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News Release

Indicators Show Impacts of Economic Crisis May Be Abating

Internal auditors indicate return of staffing and budgets and broader use of assurance over risk management and fraud

ALTAMONTE SPRINGS, Fla. - Surveys from The Institute of Internal Auditors (IIA) in early 2009 painted a grim picture of the toll the financial crisis was taking on internal audit budgets and staffing levels. But as news reports from around the world start documenting the first signs of a possible economic recovery in certain industry sectors and job markets, recent survey results from The IIA's new Audit Executive Center indicate that the worst of the economic climate may have indeed passed and brighter skies are ahead.

The survey asked chief audit executives (CAEs) and internal audit directors and managers questions about their internal audit activity's roles and responsibilities, budgets, staffing and cost-saving efforts, 2010 priorities, and compliance plans with the U.S. Securities and Exchange Commission's (SEC's) new Proxy Disclosure requirements. The survey uncovered five key trends that began to emerge late in 2009. According to survey results:

1. Internal audit budgets and staffing levels are beginning to stabilize after a difficult year in 2009.
2. As areas of audit focus and coverage continue to shift from 2009 to 2010, risk management is the No. 1 strategic priority for CAEs and the key area of focus for internal audit activities in 2010.
3. The roles of internal audit activities and the CAE are continuing to proliferate in key organization-wide initiatives. Internal auditors are being asked to expand their more traditional assurance and consulting roles, and apply their business knowledge and audit expertise in key business initiatives, particularly those pertaining to fraud and risk management.
4. Staffing activities and issues are at the forefront of CAE administrative concerns in 2010, and staffing issues are the No. 1 obstacle to audit performance this year. The top three skill sets CAEs are seeking in new internal audit staff are business and industry knowledge, IT audit expertise, and proficiency with data analytics tools.
5. Enterprise risk management (ERM) and International Financial Reporting Standards (IFRS) are at the forefront of CAE concerns for the future beyond 2010.

“The results were not only encouraging in terms of continuing diversification of audit coverage, but there were also indications that budget and staffing reductions are waning,” said IIA President and CEO Richard Chambers, CIA, CGAP, CCSA. “For example, 35 percent of Fortune 500 survey participants stated staffing levels declined during 2009. But when asked about the outlook for 2010 in last month’s survey, only 11 percent of the same Fortune 500 respondents projected decreases. On the flip side, almost 19 percent projected their staffing levels would increase this year.”

A total of 3,733 survey invitations were sent to IIA members, of which 402 responses were received representing an 11 percent participation rate. Of these respondents, 17 percent were from Fortune 500 organizations.

The IIA’s new Audit Executive Center published a summary of the results in a Knowledge Alert titled [Internal Auditing in 2010: Shifting Priorities for a Changing Environment](#), available as a free download from The IIA’s Web site at www.theiia.org/guidance/benchmarking/gain/knowledge-services.

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