively stable across regions, with the exception of Latin America & Caribbean, which had relatively larger functions, including 17% with staff teams of more than 50.

Compared by organization type, audit functions tended to be smaller in nonprofit organizations and privately held companies, and bigger in public sector, publicly traded, and financial services.

Function Size Compared to Region



Function Size Compared to Organization Type

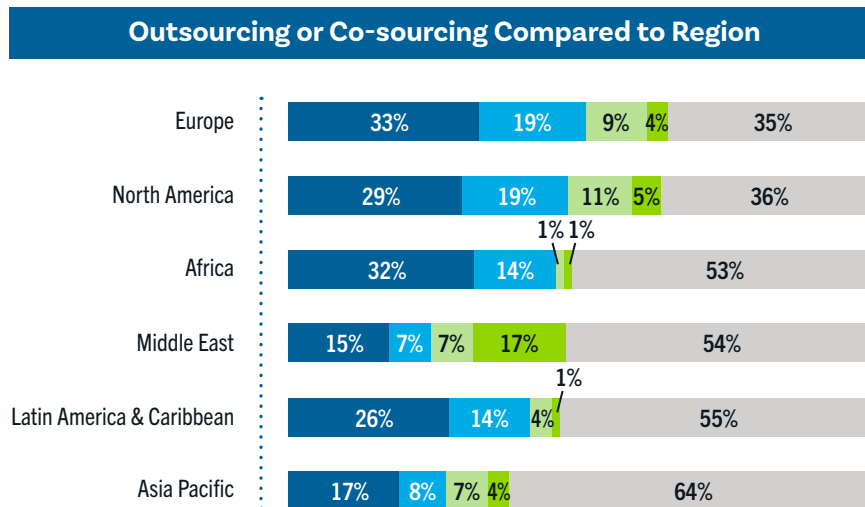
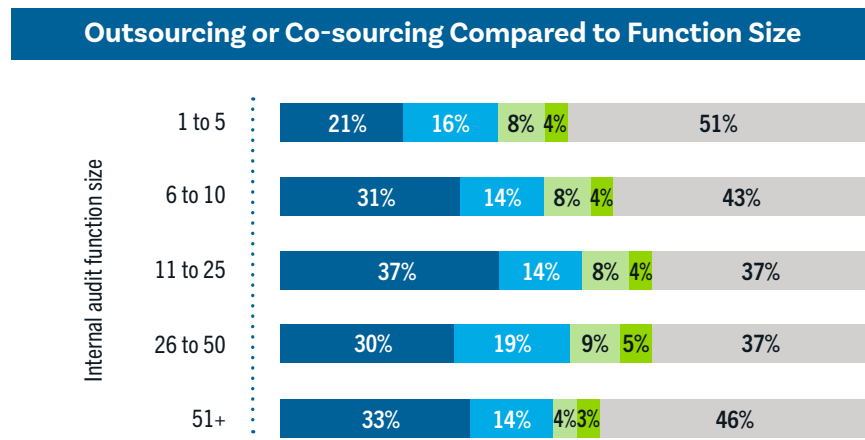


Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q78: What is the staff size (internal and co/out-sourced full-time equivalents (FTEs)) of your internal audit function? Nonprofit includes NGOs (nongovernmental organizations). Answered by CAEs only. n = 1,182.

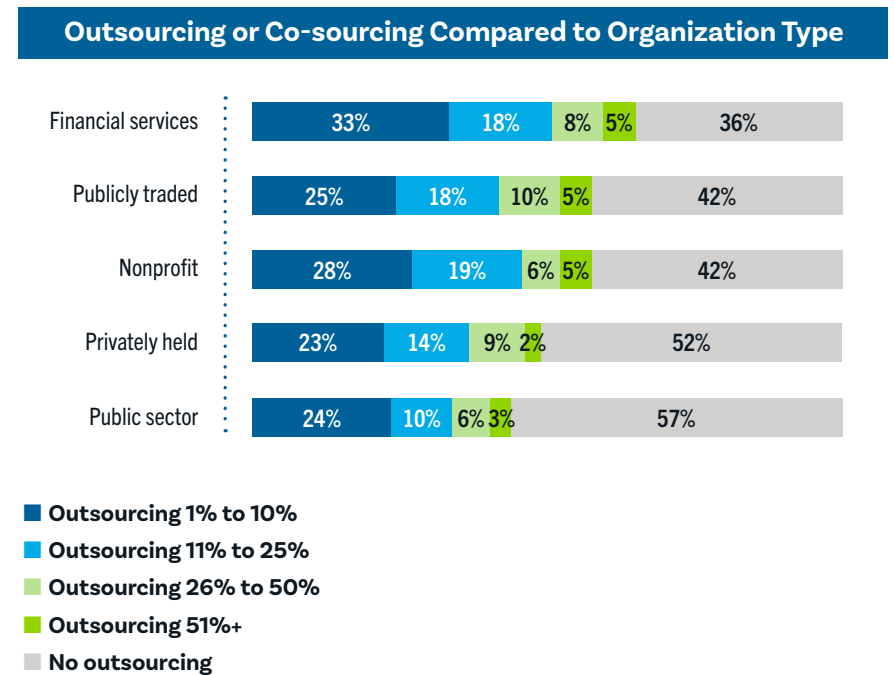


Outsourcing or Co-sourcing

Just over half of CAEs said they outsourced or co-sourced



Outsourcing or co-sourcing can be an important method of supplementing regular employees on staff. It was widely used in Europe and North America (by about two-thirds of survey respondents) but used by less than half in other regions. Those who outsourced or co-sourced generally used this method for 25% or fewer of their staff. Very few survey respondents had outsourced all staff. In terms of organization type differences, financial services used outsourcing or co-sourcing the most (64%), and public sector the least (43%).

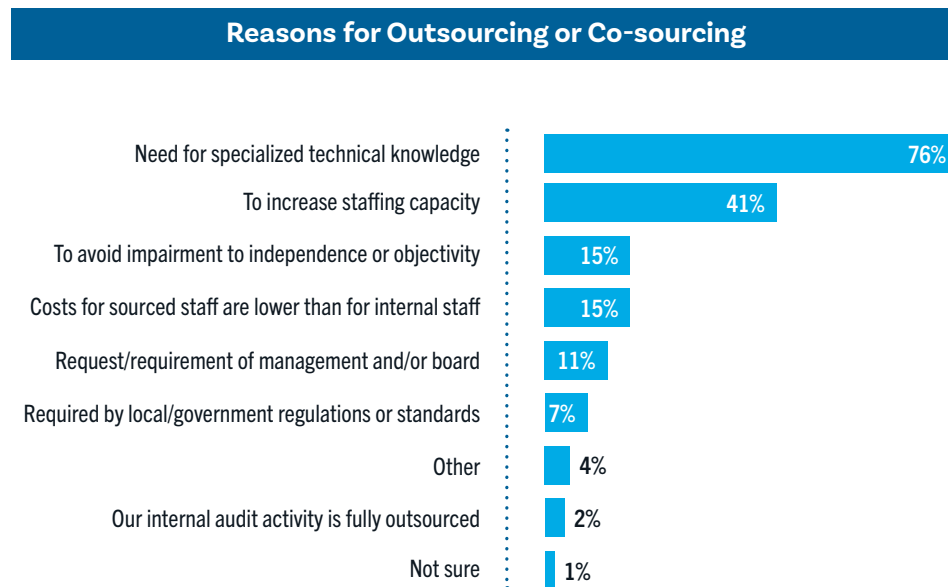


Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q78: What is the staff size (internal and co/out-sourced full-time equivalents (FTEs)) of your internal audit function? Nonprofit includes NGOs (nongovernmental organizations). Answered by CAEs only. n = 1,182.



Outsourcing or Co-sourcing Reasons

CAEs often seek technical knowledge from external sources



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q80: Please indicate the reasons audit services are outsourced or co-sourced. Answered only by CAEs who use outsourcing or co-sourcing. *n* = 638.

CAEs said the main reason for outsourcing or co-sourcing was the need for technical knowledge (76%), followed by a need to increase staffing capacity (41%).

Lishuang Fang, CIA, FRM, Vice General Manager of Internal Audit Service at the Dalian Wanda Group in China, said many factors play into the choice to outsource: “Whether items are outsourced is dependent on skills of those in the company, the nature of the industry, ownership/governance structure, urgent need, and auditing capacity.”

“Given the wide range of risk areas for which internal audit can provide assurance today, it is impossible to have all the skills you need in-house,” said **Fábio Pimpão, CIA, CCSA, CRMA, Director of Internal Audit at Whirlpool Corporation Latin America**. He said there is a whole range of areas where his team would not have the technical skills to audit without external support. Information technology and cybersecurity are so fast-moving that attracting and retaining the right talent in-house would be both expensive and difficult. Other areas where Pimpão would be likely to seek help through outsourcing or co-sourcing would be infrastructure, taxation, and, more recently, talent management.

One of the downsides to outsourcing or co-sourcing is cost. Pimpão calculates that, roughly speaking, he may be able to buy a month’s worth of expert help from a Big Four firm for about the same price as a full year of staff salary. “Of course, I would prefer to have the full-time member on staff,” he said. “But we are not really comparing like-with-like. If I need that type of expertise for a short period of time, then that is the price we need to pay.”



Section 2. Meeting Expectations

Summary

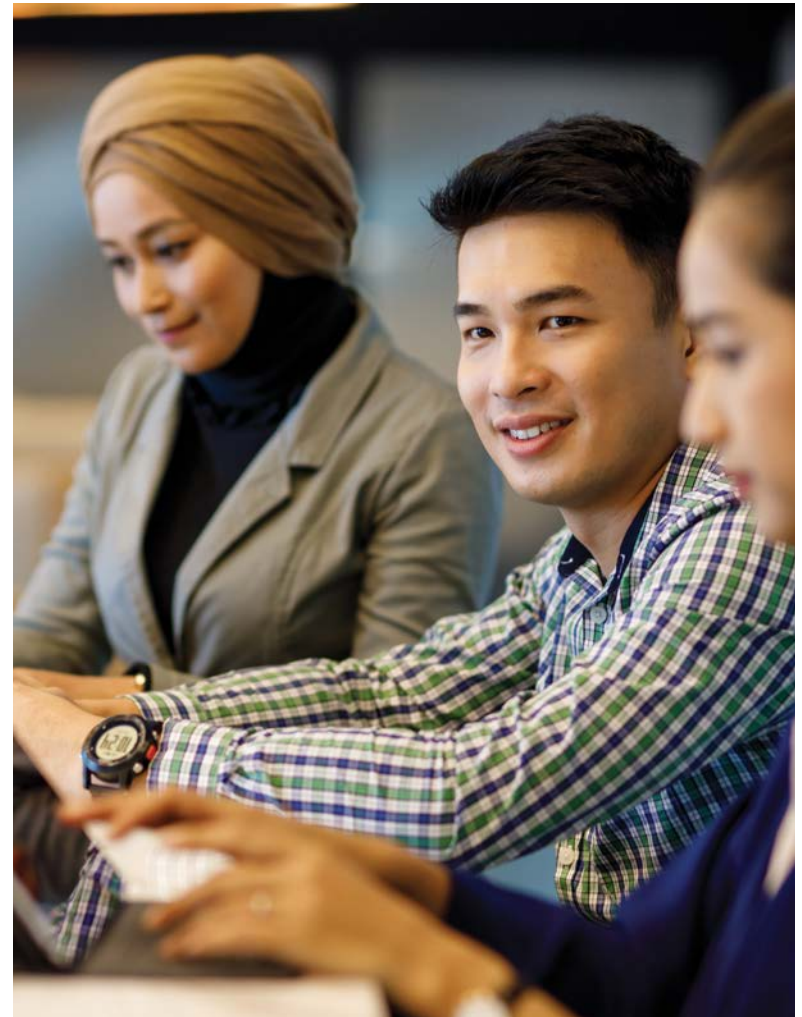
More than 80% of survey respondents said they worked in functions that ranked internal audit maturity at levels 3, 4, or 5 on the [Internal Audit Ambition Model](#) developed by IIA-Netherlands. In broad terms, these levels indicate that their organizations follow the *Standards* and may also pursue additional best practices.

Organizations with higher internal audit maturity levels tended to have CAEs with more years of experience, underscoring the value of internal audit talent retention and longevity.

Conformance with the *Standards* has increased since The IIA's last global survey on the issue in 2015. This is a positive sign of growing professionalism and maturity in the internal audit profession. Conformance for most standards series ranged from 81% to 87%.

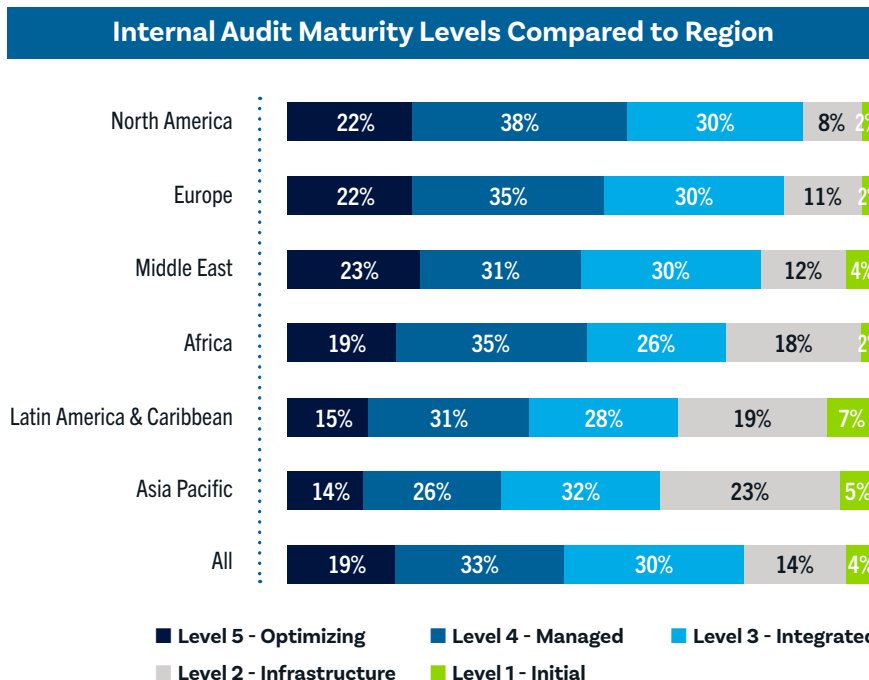
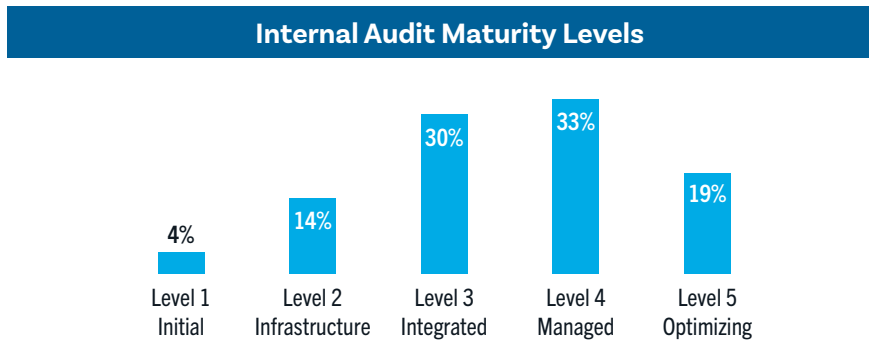
The lone exception was Standard 1300, which requires a Quality Assurance and Improvement Program (QAIP), including external and internal assessments. At a global level in 2021, only 62% of survey respondents said they conformed fully to this standard—about 20 percentage points lower than other standards series. Similar results were received in 2015.

Almost all (94%) internal audit functions said they had an internal audit charter, as required by the *Standards*. In addition, many also implemented IIA recommendations to have an internal audit operating manual (78%) and a code of ethics (75%). However, one potential area for improvement is internal audit strategy. Relatively few respondents reported that their internal audit functions tracked key performance indicators (51%) or had a documented internal audit strategy (44%).



Internal Audit Maturity Levels

Most functions are achieving higher levels of performance



According to their survey responses, more than 80% of internal auditors worked in internal audit functions at maturity level 3 or higher, based on the [Internal Audit Ambition Model](#). Level 3 is significant because it includes conformance to the *Standards* as part of its description.

Maturity levels were generally consistent across regions, with slightly lower numbers only for Latin America & Caribbean and Asia Pacific.

Internal Audit Maturity Levels

Level 1 – Initial. Functioning at an initial stage of development, with ad hoc or unstructured activity.

Level 2 – Infrastructure. Developing administrative infrastructure, along with policies, processes, and procedures.

Level 3 – Integrated. Integrated into the organization and conforming to the *Standards*.

Level 4 – Managed. Well-managed, with a visible role in the organization and a long-term vision and plan.

Level 5 – Optimizing. Optimizing value with continuous improvement for both internal audit and the organization.

Maturity levels are based on the Internal Audit Ambition Model, developed by IIA-Netherlands and LKO/NBA at www.iaa.nl/kwaliteit/ambition-model.

Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q13: Which of the following best describes the maturity of your organization's internal audit activity? Response options used the Internal Audit Ambition Model levels. Answered by CAEs, CIAs, or those with at least 5 years of internal audit experience. *n* = 3,119.



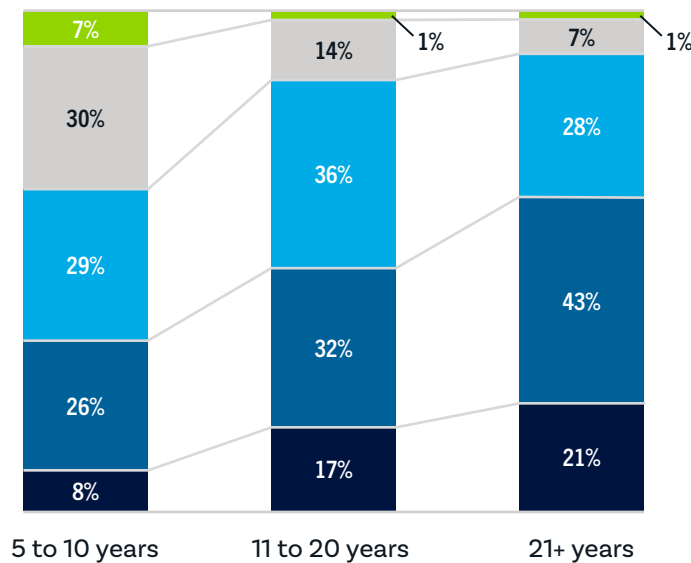
Internal Audit Maturity Levels - Related Factors

Maturity levels are higher for CAEs with more experience

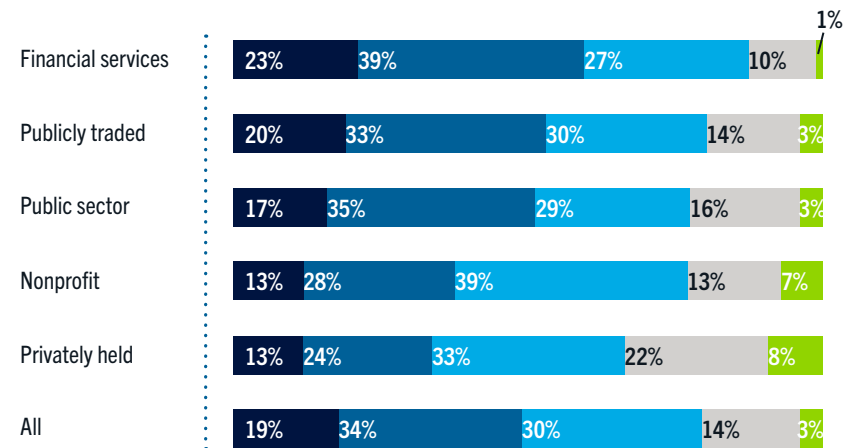
Internal audit functions with higher maturity levels tended to have CAEs with more years of experience, underscoring the value of talent retention and longevity. (Maturity levels were based on the Internal Audit Ambition Model.)

Those in financial services, publicly traded, and the public sector tended to be at higher internal audit maturity levels than nonprofit and privately held organizations.

Internal Audit Maturity Levels Compared to CAEs' Internal Audit Experience



Internal Audit Maturity Levels Compared to Organization type



■ Level 1 – Initial ■ Level 2 – Infrastructure ■ Level 3 – Integrated ■ Level 4 – Managed ■ Level 5 – Optimizing

Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q13: Which of the following best describes the maturity of your organization's internal audit activity? Response options used the Internal Audit Ambition Model levels. For CAE experience, answered by CAEs only. *n* = 1,178. For organization type, answered by CAEs, CIAs, or those with at least 5 years of internal audit experience. Nonprofit includes NGOs (nongovernmental organizations). *n* = 3,055.



Standards Conformance Trends

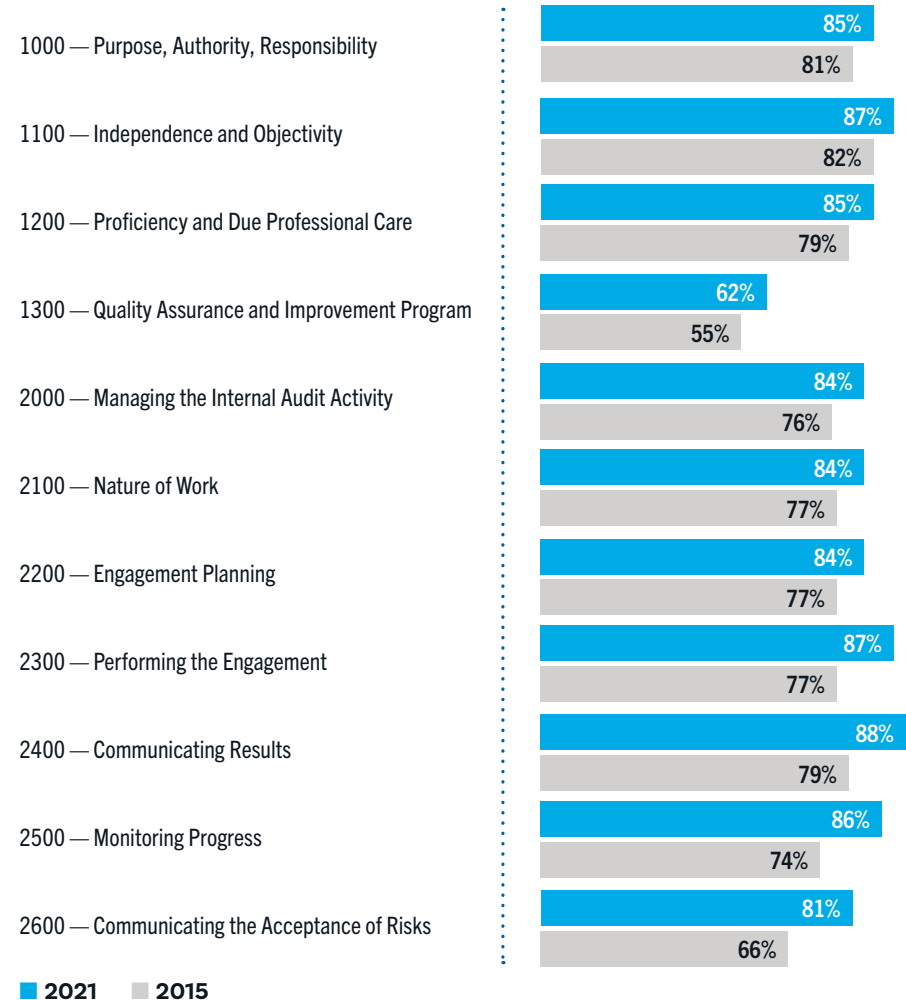
Conformance has increased across all standards series

IIA Standards provide an essential mechanism for performing effective internal audit services. Conformance with the *Standards* is trending in a positive direction, with a consistent increase for each of the major standards series between the CBOK 2015 survey and the survey conducted for this report in 2021. (Statistical tests were performed to control for demographic and regional differences among respondents between the two surveys.)

However, in both surveys, Standard 1300 had the lowest levels of conformance. At a global level in 2021, 62% said they conformed fully to this standard—about 20 percentage points lower than the other standards in the series. Even so, Standard 1300 conformance had increased since 2015.

Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q14: Does your internal audit activity conform to all of the standards included in the series? Answered by CAEs, CIAs, or those with at least 5 years of internal audit experience. *n* = 3,186. Internal Audit Foundation Survey, CBOK 2015, Feb. 2 to April 1, 2015. Q: Is your organization in conformance with the *Standards*? Filtered for 5+ years' experience OR CIA/equivalent OR CAE. Answered only by those who indicated their organizations use the *Standards*. *n* = 6,637.

Conformance Per Standards Series (2015 vs. 2021)



Standards Conformance Increases

Performance Standards had the largest gains

Standards are divided into two categories: Attribute Standards and Performance Standards.

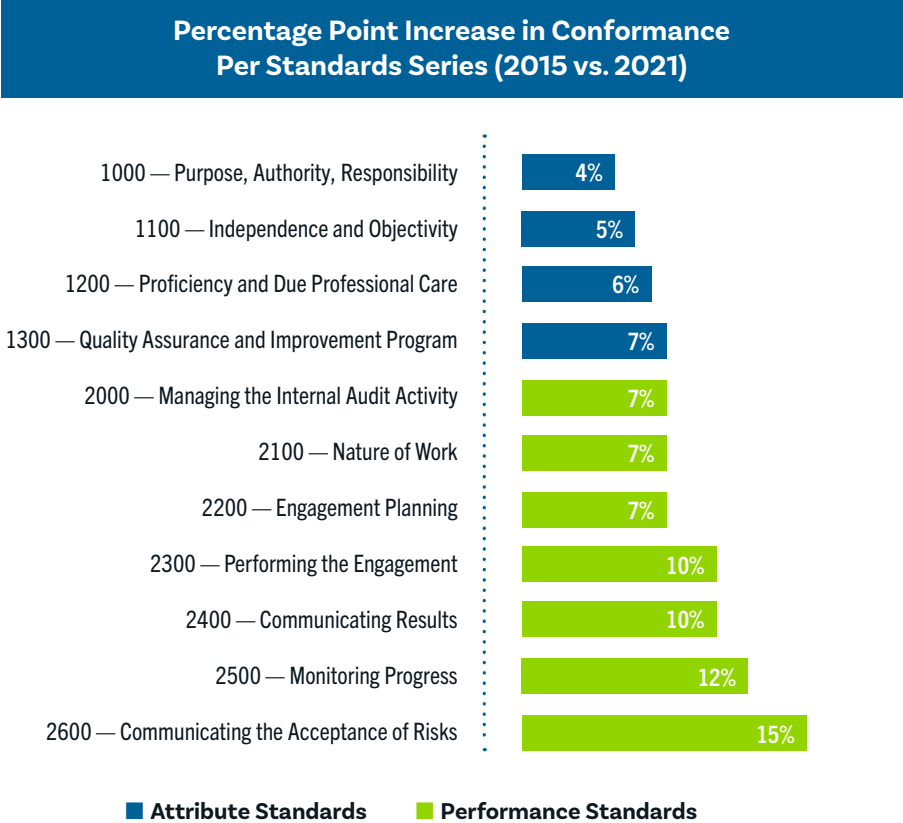
Attribute Standards address the characteristics of organizations and parties performing internal audit activities.

Performance Standards describe the nature of internal audit activities and provide criteria against which the performance of those services can be evaluated.

In general, conformance increases were more modest for Attribute Standards (ranging from 4% to 7%), and larger for Performance Standards (7% to 15%).

The largest increase was for Standard 2600 – Communicating the Acceptance of Risks (15%). Conformance for this standard increased from a relatively low rate of 66% in 2015, to 81% in 2021.

Standard 1300 – QAIP, which had the lowest conformance overall in 2021 (62%), increased moderately over 2015 (7 percentage points). (See more information about Standard 1300 on the next page.)



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q14: Does your internal audit activity conform to all of the standards included in the series? Answered by CAEs, CIAs, or those with at least 5 years of internal audit experience. *n* = 3,186. Internal Audit Foundation Survey, CBOK 2015, Feb. 2 to April 1, 2015. Q: Is your organization in conformance with the *Standards*? Filtered for 5+ years' experience OR CIA/equivalent OR CAE. Answered only by those who indicated their organizations use the *Standards*. *n* = 6,637.



The Challenges of Internal and External Assessments

QAIP has benefits beyond conformance

To better understand the challenges of conforming to Standard 1300 – Quality Assurance and Improvement Program, respondents who reported nonconformance were asked to identify areas of difficulty.

Three in four respondents reported nonconformance with the requirement to have an external assessment every five years, and 52% said they were not performing internal assessments. In the open text responses, they often cited cost and extra effort associated with QAIP as reasons.

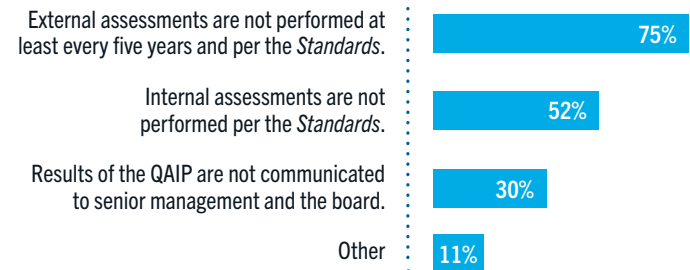
But **Anne Mercer, CIA, Senior Director of Professional Guidance at The IIA**, said that it is a misconception that the time and costs involved are insurmountable or not worth it. She advises smaller shops to implement a scaled-down version of the internal assessments by teaming up with people in the organization, or with other internal audit professionals in their sector or region. “QAIP goes beyond conformance,” she said. “In carrying out these assessments, you will pick up best practices from the other internal audit professionals you bring in to help perform the internal assessments.”

Daniel Nyaga, CGAP, CRMA, CFE, CRCMP, Deputy Internal Auditor General for the Government of Kenya, knows from experience that internal and external assessments are excellent ways to identify opportunities to improve. Within the Kenyan government sector, adopting the International Professional Practices Framework (IPPF) is mandatory—including external assessment every five years. To get the process going, Nyaga and his colleagues conducted internal self-assessments. Part of the process involved getting buy-in from top management and audit clients because these groups have to spend extra time to provide feedback on their experience as auditees. But the opportunity to explain internal audit value makes internal assessments worthwhile, he said. In addition, recommendations from the internal assessments helped to drive improvements in several departments.

To set up an external assessment, Nyaga and the team at the head office again had to educate their stakeholders. “Often board members and even audit committees do not understand that the external assessment programs exist,” he said. The external assessment that was commissioned by the Office of the Internal Auditor General not only provided further recommendations to improve the output of the internal audit team, but also resulted in more support from its stakeholders. “Because the report came from professionals outside of the organization, management took it more seriously and felt more obliged to support us in enacting recommendations,” he said.

For more information about QAIP, see the book [Internal Audit Quality: Developing a Quality Assurance and Improvement Program](#) or The IIA course [Building a Sustainable Quality Program](#). The IIA also offers quality assessment services via [IIA Quality Services](#).

Standard 1300 – Areas of Nonconformity (Among Those Not in Conformance)



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q31: Please indicate areas of nonconformance at your organization related to standards in the 1300 series. Answered by those not conforming to Standard 1300. *n* = 1,217.



How Internal Audit Explains Its Activities

Multiple documents help communicate internal audit's purpose and responsibility

Internal audit leaders need to clearly communicate their purpose and role both within the function and to key stakeholders. The most foundational document is the internal audit charter, required by IIA Standard 1000. This essential document was in place for 94% of CAE respondents.

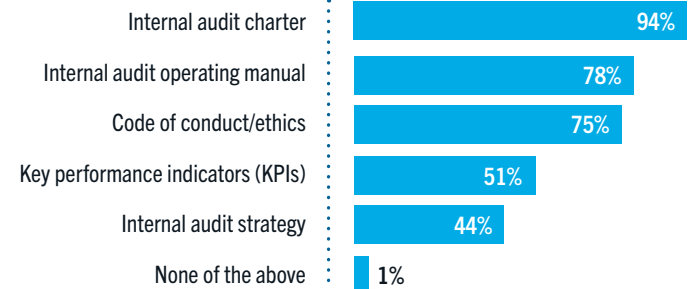
In addition to the charter, several other documents and processes are also recommended. A large proportion of internal audit functions said they had created their own operating manual (78%) and a code of ethics (75%).

An operating manual not only sets out internal audit's scope of responsibility, but it is one of the foundational documents often relied upon by external assessors when they are conducting a quality review.

A code of ethics for the internal audit function can come from a variety of sources. CAEs can consider simply adopting The IIA's [Code of Ethics and Rules of Conduct](#), said **Naohiro Mouri, CIA, CPA, Chief Audit Executive at AIG in Japan**. This simple step is a suitable demonstration to stakeholders that the internal audit function is committed to following ethical standards.

Mouri encourages the development and use of an operating manual for both large and small teams. "An operating manual is a must-have for managing a large team because otherwise it is impossible to achieve consistency in audit processes," he said. "In a small team, where everyone is perhaps working closely together every day, there feels less urgency to write things down." But, he said, explicitly expressing internal audit's purpose and its ways of working can bring multiple benefits. For example, it can help the CAE align better with the needs of management and the board, who can advocate for internal audit funding needs. And an operating manual can also help deliver quality in the audit plan, as well as act as a training tool for new recruits.

Internal Audit Documentation and Procedures



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q10: Which of the following policies or documents exist for your internal audit activity? Answers from CAEs only. *n* = 1,185.



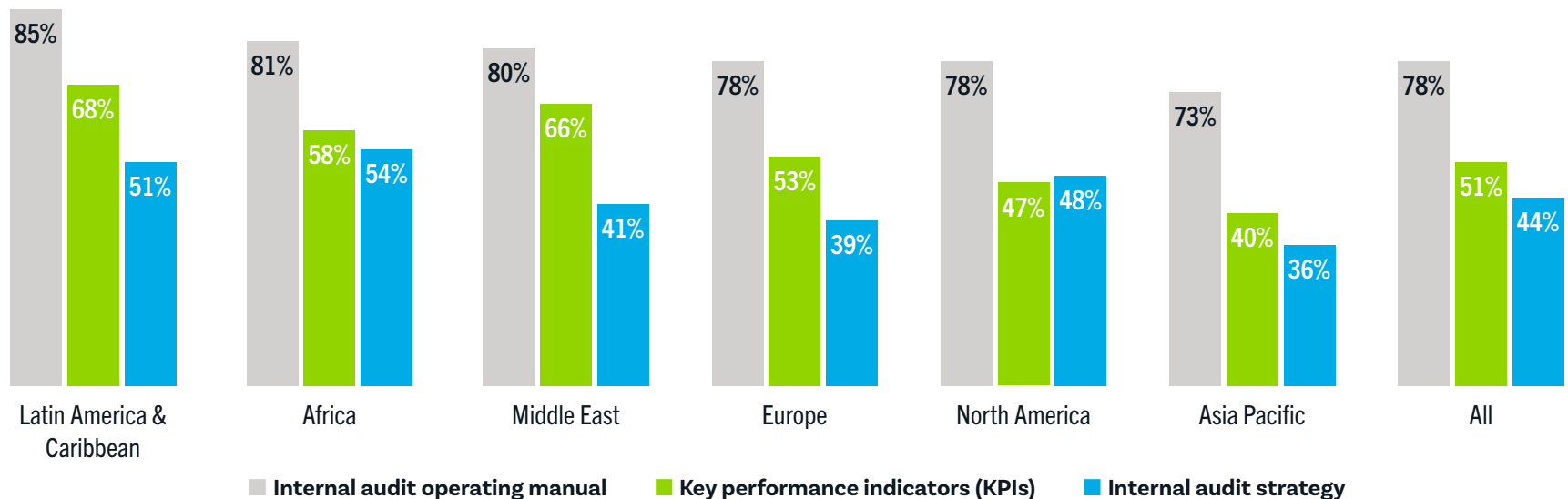
Operations, Strategy, and Key Performance Indicators

Operating manuals are more common than documented strategy and KPIs

While there was a high use of charters, codes of ethics, and operating manuals, CAEs were less likely to set and report key performance indicators (KPIs) and internal audit strategy. Strategy documents were more common in Latin America & Caribbean, Africa, and North America than in other regions. KPIs were used the most in Latin America & Caribbean and the Middle East.

A long-term strategy document can help internal audit with staff development, said **Anne Mercer, CIA, Senior Director of Professional Guidance at The IIA**, particularly in assessing the competencies they will need based on how they see the internal audit function serving the organization in the future.

Operating Manual and Strategy Compared to Region



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q10: Which of the following policies or documents exist for your internal audit activity? Answers from CAEs only. n = 1,184.



Setting and Measuring Performance

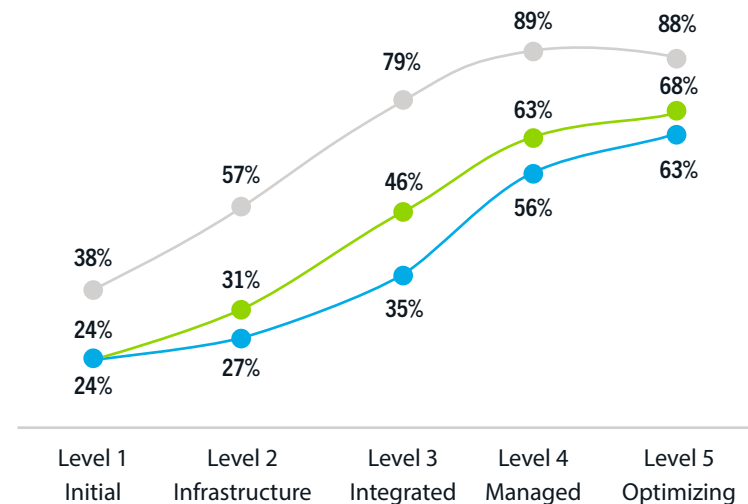
More mature functions are more likely to use operating manuals, strategy, and KPIs

Use of operating manuals, internal audit strategy, and KPI tools increased steadily as internal audit maturity levels increased. This positive association supports the premise that these are best practices.

The IIA offers several pieces of supplemental guidance related to internal audit operations and strategy:

- For internal audit operating manuals, see [Implementation Guide 2040 – Policies and Procedures](#).
- For KPIs for internal assessment, see [Implementation Guide 1311 – Internal Assessments](#).
- For strategic planning, see [IIA Practice Guide: Developing the Internal Audit Strategic Plan](#).

Operating Manual and Strategy Compared to Internal Audit Maturity Level



■ Internal audit operating manual ■ Key performance indicators (KPIs)
 ■ Internal audit strategy

Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q10: Which of the following policies or documents exist for your internal audit activity? Answers from CAEs only. Compared to Q13: Which of the following best describes the maturity of your organization’s internal audit activity? Response options used the Internal Audit Ambition Model levels. *n* = 1,182.



Section 3. Influence and Funding

Summary

The person to whom a CAE reports can play a major role in the internal audit function's level of influence, impacting everything from involvement in strategic initiatives to whether it has sufficient funding.

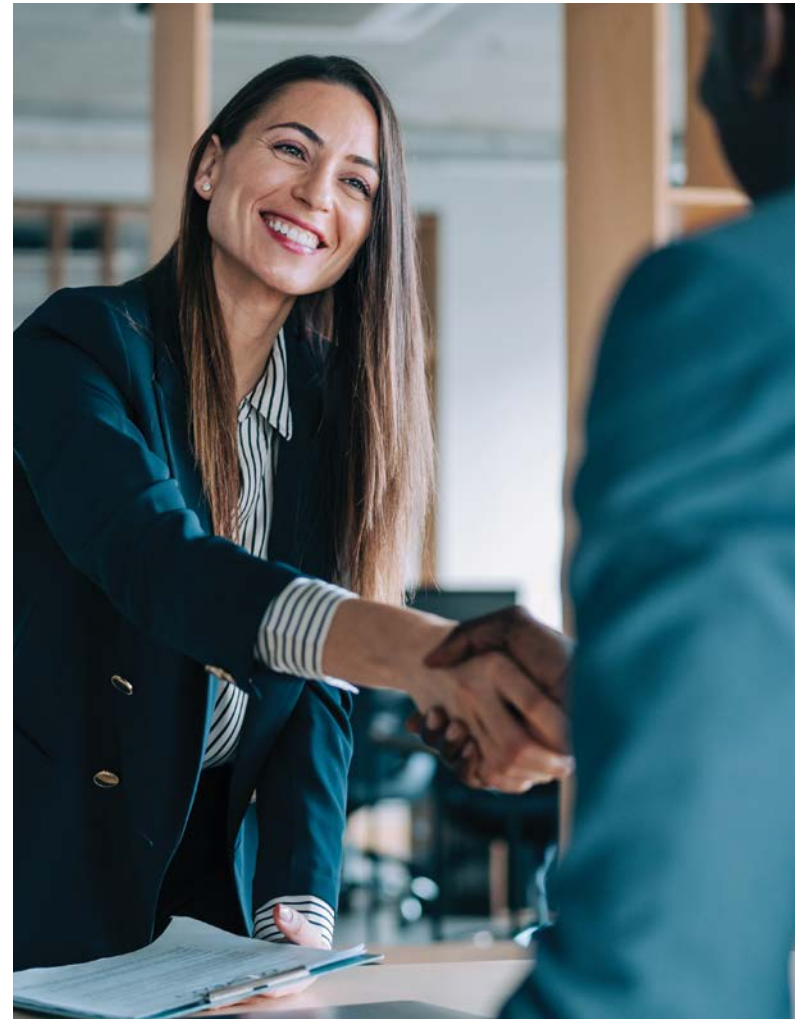
IIA Standard 1110 calls for the internal audit function to have independence, which can be achieved through using two reporting lines—administrative and functional.

The **administrative reporting line** provides oversight for day-to-day operations. For regions other than North America, an average of 67% said they reported to the CEO for administrative purposes; however, this percentage was nearly cut in half in North America (38%), with many reporting to the CFO or other executive levels instead.

The **functional reporting line** provides independent oversight of internal audit. Almost 3 out of 4 CAEs (73%) said they reported functionally to an audit committee or board, an arrangement that is often a reliable indicator of internal audit independence.

Globally, about half of CAEs reported their funding was “mostly or completely” sufficient. CAEs in North America were most likely to say they had sufficient funding, and CAEs in Africa were least likely.

Reporting functionally to an audit committee, board, or board equivalent was associated with significantly higher levels of funding in certain regions. For example, in North America, only 39% of those without this reporting line had funding sufficiency, compared to 66% for those with it. Several other regions had a similar gap, including Africa, Latin America & Caribbean, and the Middle East.



Administrative Reporting Lines

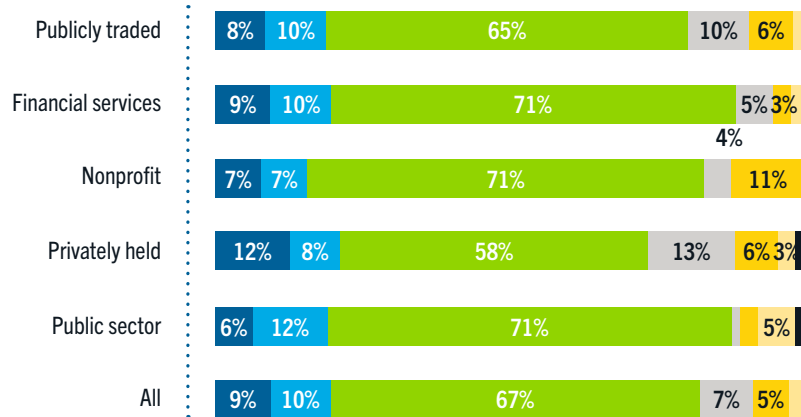
North American reporting lines differ from the rest of the world

The **administrative reporting line** is responsible for oversight of internal audit’s day-to-day matters, and often indicates how well-positioned internal audit is in the organization. “The IIA recommends that the CAE report administratively to the chief executive officer (CEO), both so that the CAE is clearly a senior position and so that internal audit is not positioned within an operation that is subject to audit,” according to Implementation Guide 1100 – Independence and Objectivity.

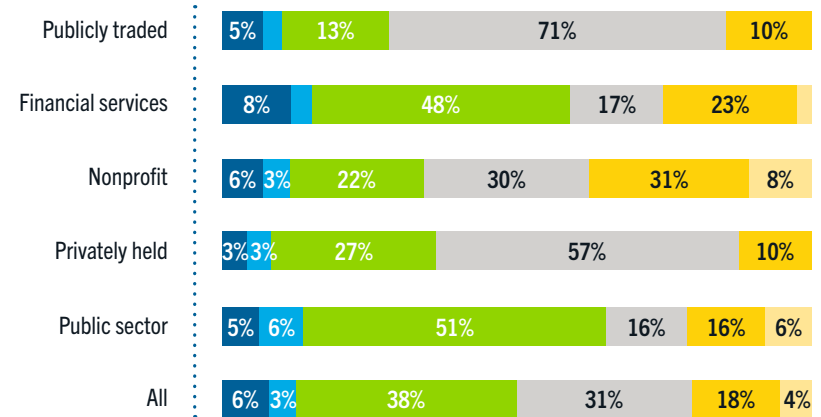
For most of the world (other than North America), administrative reporting to the CEO was common (67%), with little difference between organization types. However, in North America, only 38% reported to the CEO, with large differences between organization types. Specifically, 71% of publicly traded organizations in North America reported to the CFO, along with 57% of privately held organizations.

“Internal audit has often grown out of the need to audit controls around financial reporting in the United States, especially in light of the U.S. Sarbanes-Oxley Act of 2002 (SOX),” said **Elizabeth Sullivan, CIA, CCSA, CRMA, Vice President, Chief Risk and Audit Officer with the Washington Metropolitan Area Transit Authority in the United States**. Because the CFO is often responsible for financial reporting and SOX, it has become common for internal audit to report to the CFO in organizations that have implemented SOX.

Administrative Reporting Lines – All Regions Except North America*



Administrative Reporting Lines – North America Only*



■ Audit committee ■ Board of directors, or equivalent ■ CEO, president, head of government agency ■ Chief financial officer or similar ■ Other executive ■ Other ■ Not sure/not applicable

Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q70: What is the primary administrative reporting line for the chief audit executive (CAE) or head of internal audit in your organization? Nonprofit includes NGOs (nongovernmental organizations). Answered by CAEs only. n = 819 for all regions except North America. n = 365 for North America. *Percentages of 2% or less are not labeled in the graph.



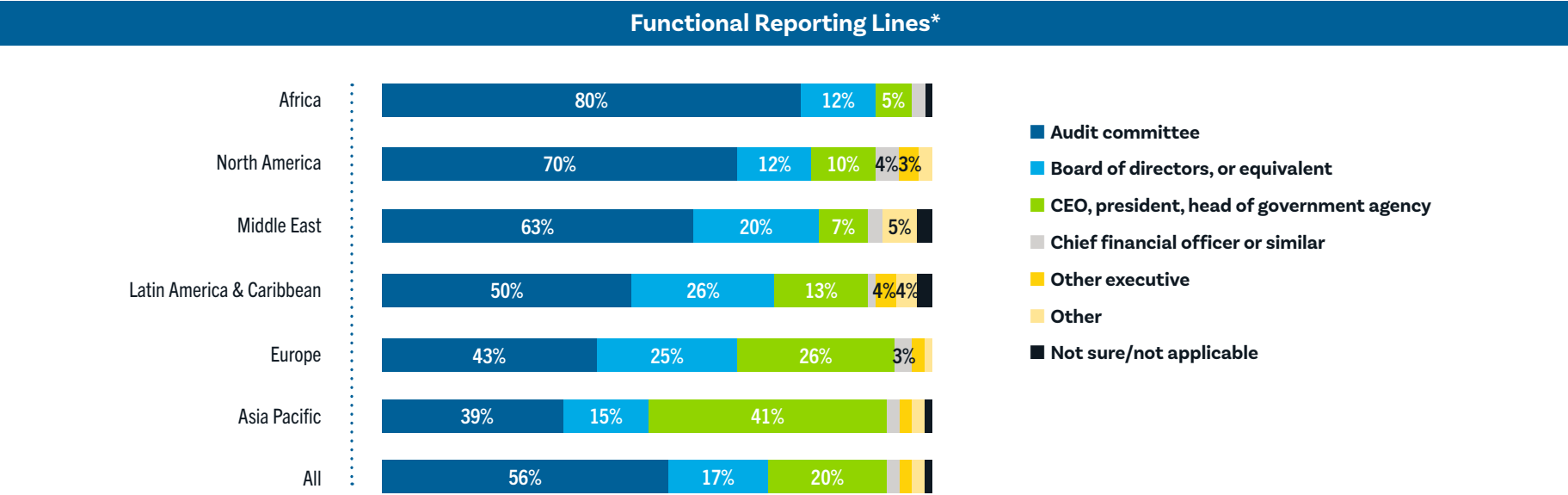
Functional Reporting Lines

Role and existence of audit committee varies across regions

The functional reporting line plays a key role in providing independent oversight of internal audit. On average, 56% of CAEs said they report functionally to an audit committee and another 17% to a board (totaling 73%). However, regional differences in governance structures play a role in how reporting lines are described.

For example, in Europe and Asia Pacific, relatively higher percentages are reporting functionally to the CEO or equivalent. For Europe, the likely reason is a lower percentage of audit committees in general, often due to organizations having a dual board system (rather than a single board, as is typical in other regions). For Asia Pacific, the results reflect that in Japan, the CEO is usually the chair of the board, thus Japan’s CAEs would say they reported functionally to the CEO.

Reyes Fuentes Ortea, CIA, CCSA, CRMA, COSO, COSO ERM, CISA, CFE, Corporate Audit Director at Indra in Spain, said she has experienced functional reporting to different positions during her career but prefers to report to the audit committee. “Reporting to the chair of the audit committee gives you total independence to perform your work and high-level support for the function,” she said.



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q71: What is the primary functional reporting line for the chief audit executive (CAE) or head of internal audit in your organization? Answered by CAEs only. n = 1,181. Q77: Does your organization have an audit committee? Answers from CAEs only. n = 1,174. *Percentages of 2% or less are not labeled in the graph.



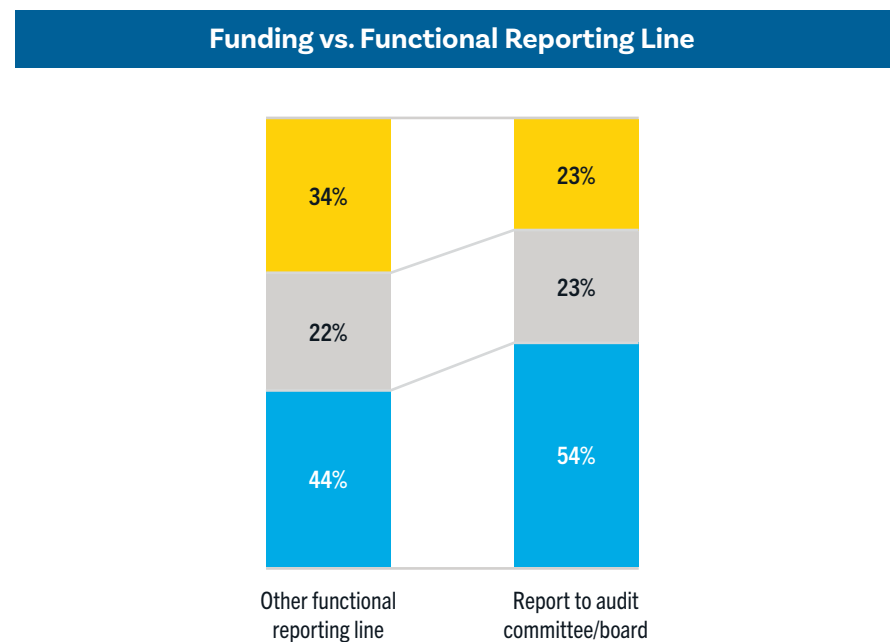
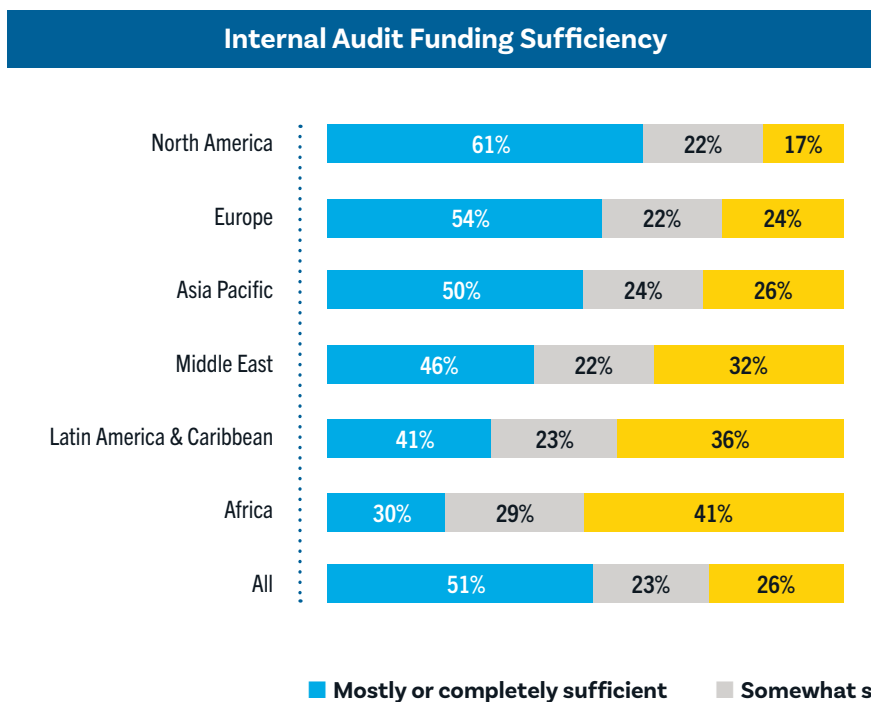
Funding Sufficiency

Funding challenges are most common in Africa and Latin America

Globally, about half of respondents reported their functions had access to mostly or completely sufficient funds to conduct their work. Funding sufficiency was highest in North America (61%) and lowest in Africa (30%).

One possible driver for having an adequately funded internal audit function is having a functional reporting line to an audit committee, board, or board equivalent. There was a particularly large uptick in funding sufficiency in most regions for those with this reporting line compared to those without (see next page).

Fábio Pimpão, CIA, CCSA, CRMA, Director of Internal Audit for Whirlpool Corporation Latin America, commented, “When a company has an audit committee, it can mean that it is one step ahead in understanding internal audit’s place in the governance structure, which means the CAE has someone who is going to fight for funding on [the activity’s] behalf.” He said that audit committees can also act as a buffer for the demands of management to cut costs in the organization by arguing for the need for assurance in key strategic areas.



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q69: In your opinion, in a normal year (disregarding pandemic factors), how sufficient is the funding for your internal audit activity? CAEs only. *n* = 1,168. Q71: What is the primary functional reporting line for the chief audit executive (CAE) or head of internal audit in your organization? CAEs only. *n* = 1,171.

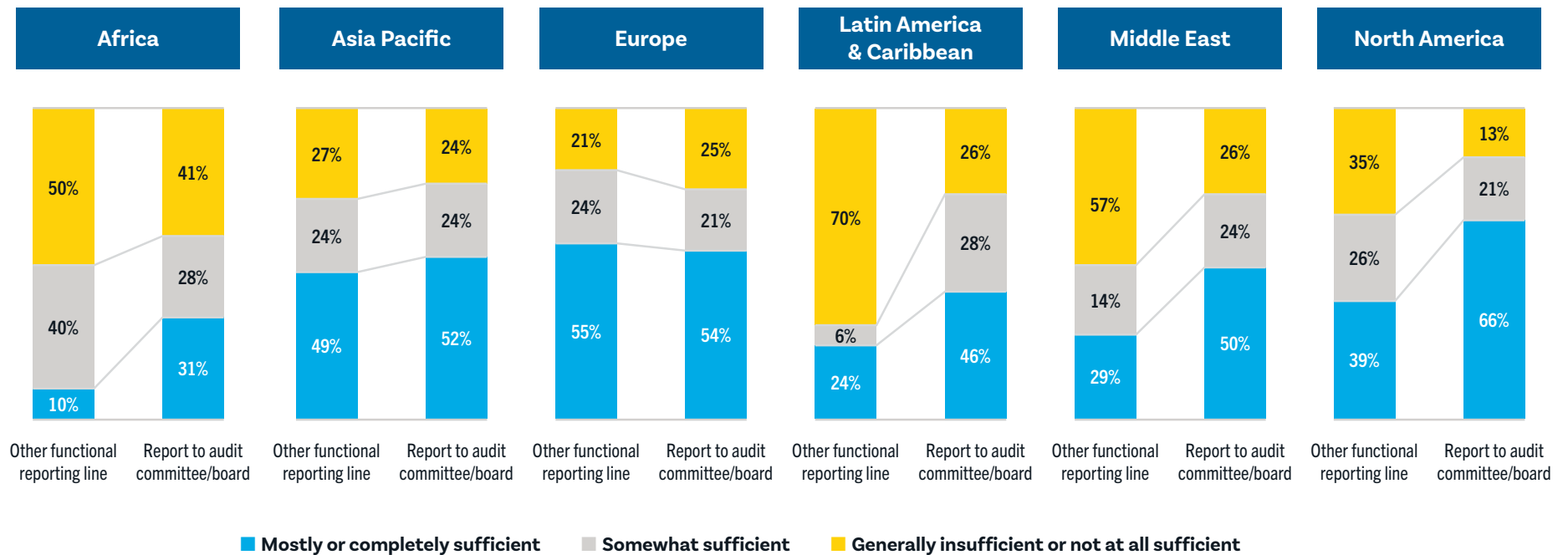


Funding Sufficiency Compared to Functional Reporting Line – Regional View

Funding sufficiency is generally higher where functions report to audit committees or boards

Reporting functionally to an audit committee, board, or equivalent is associated with better funding in most regions.

The exceptions were Asia Pacific and Europe, where the functional reporting line made little difference. As noted earlier, the board structures in these regions are often different than in other parts of the world, which means that the functional reporting survey question may not directly address the quality of internal audit’s position within the organization for those regions.



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q69: In your opinion, in a normal year (disregarding pandemic factors), how sufficient is the funding for your internal audit activity? Answered by CAEs only. *n* = 1,168. Q71: What is the primary functional reporting line for the chief audit executive (CAE) or head of internal audit in your organization? Answered by CAEs only. *n* = 1,171.



Section 4. Today's Internal Auditor

Summary

The demographics of the internal audit profession are changing.

At a global level, 61% of respondents were men compared to 37% women (and 2% who did not disclose). But in North America, the ratio was closer to equal. In general, more women are represented in the younger age groups, indicating a trend toward more women in the profession.

At the same time, the profession appears to be trending older. Survey respondents in 2021 were significantly older than survey respondents in 2015, with those under the age of 40 dropping 17 percentage points (from 43% to 26%). This points to a need for organizations to both attract and retain younger people and create more credible career paths.

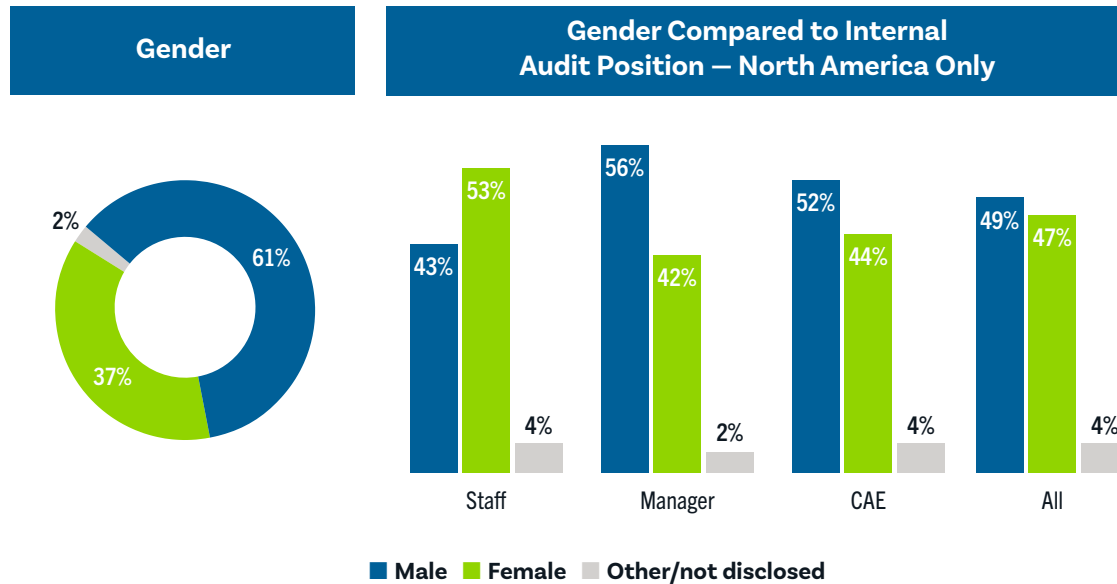
Internal auditors worldwide reported high levels of certification and education. More than half (55%) hold at least one internal audit certification. In addition, the vast majority of respondents have earned bachelor's degrees or higher (96%).

Certification rates increased with seniority. Among those at staff level, 44% had internal audit certifications, compared to about 60% for CAEs and directors. Those with internal audit certifications reported significantly more training hours per year than non-certified auditors.



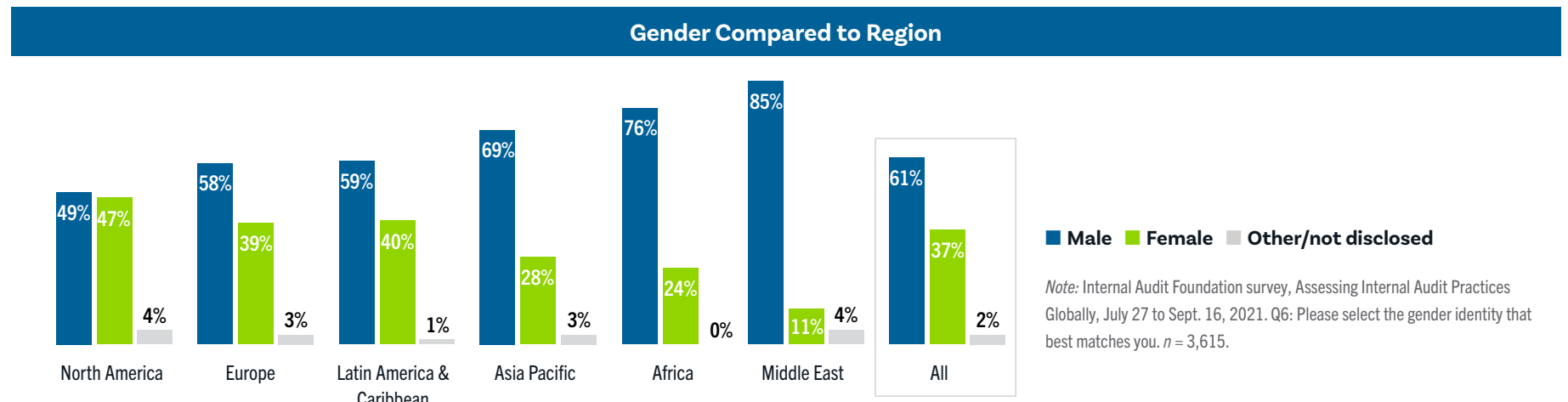
Ratio of Men to Women

Regions have large differences in the percentage of women represented



At a global level, survey results indicate the profession is weighted more toward men (61%) than women (37%). However, the ratio of men to women differed dramatically across regions. In Asia Pacific, Africa, and the Middle East, men accounted for 69% or more of respondents. In contrast, within North America, men and women were almost equally represented (49% to 47%). However, despite having roughly equal numbers in North America, women had lower representation at manager and CAE levels compared to men.

“Audit leaders need to encourage gender diversity in internal audit activities, especially activities that expose professionals to experiences and opportunities for progressive leadership,” said **Elizabeth Sullivan, CIA, CCSA, CRMA, Vice President, Chief Risk and Audit Officer with the Washington Metropolitan Area Transit Authority in the U.S.** “That means ensuring, for example, that younger professionals can see themselves as career auditors because CAEs and other leaders create a clear path with opportunities for professional growth that is inclusive for women.”



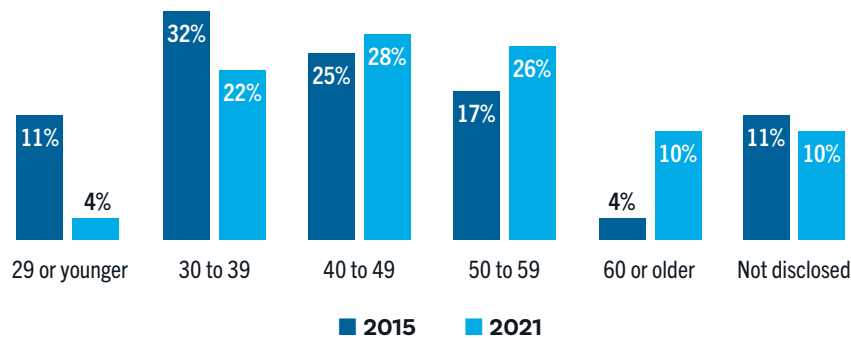
Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q6: Please select the gender identity that best matches you. n = 3,615.



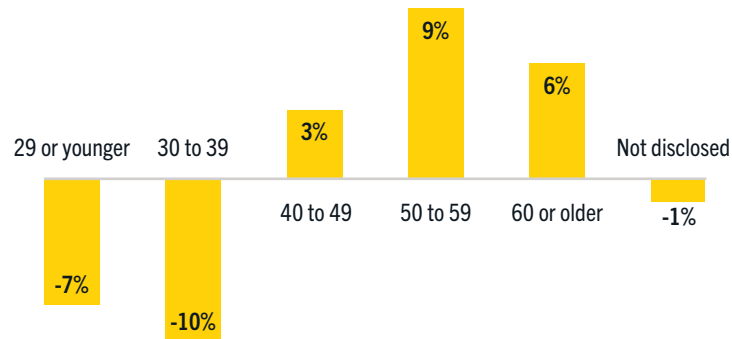
The Challenge of an Aging Profession

Attracting and retaining younger talent requires clear promotion paths

Survey Respondent Age Comparison (2015 vs. 2021)



Percentage Point Change in Age Categories (2015 vs. 2021)



Based on survey responses, the profession appears to be trending older. The percentage of survey respondents under the age of 40 dropped from 43% in CBOK 2015 to 26% in 2021. (Statistical tests were performed to control for demographic and regional differences among the respondents between the two surveys.)

The increasing age of current internal auditors, particularly in North America, may be related to the U.S. Sarbanes-Oxley Act of 2002 when a large influx of younger people entered the profession, said **Reyes Fuentes Ortea, CIA, CCSA, CRMA, COSO, COSO ERM, CISA, CFE, Corporate Audit Director at Indra in Spain**. As this large cohort ages, the overall age of the profession may be pushed higher.

At the same time, Reyes said CAEs are facing a competitive market for younger talent who want to be upwardly mobile. “Sometimes it can be unclear what the career path will be for ambitious young people who want to know, for example, how many internal audit directors are members of the management committee compared with other possible career choices,” she said.

She emphasizes to all members of her staff that they are working for the board of directors and gives feedback to the full team each time she reports to the board. Even so, she finds it difficult to retain young talent who are easily lured away by higher salaries elsewhere. “Internal auditors need so many skills—technical knowledge, communication skills, empathy, critical and creative thinking, to name a few—and the salary levels of the profession do not always reflect that level of competence,” she said.

Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q7: What is your year of birth? $n = 3,599$. Internal Audit Foundation Survey, CBOK 2015, Feb. 2 to April 1, 2015. Q3: What is your age? $n = 12,617$.

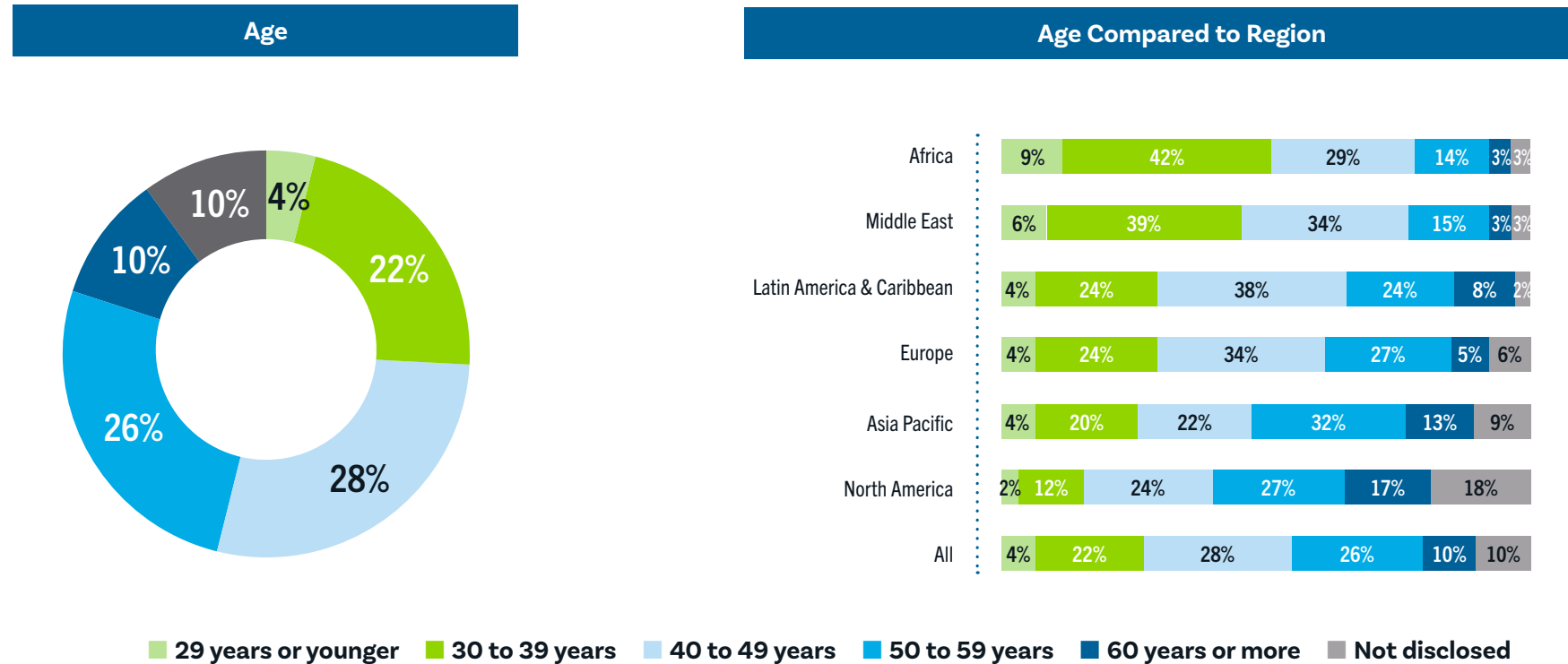


Age – Regional View

Africa and the Middle East have the youngest internal auditors

Comparing age between regions can be challenging because of the percentage who choose not to answer the question, particularly in North America (18%) and to a lesser degree Asia Pacific (8%) and Europe (7%). These “unknown ages” make it difficult to compare age among regions.

However, it is possible to infer that Africa and the Middle East have the youngest internal auditors, while Asia and North America are likely to have the oldest. On average globally, about one-quarter of respondents were under the age of 40, and 10% were 60 or older.



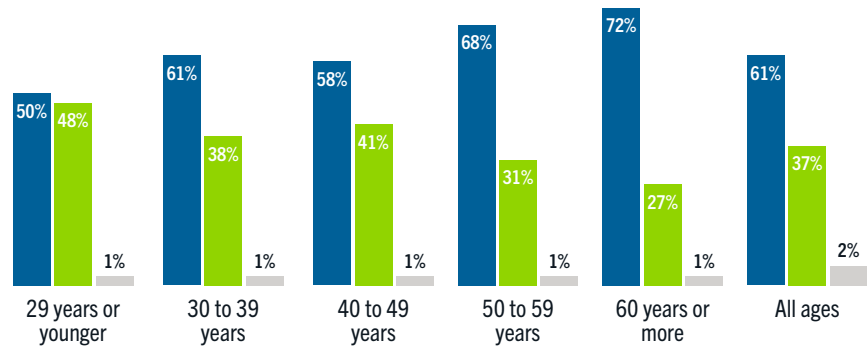
Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q7: What is your year of birth? n = 3,599.



Gender Compared to Age Groups – Regional View

Percentage of women in the profession is growing in several regions

All Regions

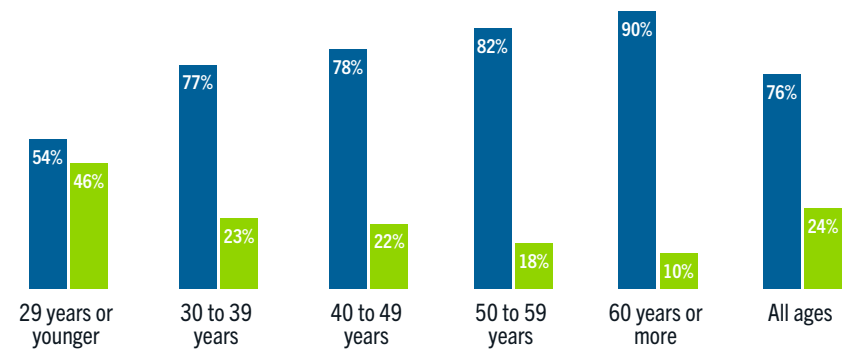


Looking at age and gender together can help reveal both the past and the potential future for the profession. Overall, the gap between men and women steadily decreased with age among survey respondents. For those under 30, men and women were represented almost equally. On the other hand, men represented 72% of those over 60.

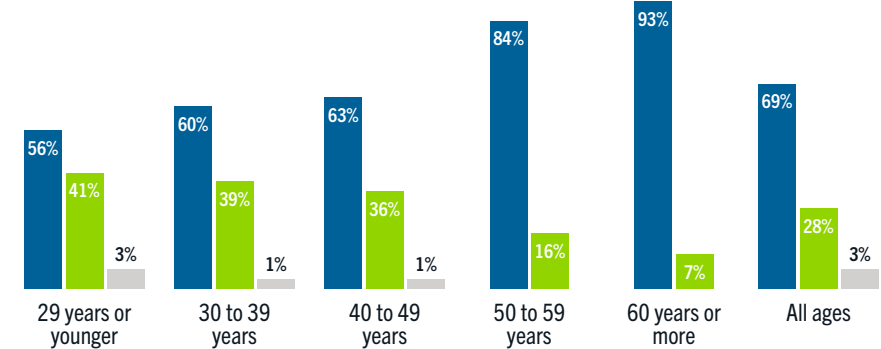
These changes play out in a variety of ways within regions. For example, in Europe, the percentage of women consistently increased as age cohort decreased. This indicates a trend in more women entering and staying in the profession. If this trend continues, the representation between men and women in Europe may become equally balanced, as it is in North America.

On the other hand, in Africa and the Middle East, the profession is predominantly male, with increases among women only substantial in those under 30.

Africa



Asia Pacific



■ Male ■ Female ■ Other/not disclosed

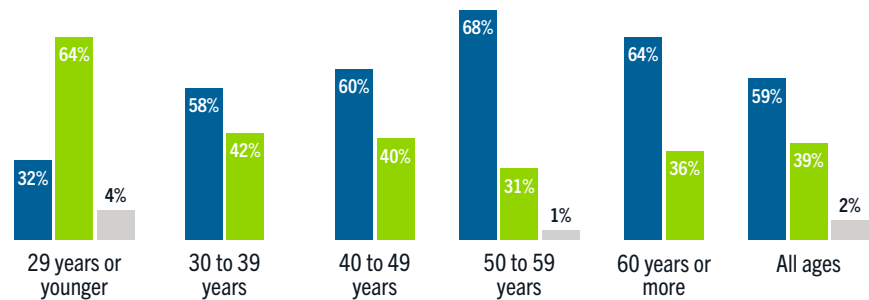
Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q7: What is your year of birth? n = 3,599.



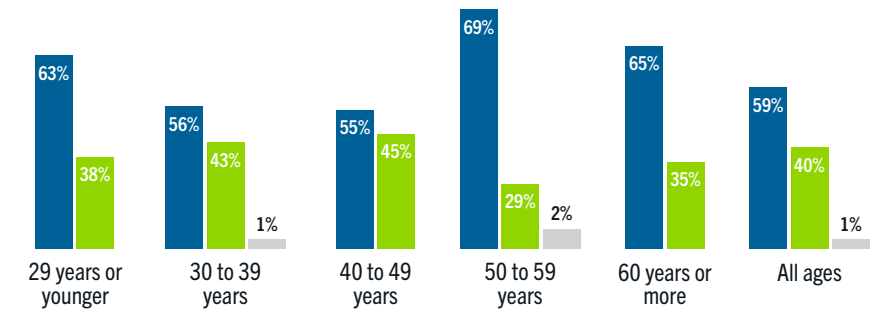
Gender Compared to Age Groups – Regional View *(continued)*

Percentage of women in the profession is growing in several regions

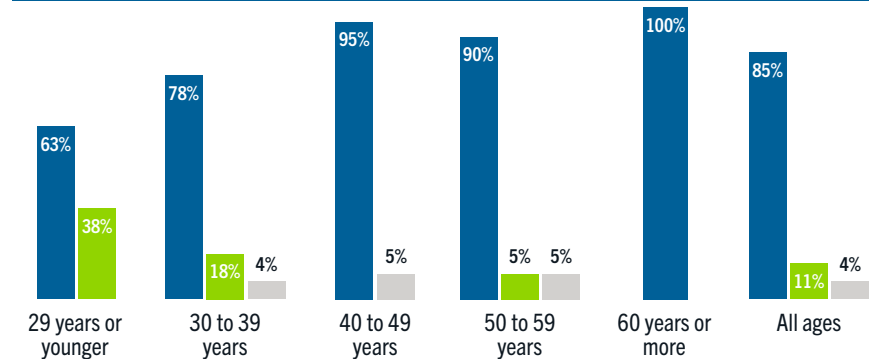
Europe



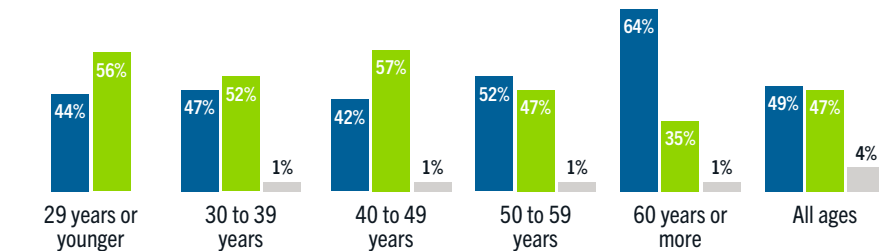
Latin America & Caribbean



Middle East



North America



■ Male ■ Female ■ Other/not disclosed

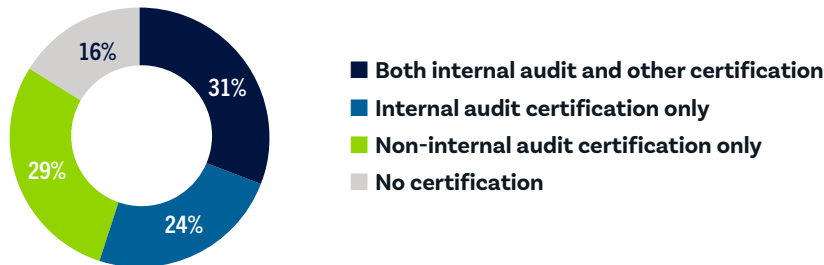
Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q7: What is your year of birth? n = 3,599.



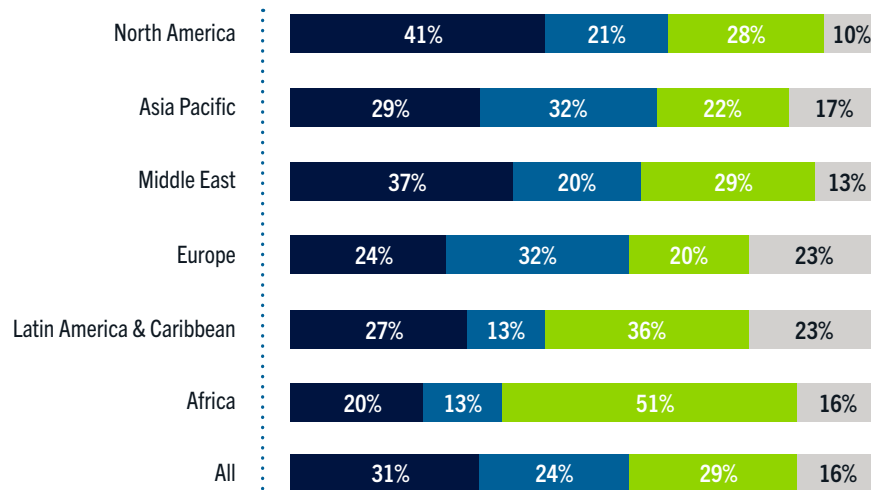
Why Certification Matters

Internal audit certifications are held by about half of respondents

Types of Certification Held



Types of Certification Held Compared to Region



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q5: Which of the following professional certifications and/or qualifications do you have? n = 3,617.

Certifications are an essential way of demonstrating proficiency in the skills needed for internal auditing. Globally, 55% of respondents held an internal audit certification either in conjunction with another certification (31%) or on its own (24%).

Twenty-nine percent reported they held some form of certification other than an internal audit certification. Only 16% held no certifications. These results indicate that internal auditors are well-qualified to serve their organizations.

Regionally, the types of certifications held varied. Africa, for instance, had the highest proportion of people certified with a non-internal audit designation. That is because most practitioners in Africa come into internal audit from the accountancy profession and are likely to hold a CPA or similar qualification, according to **Daniel Nyaga, CGAP, CRMA, CFE, CRCMP, Deputy Internal Auditor General for the Government of Kenya**. In Kenya, for instance, Nyaga said this situation has led some employers and boards to underappreciate internal auditors' roles in providing assurance over the whole control environment because they mistakenly believe internal audit and accounting certifications both have a narrow financial focus.

To make sure internal audit encompasses its full role, Nyaga recommends that CAEs implement [The IIA's Internal Audit Competency Framework](#). In addition to helping to define internal audit's role, the framework can be used by the CAE as an advocacy tool to introduce [The IIA's International Professional Practices Framework \(IPPF\)](#) to managers and the board.



Certification and Career Advancement

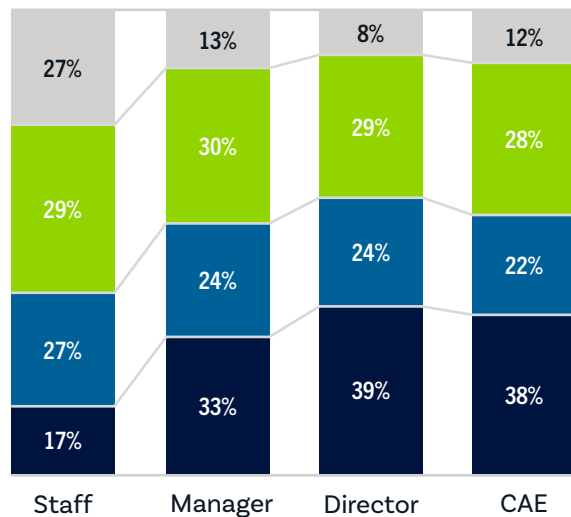
Certification rates increase with rank and experience

The survey revealed a positive correlation between certification and the career level of internal auditors. While at staff level, 44% had an internal audit certification, that percentage increased to about 60% among directors and CAEs.

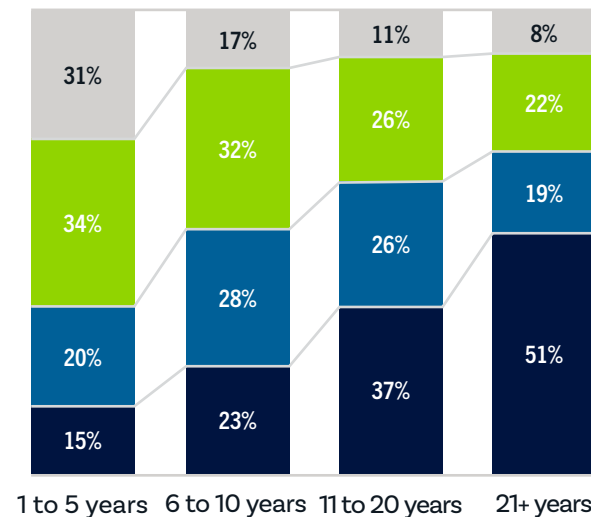
Another positive correlation was seen between years of experience and certification. Among those with fewer than 5 years' experience, 35% had at least one internal audit certification. This metric increased steadily to 70% of those with more than 20 years of experience.

Anne Mercer, CIA, Senior Director of Professional Guidance at The IIA, said that internal auditors need two years of professional practice in order to be eligible to take the exam for an IIA certification, which would explain why fewer new auditors hold one. Encouraging eligible auditors to seek certification by offering a financial (or other) reward can be an effective strategy for an employer to increase certification levels on staff, Mercer said.

Types of Certification Held Compared to Position



Types of Certification Held Compared to Experience



■ Both internal audit and other certification ■ Internal audit certification only ■ Non-internal audit certification only ■ No certification

Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q5: Which of the following professional certifications and/or qualifications do you have? n = 3,631.



Improving Competency Through Training

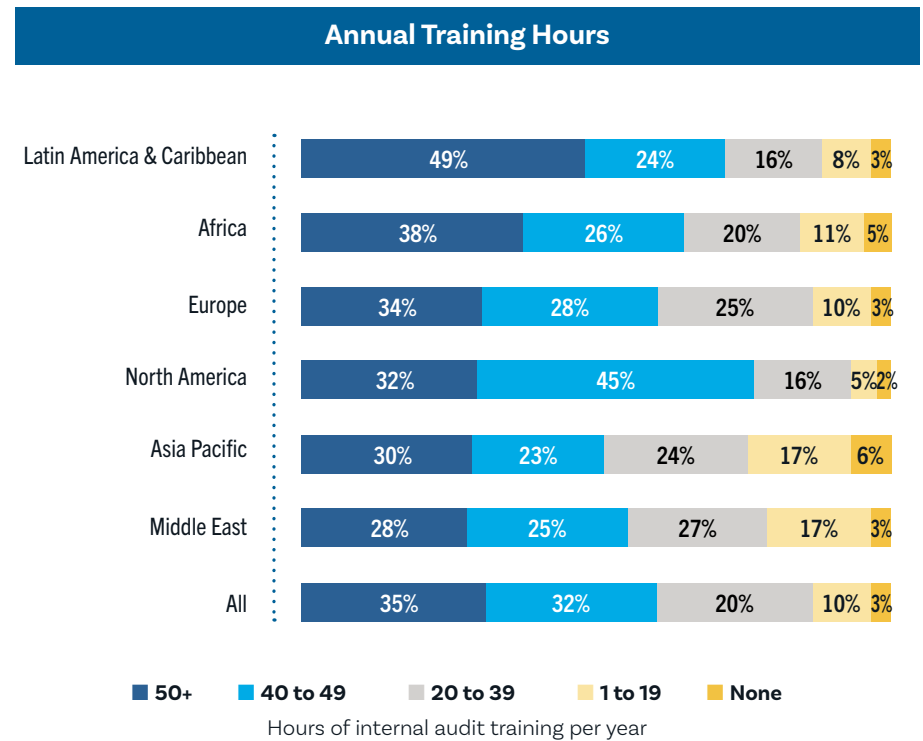
Most internal auditors complete 40+ hours of annual training

Given the fast-moving nature of business risk, continual training is key if internal audit is to remain relevant and audit professionals are to thrive. Globally, 67% of survey respondents reported they completed 40 hours or more annual training.

In fact, about one-third said they completed 50 hours or more, exceeding the 40 hours generally required for maintaining an internal audit certification.

Latin America & Caribbean had particularly high levels of training hours per year, with 49% saying they had 50+ hours per year, compared to a global average of 35%.

Overall, very few survey respondents said they received no training (3%), and only 10% said they received less than 20 hours per year.



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q9: How many hours of formal training related to the internal audit profession do you receive per year? *n* = 3,614.



The Certification and Training Link

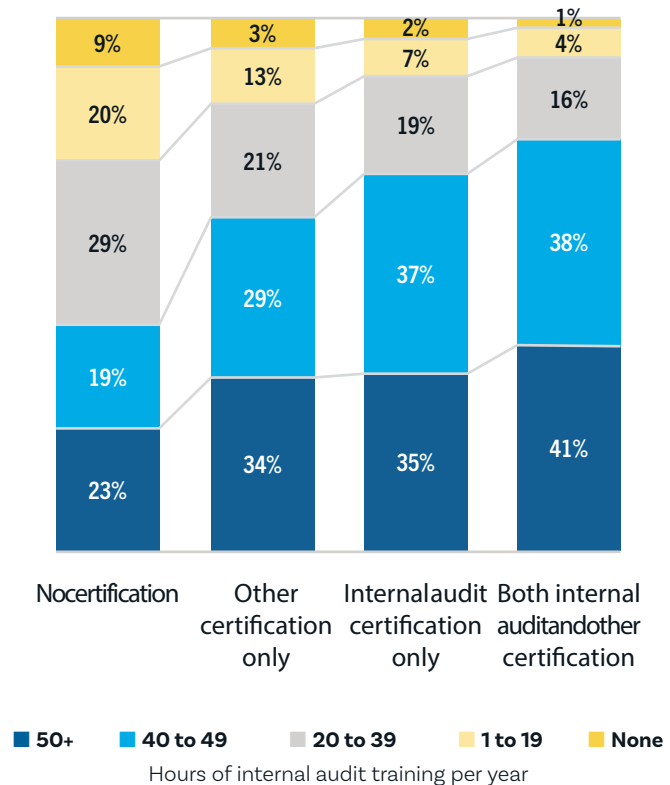
Those with certification complete more training than those without

The most noticeable difference in training hours was between those who were certified and those who were not. Almost 6 out of 10 auditors without certification received less than 40 hours of training per year. Lacking a certification and obtaining fewer training hours may result in lower skill levels for some staff members.

Internal audit leaders can take steps to avoid this problem. “The CAE is responsible for delivering assurance to the organization, and collectively the internal audit activity must have the skills and competencies to do that,” said **Elizabeth Sullivan, CIA, CCSA, CRMA, Vice President, Chief Risk and Audit Officer with the Washington Metropolitan Area Transit Authority in the United States.** “The CAE sets the tone for the professionalism and credibility of his or her activity, and that means having properly trained staff.”

Sullivan has implemented a training program for all team members in her department—certified or not—which requires each person to receive at least 40 hours of training annually. “How individuals accomplish that will differ according to their current certifications and other factors, such as identified training needs,” she said, “And, while we encourage certification, we support training for everyone on the team.”

Annual Training Hours Compared to Certification



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q9: How many hours of formal training related to the internal audit profession do you receive per year? n = 3,628.

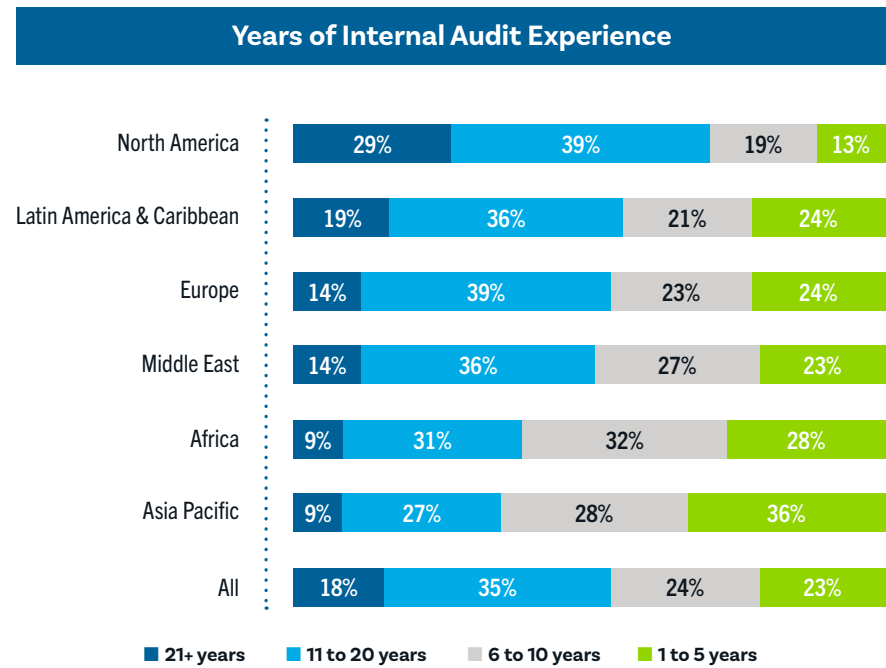
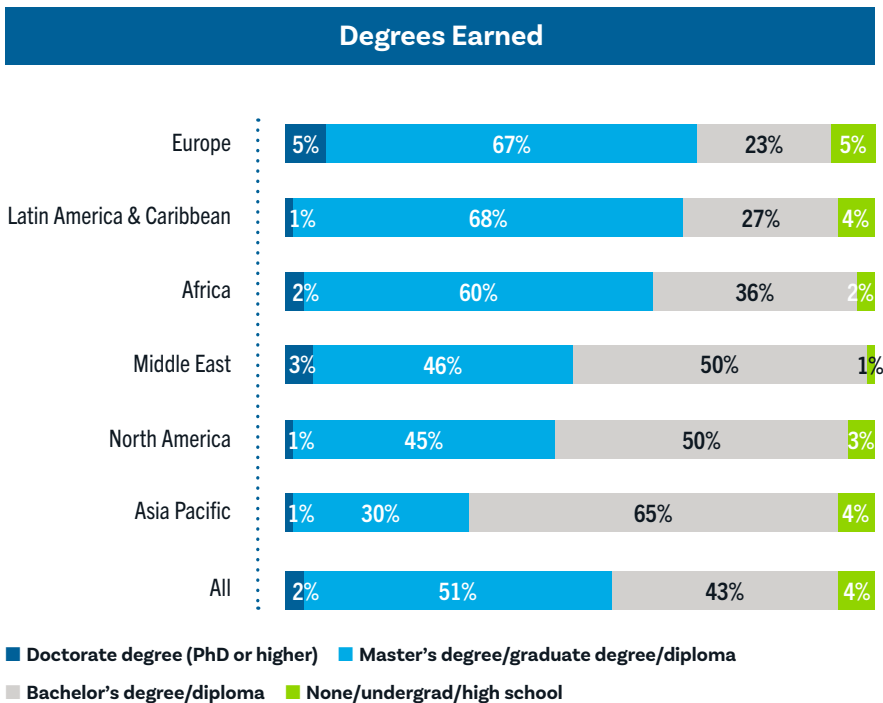


Education and Experience

Internal auditors worldwide have high levels of education

Nearly all survey respondents had at least a bachelor's degree. In addition, 51% said they had a master's degree.

In terms of internal audit experience, North America (68%) and Latin America & Caribbean (55%) had the highest proportion of internal auditors with more than 10 years' experience; Africa (40%) and Asia Pacific (36%) reported the fewest.



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q8: What is your highest level of formal education* completed? (*not certifications) $n = 3,628$. Q3: How many years of experience do you have performing internal audit services? $n = 3,618$.



Conclusion

The survey responses from internal auditors in 159 countries and territories show a high level of professionalism and shared norms within the profession.

Standards conformance increased among global survey respondents between 2015 and 2021 for all major standards series. The finding that 80% of survey respondents said they worked in organizations rated at internal audit maturity level 3 or higher on the Internal Audit Ambition Model also demonstrates high levels of professionalism among today's auditors.

In addition, about half of CAEs worldwide said their internal audit functions have significant involvement in reviewing technology risks, including cybersecurity. This shows that internal auditors are both willing and able to engage with technology risks and will need to seek the skills and proficiencies to do so successfully.

But challenges remain. For instance, many internal audit functions need to implement internal and external assessments for their activities, as required in Standard 1300. Functions in some regions struggle to obtain sufficient funding for necessary activities.

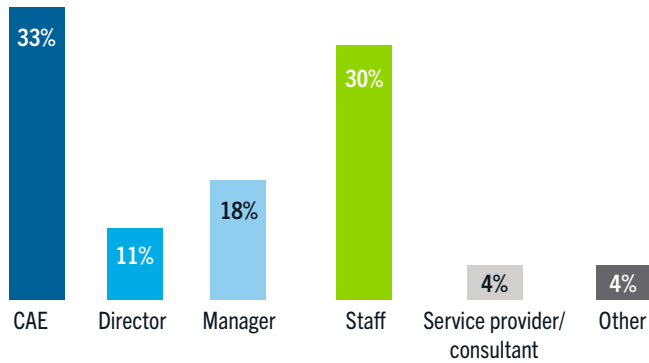
More broadly, the profession is affected by the global struggle to attract and retain new talent—and to obtain the right balance of competencies.

The profession will need to be creative in meeting these challenges and more that are likely to emerge in an increasingly uncertain world.

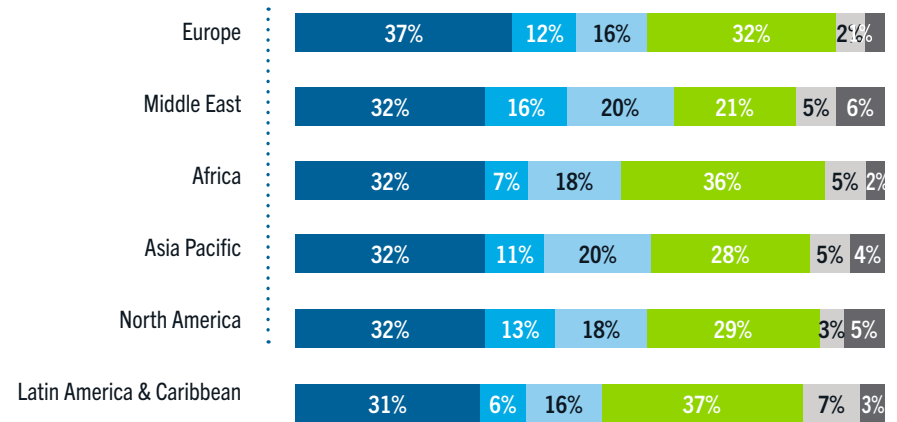


Demographics

Internal Audit Position

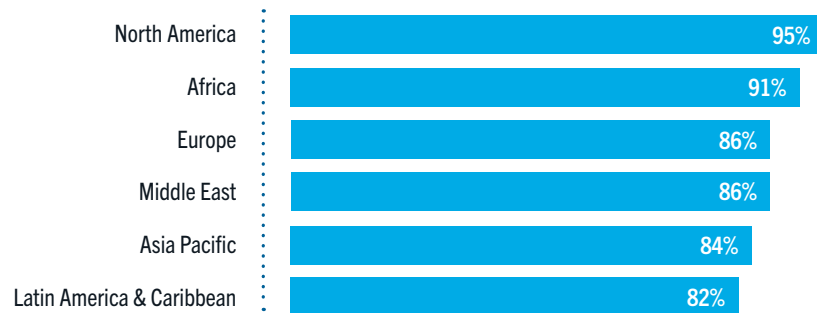


Internal Audit Position Compared to Region



■ CAE or head of internal audit ■ Director, reporting to head of internal audit ■ Senior manager or manager ■ Staff ■ Service provider or consultant ■ Other

IIA Membership

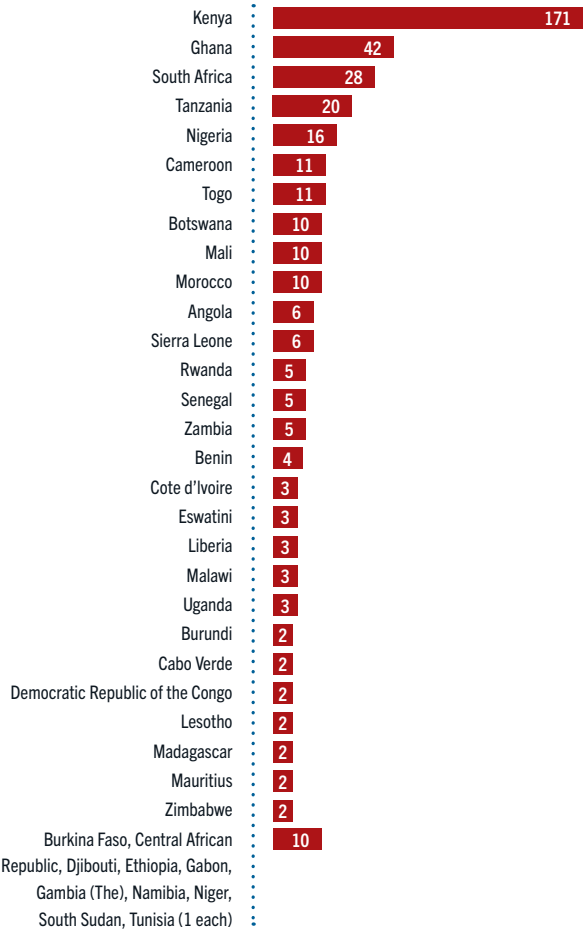


Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q1: What is your current position or level in internal auditing? $n = 3,618$. Q4: Are you a member of The Institute of Internal Auditors (IIA)? $n = 3,631$.

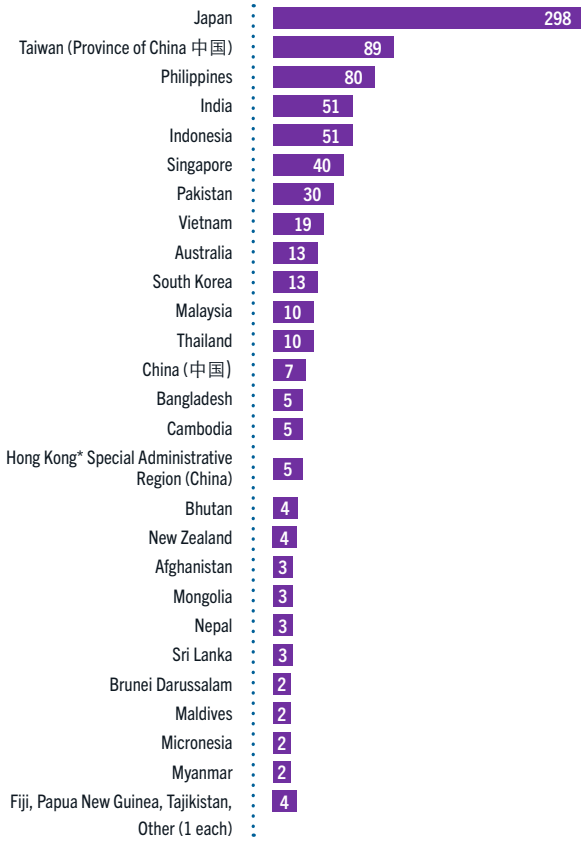


Country/Dependency/Area of Special Sovereignty

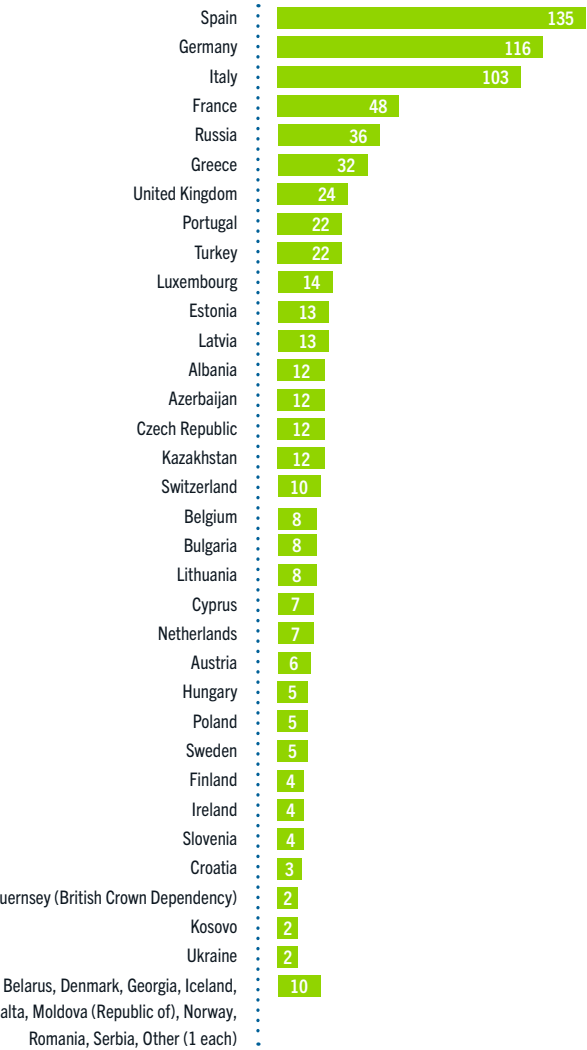
Africa Total: 399



Asia Pacific Total: 758

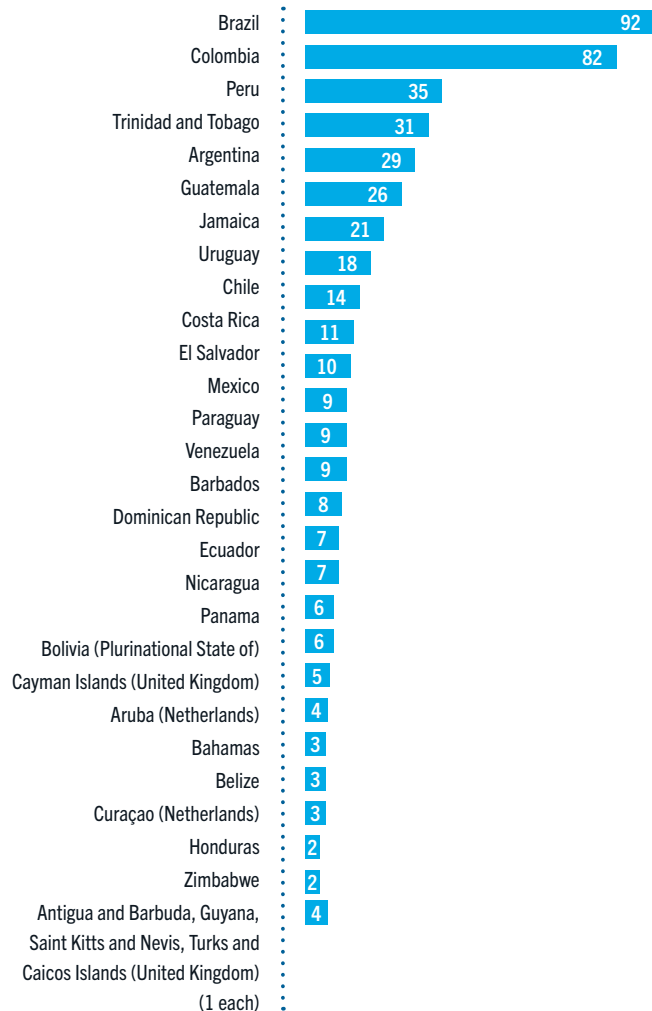


Europe Total: 726

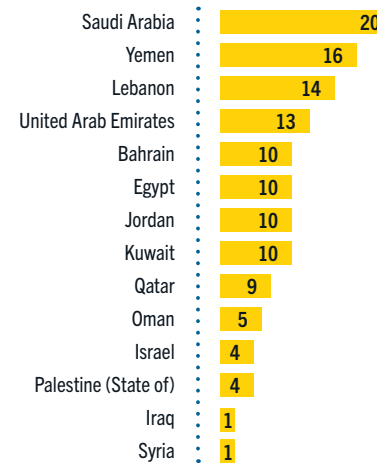


Country/Dependency/Area of Special Sovereignty (continued)

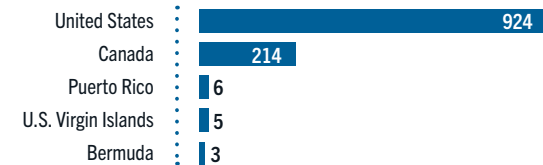
Latin America & Caribbean Total: 456



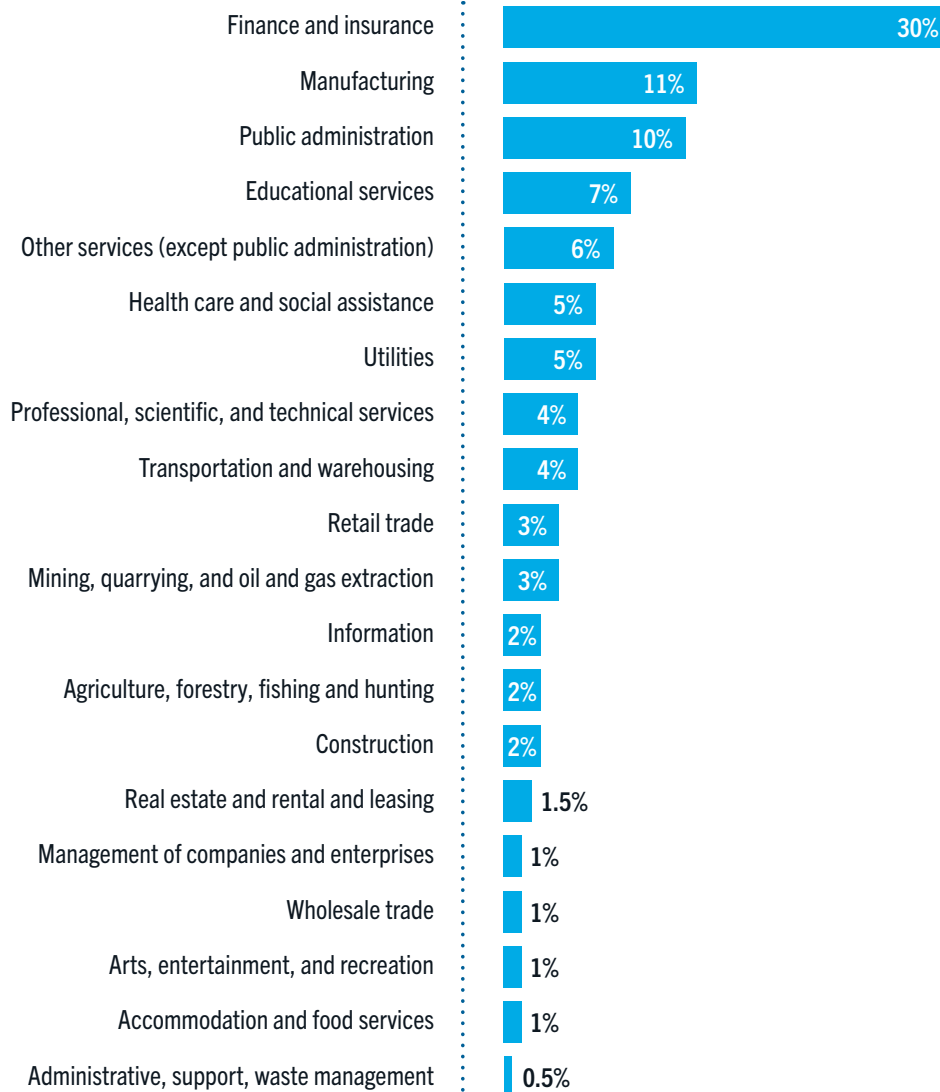
Middle East Total: 127



North America Total: 1,152



Industry



Note: Internal Audit Foundation survey, Assessing Internal Audit Practices Globally, July 27 to Sept. 16, 2021. Q76: What is the primary industry classification of the organization for which you work (or your primary client if you are a service provider)? $n = 3,603$.



Notes

1. Data Analysis for Increase in Standards Conformance. Statistical analysis was performed to test whether the difference in conformance between the two surveys was driven by differences in respondent demographics. After controlling for demographic factors, the differences remained statistically significant.

To compare survey responses between CBOK 2015 and the Assessing Global Practices survey in 2021, we performed a series of logistic and ordinal logistic regressions using our comparable responses as dependent variables and a binary indicator for the 2021 survey as the independent variable of interest. We controlled for differences in respondent role (CAE, internal audit management, internal audit staff), respondent country, internal audit function size, and company type (public, private, nonprofit, public sector, financial, other), and performed each estimation with robust standard errors.

To calculate reported probabilities, we first determined each model's estimated baseline probability using its baseline odds as reported in STATA, where $Probability = [Odds\ of\ DV=1 / (1+Odds\ of\ DV=1)]$. We then multiplied the baseline odds by the odds ratio implied by the coefficient estimate on the variable of interest and converted the resulting 'treatment odds' to probabilities following the aforementioned formula.

2. Data Analysis for Increase in Survey Respondent Age. Statistical analysis was performed to test whether the difference in respondent age between the two surveys was driven by differences in respondent demographics. After controlling for demographic factors, the differences remained statistically significant (see Note 1 for a detailed description of the testing methodology used).

In addition, the possibility that younger people are less likely to answer surveys was considered. However, absent evidence to the contrary, the researchers proceeded under the assumption this tendency has not changed significantly over the six years between surveys.



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