

2025 North American Pulse of Internal Audit

Benchmarks for Internal Audit Leaders



Internal Audit
FOUNDATION



About the Pulse of Internal Audit



NUMBER OF RESPONSES

CAEs	378	84%
Directors	27	16%
Total	405	100%

Since 2008, the **Pulse of Internal Audit** has been the premier annual leadership report for North American CAEs, published by the **Internal Audit Foundation**. Pulse reports enable internal audit leaders and stakeholders to better manage their budgets, staff, training, and technology through key benchmarks and trends.

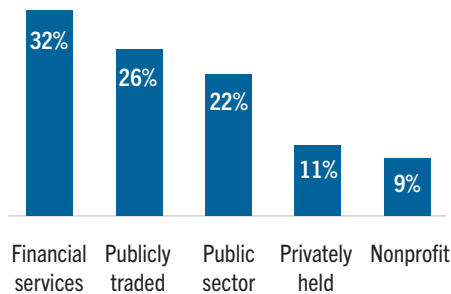
The online survey for the 2025 North American Pulse of Internal Audit report was conducted from October 10 to November 14, 2024. Respondents primarily came from organizations headquartered in the United States (85%) and Canada (10%), with the remaining 5% coming from the Caribbean or outside North America.

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

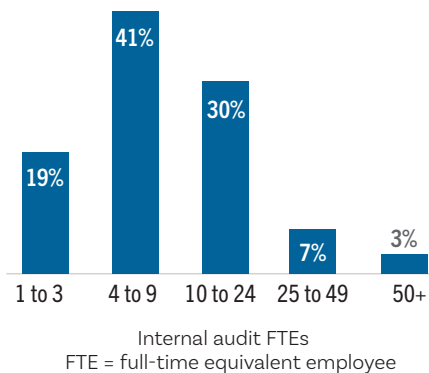
Learn more about Pulse of Internal Audit research and download additional reports at theiia.org/Pulse.

Project Partner: **AUDITBOARD**

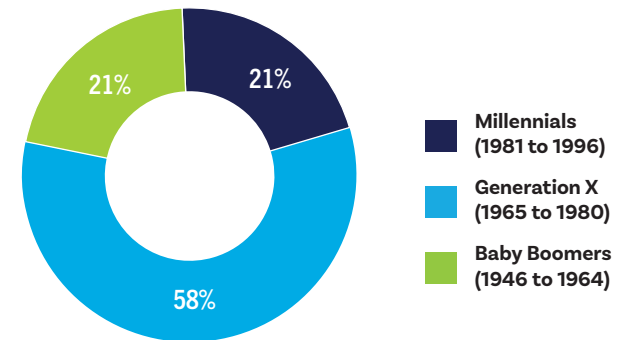
Organization Type with Financial Services Breakout



Internal Audit Function Size (FTEs)



Respondent Generation



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Executive Summary

Discover key insights for managing internal audit budgets, staff, training, and technology in the 2025 North American Pulse of Internal Audit report. This year's report highlights the importance of aligning with organizational strategy and top priorities for implementing additional technology.

There is a strong correlation between internal audit funding and internal audit alignment with organizational strategy.

Where internal audit functions were more aligned to organizational strategy, higher levels of funding were in place. CAEs look forward to building stronger strategic relationships with their organizations, saying they want to increase advisory services from 25% to 40% of their audit plans in an ideal future. In addition, CAEs are closely involved with risk management at their organizations, with almost a third responsible for ERM and two-thirds coordinating and sharing knowledge with risk management functions.

Technology is the path of the future, with internal auditors integrating more tools to increase efficiency and effectiveness.

About 4 in 10 CAEs said they are using GenAI for internal audit activities, with Millennial CAEs higher than the overall average. At the same time, data analytics skills are seen as foundational to internal audit activity. CAEs cited data analytics as the technology skill they most wanted to improve among staff, and more than 90% said adoption of data analytics was essential for the future of the profession.

The Pulse report continues to provide audit plan overviews, budget/staffing trends, and risk levels to give leaders essential benchmarks they can use year-round. In addition, for the first time this year, the Pulse of Internal Audit report features supplemental insights from:

- **The 2024 Global Internal Audit Standards.**
- **Vision 2035** —The IIA's premier report exploring the path of the profession for the next 10 years.

The Pulse of Internal Audit is produced by the [Internal Audit Foundation](#), in coordination with The IIA.



Standards Spotlight

Excerpts from the Global Internal Audit Standards™ are featured throughout the Pulse report this year.

The complete Standards are available to the public at theiia.org/NewStandards.

Additional guidance for CAEs is available at The IIA's Standards Knowledge Center (theiia.org/SKC), including the:

- Conformance Readiness Assessment Tool
- Executive Summary Domain III: Governing the Internal Audit Function
- Chief Audit Executive's Domain III Toolkit (Log in to view the toolkit.)

12 Key Findings

Explore the key findings from the 2025 North American Pulse of Internal Audit report, including insights from the 2024 Global Internal Audit Standards and The IIA's Vision 2035 report.

Strategy and Advisory Services



1. Strategic alignment is associated with more sufficient funding. Where internal audit functions were more aligned to organizational strategy, higher levels of funding were in place. Overall, just over half of CAEs said internal audit was fully or almost fully aligned with their organization's strategy. (Page 7)



2. Insufficient funding impacts about half of respondents. About half say their funding is somewhat sufficient or insufficient, with the biggest impact in the public sector. Underfunding can interfere with internal audit function's ability to operate effectively. (Page 28)



3. CAEs want to perform more advisory services in the future. The current mix of engagement activity is 75% assurance and 25% advisory, but in an ideal future, CAEs prefer assurance to shift down to 60% and advisory to come up to 40%. (Source: Vision 2035) (Page 16)

Technology



4. Ninety-two percent of CAEs say that data analytics is the most important technology skill for the future. However, when asked about internal audit use of technology, only 28% of CAEs said their functions had high or advanced levels of data analytics usage. (Source: Vision 2035) Data analysis was the competency that CAEs most wanted to improve within their staff. (Pages 17 and 42)



5. About 4 in 10 CAEs say their functions are using GenAI for internal audit activities. There are significant differences by generation, with Millennial CAEs most active (52%), followed by Generation X (40%), and Baby Boomers (31%). (Page 19)



6. About a third of all respondents use outsourced services for cybersecurity and information technology. In financial services, outsourcing for cybersecurity and IT is substantially above average (around 50%). (Pages 39 and 40)



12 Key Findings

CAE Responsibilities and Audit Planning



7. CAEs consistently have responsibilities beyond internal audit. Almost 90% of CAEs say they have areas of responsibility beyond internal audit. Top areas are fraud (47%), the Sarbanes-Oxley (SOX) program (36%), and the ethics or whistleblower program (33%). (Pages 8 and 9)



8. CAEs are more likely to be responsible for ERM now than 9 years ago. In a 2015 IIA survey, a total of 24% said they were permanently or temporarily responsible for ERM. In the Pulse survey conducted in 2024, this metric rose 6 percentage points to 30%. (Page 44)



9. Operations, compliance, and SOX take up the bulk of audit plans overall. At the same time, CAEs still carve out a large portion of their audit plans for IT and cybersecurity (17% combined). (Page 22)

Budgets and Staff



10. The trend for internal audit budget and staff growth has stabilized to near pre-COVID levels. Last year, 34% of CAEs had a budget increase, and 25% had a staff increase. (Pages 30 and 35)



11. Nearly 70% of CAEs had to recruit to fill a new position or a vacant position last year. Even among smaller functions (4 to 9 FTEs), recruiting was necessary for nearly half of CAEs. (Page 37)



12. Remote work is slightly decreasing. Trending shows a small increase toward more in-person work since last year (+4 percentage points). With this shift, there is nearly an equal mix between primarily working in person and primarily remote (both 32%). The remaining 36% of internal audit functions split their time roughly equally between remote and in-person work. (Page 13)



Benchmarking Categories

Organization Types and Industries

For internal audit functions in North America, there are often differences between organization types. This page shows the industries most represented in the organization types used for analysis in this report. (The financial services category was created by extracting financial services respondents from the other four organization types.)

Nonprofit	
Health care and social assistance	51%
Educational services	26%
Other	23%
Total	100%
Number of responses	35

Financial Services	
Financial institutions	48%
Insurance	38%
Asset management	3%
Broker-dealer	3%
Other	8%
Total	100%
Number of responses	128

Publicly Traded	
Manufacturing	27%
Retail trade	13%
Mining, quarrying, and oil/gas extraction	10%
Information	10%
Professional, scientific, and technical services	8%
Health care and social assistance	7%
Transportation and warehousing	6%
Utilities	3%
Other	16%
Total	100%
Number of responses	104

Public Sector	
Public administration	42%
Educational services	29%
Transportation and warehousing	7%
Health care and social assistance	7%
Other	15%
Total	100%
Number of responses	89

Privately Held	
Manufacturing	36%
Professional, scientific, and technical services	11%
Wholesale trade	9%
Construction	7%
Retail trade	5%
Transportation and warehousing	5%
Utilities	5%
Arts, entertainment, and recreation	5%
Other	17%
Total	100%
Number of responses	44

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q9: What is the primary industry classification of the organization for which you work (or your primary client if you are a service provider)? *n* = 400.



SECTION 1

Management



Alignment with the Organization's Strategic Plan

Alignment with organizational strategy and internal audit funding were strongly correlated

Where internal audit functions were more aligned to organizational strategy, higher levels of funding were in place. There is a 21-percentage-point advantage in funding for functions that are almost fully aligned with strategic objectives compared to those that are somewhat aligned. Overall, 54% of respondents said they were almost fully aligned or fully aligned with organizational strategy.

Standards Spotlight

Standard 9.2 Internal Audit Strategy

Requirements (selected excerpts)

The chief audit executive must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.

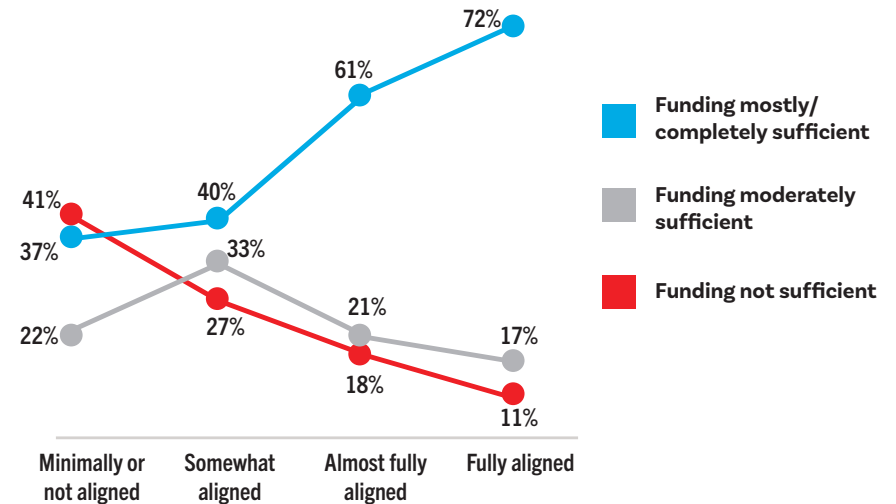
Standard 9.4 Internal Audit Plan

Considerations for Implementation (selected excerpts)

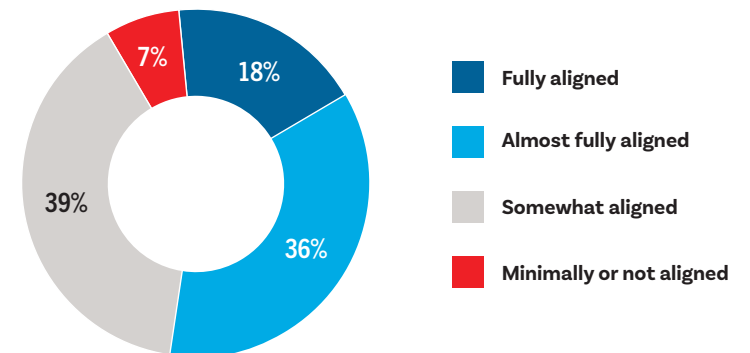
When developing the internal audit plan, the chief audit executive should consider...engagements critical to the organization's mission or strategy.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q25: To what extent do you believe your internal audit function is aligned with the strategic plan of your organization? n = 401.

Funding Sufficiency (Compared to Alignment with Strategic Plan)



Internal Audit Alignment with the Organization's Strategic Plan

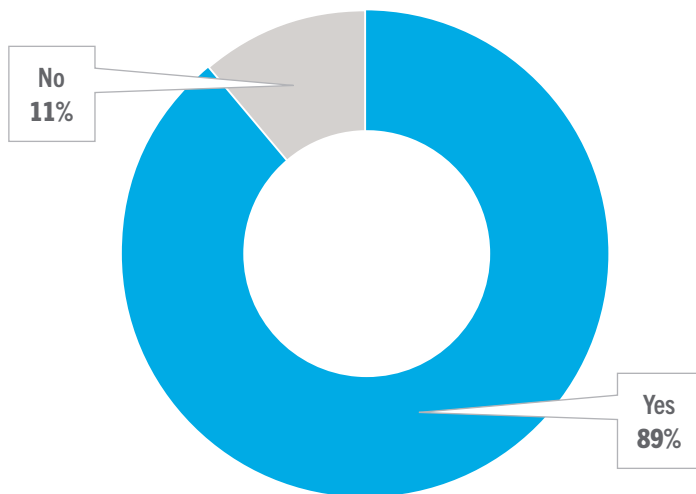


CAE Responsibilities

Almost 90% have at least one area of responsibility outside of internal audit

CAEs are often responsible for one or more areas outside of internal audit (89%), but there are wide differences between organization types (see next page for more details). For respondents as a whole, fraud investigation was the most common area of responsibility (47%), but the rate was higher for public sector organizations (64%). Another good example of differences is Sarbanes-Oxley (SOX) program responsibility, which was 79% for those at publicly traded organizations, compared to the overall average of 36%. Finally, responsibility for ERM programs was especially high at privately held organizations (55%). (See details on the next page.)

CAEs Having Responsibilities Outside of Internal Audit



Standards Spotlight

Standard 7.1 Organizational Independence

Requirements (selected excerpts)

When the chief audit executive has one or more ongoing roles beyond internal auditing, the responsibilities, nature of work, and established safeguards must be documented in the internal audit charter. If those areas of responsibility are subject to internal auditing, alternative processes to obtain assurance must be established, such as contracting with an objective, competent external assurance provider that reports independently to the board.

Considerations for Implementation (selected excerpts)

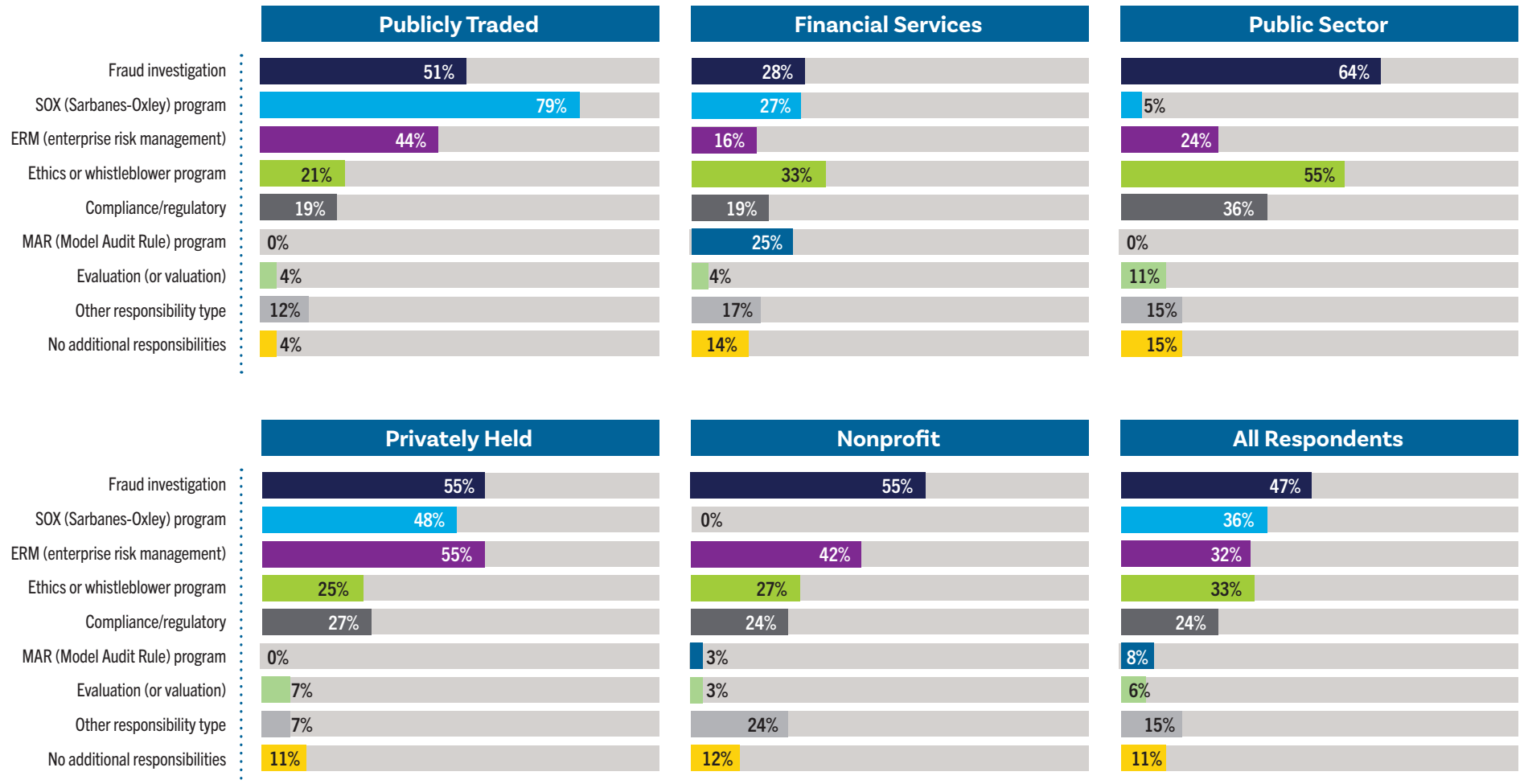
When discussing nonaudit roles and responsibilities with the board and senior management, the chief audit executive should identify appropriate safeguards depending on whether the roles are permanent or temporary and intended to be transferred to management...

When the board agrees that an impairment has occurred, the chief audit executive should suggest to the board and senior management potential safeguards to manage the risks.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q6: In addition to your role as head of internal audit, for which areas are you responsible? (Choose all that apply.) $n = 395$.

CAE Responsibilities – Organization Type Differences

Almost 80% of CAEs at publicly traded organizations have SOX responsibility



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q6: In addition to your role as head of internal audit, for which areas are you responsible? (Choose all that apply.)
 n = 104 for publicly traded. n = 126 for financial services. n = 88 for public sector. n = 44 for privately held. n = 33 for nonprofit. n = 395 for all respondents.



Reporting Relationships

Functional reporting to an audit committee or board is widespread

More than 80% of respondents have a functional reporting relationship (direct reporting relationship) with their board, generally through the board’s audit committee. (Audit committees exist at 94% of organizations.)

In North America, administrative reporting varies extensively by organization type. CAEs at publicly traded and privately held organizations tend to report administratively to the CFO or similar, while those in the public sector and financial services are more likely to report administratively to the CEO, president, or a political entity.

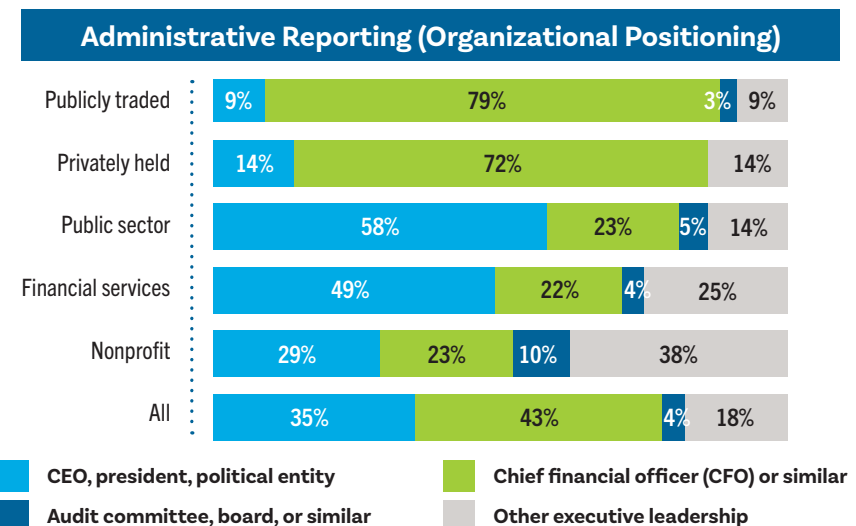
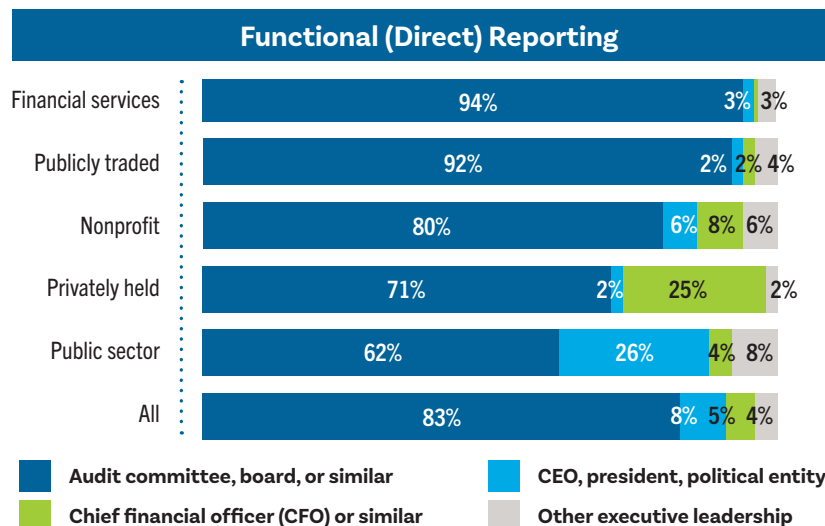
Standards Spotlight

Standard 7.1 Organizational Independence

Essential Conditions (selected excerpts)

BOARD

- Establish a direct reporting relationship with the chief audit executive and the internal audit function to enable the internal audit function to fulfill its mandate.
- Require that the chief audit executive be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management.



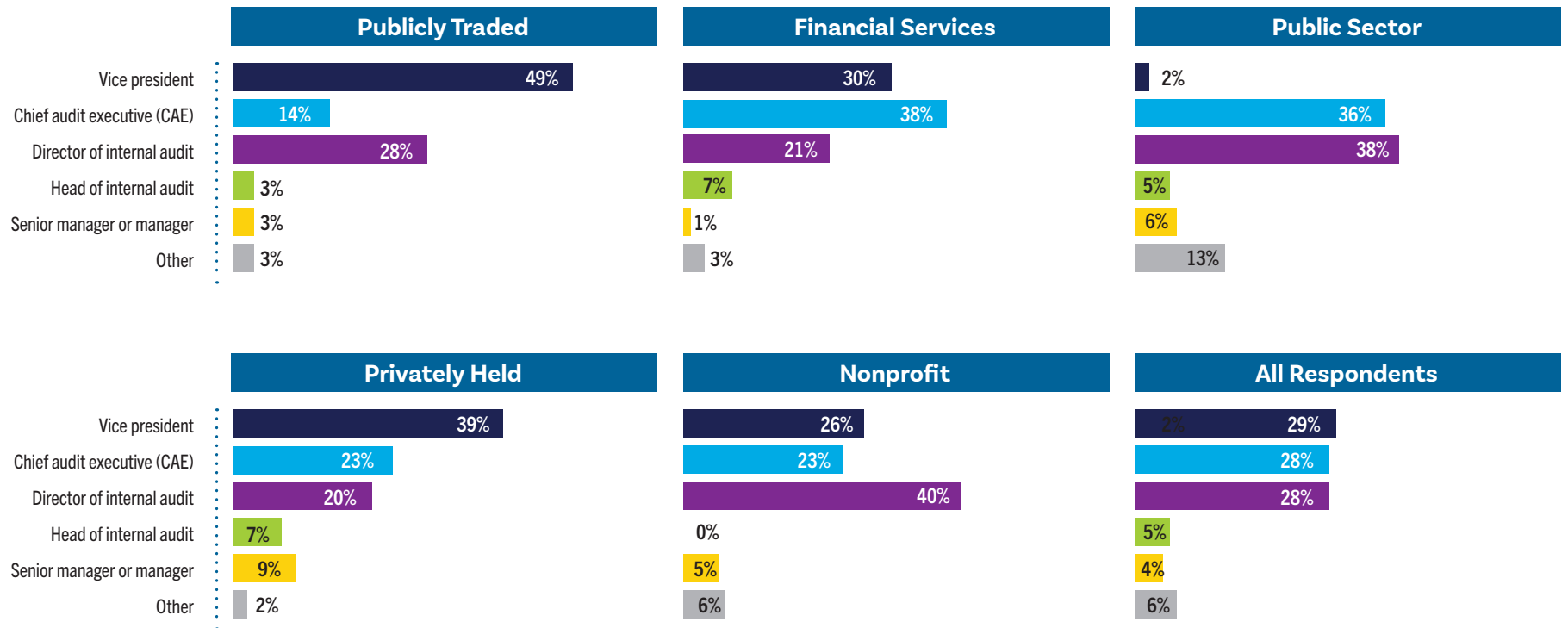
Note: The IIA’s North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q41: Does your organization have an audit committee, board, or similar oversight body? Q44/Q45: What is the primary functional/administrative reporting line for the chief audit executive (CAE) or head of internal 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. *n* = 422.



Job Titles for Highest-Ranking Internal Auditors

Common titles are vice president, chief audit executive, and director

The highest-ranking internal auditor at an organization may have a range of different job titles. Usage is evenly split between CAE, vice president, and director. The title of vice president is most common at publicly traded and privately held organizations. Financial services organizations are most likely to use the title of CAE, and nonprofit organizations are most likely to use the title of director. Public sector organizations are most likely to use the title of director.



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q5: What is the job title of the highest-ranking internal auditor at your organization? (Choose closest match.) n = 104 for publicly traded. n = 128 for financial services. n = 89 for public sector. n = 44 for privately held. n = 35 for nonprofit. n = 400 for all respondents.



Audit Committee Meetings

87% 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 (87%). A few said they missed one or two meetings (8%), or more (5%).

The most common number of audit committee meetings per year was four (41%). However, half of audit committees meet more than four times per year. A few committees meet every month or more.

Standards Spotlight

Standard 8.1 Board Interaction

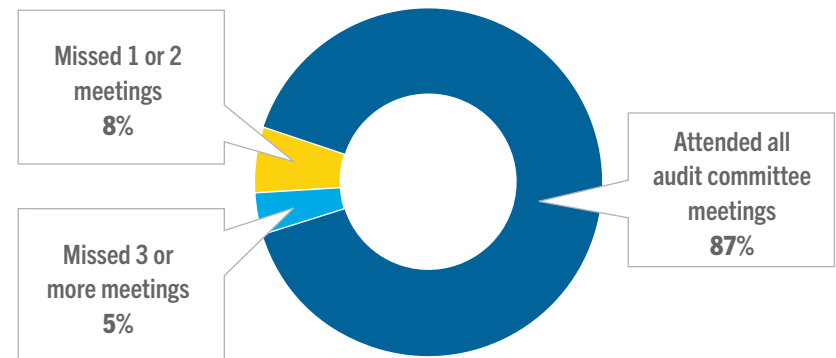
Requirements (selected excerpts)

The chief audit executive must provide the board with the information needed to conduct its oversight responsibilities.

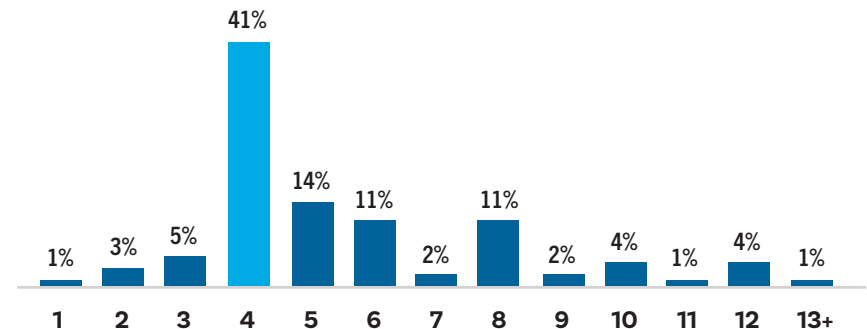
Considerations for Implementation (selected excerpts)

Typically, formal board meetings allow formal communication at least quarterly. Additionally, the chief audit executive and board members often communicate between meetings as needed, sometimes informally.

Audit Committee Meeting Attendance



Number of Audit Committee Meetings per Year



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q42: In the past 12 months, approximately how many times did your organization's audit committee (or equivalent) meet? Q43: In the past 12 months, approximately how many audit committee meetings (or equivalent) were attended by internal audit? n = 372.



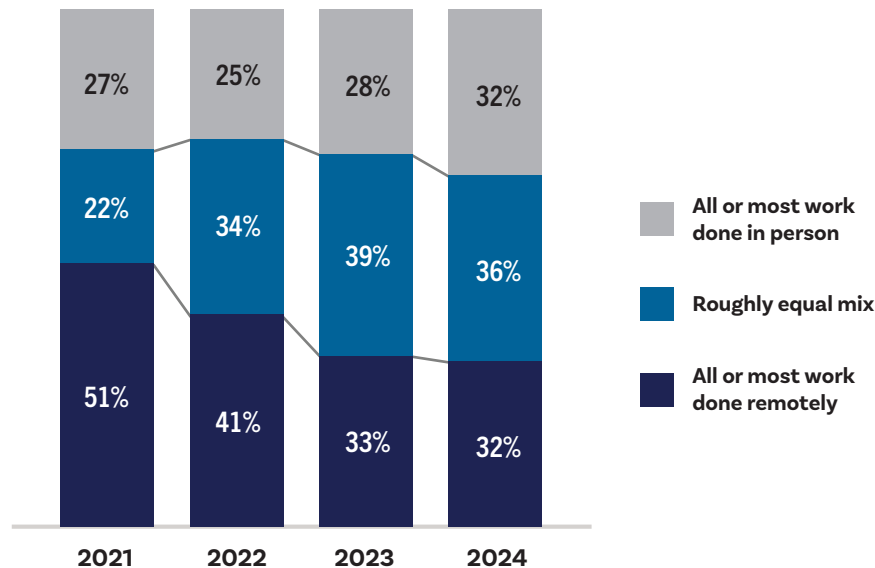
Remote Work Trend

There is a slight shift toward more in-person work compared to last year

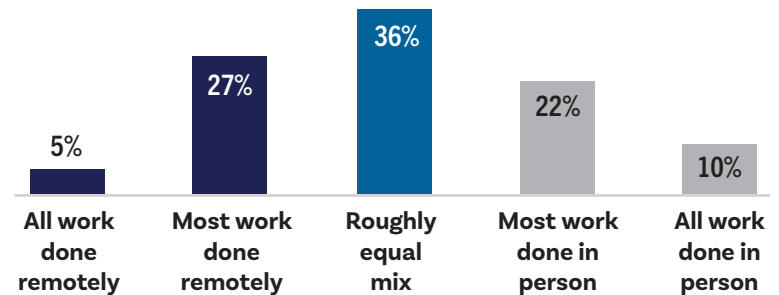
There is a relatively even balance between functions that primarily work in person (32%), those that primarily work remotely (32%) and those with an equal mix (36%).

The trend from 2021 to 2024 shows a small increase toward more in-person work since last year (+4 percentage points). Looking at the differences by internal audit function size, as function size increases, more respondents say they have an equal mix of in-person and remote work, and fewer say that all or most work is done in person.

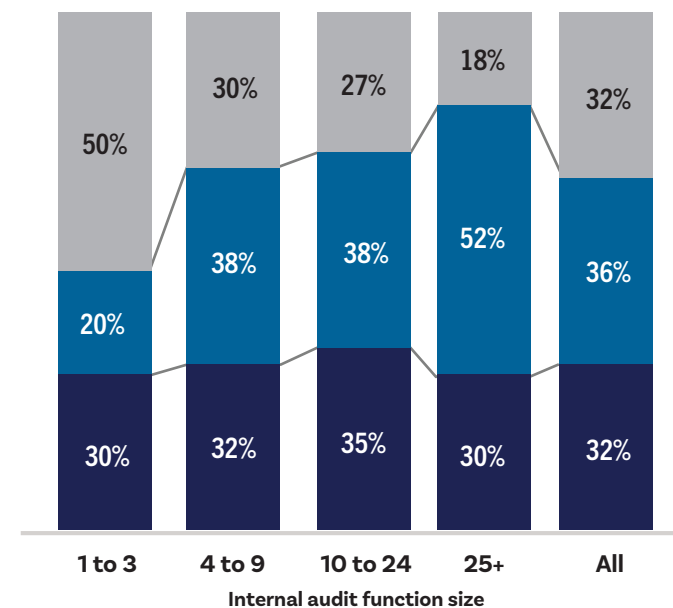
Internal Audit Remote Work Arrangement Trend (2021 to 2024)



Current Internal Audit Remote Work Arrangement



Internal Audit Remote Work Arrangement (Compared to Internal Audit Function Size)



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q21: In terms of working remotely vs. in-person, how is your internal audit function currently operating? n = 405.



CAE Age and Gender

CAEs are nearly equally balanced between men and women

CAE Gender



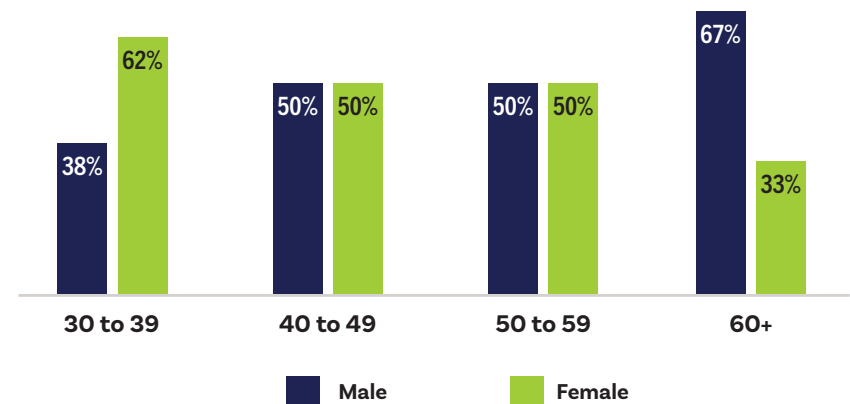
CAE Generation



Among the internal audit leaders who took the Pulse survey, 58% of positions were filled by Generation X, and equal percentages of the remainder were filled by Baby Boomers and Millennials (21% each).

Among CAEs in their 40s and 50s, there is an equal balance between men and women. The percentage of women overall increased 4 percentage points compared to last year, to 47%.

CAE Gender Compared to Age



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q57: Please select your year of birth. Those who did not answer were excluded from analysis. $n = 328$. Q58: Please select the gender identity option that best matches you. Those who did not answer were excluded from analysis. $n = 29$ for 30 to 39. $n = 108$ for 40 to 49. $n = 115$ for 50 to 59. $n = 70$ for 60+. $n = 322$ for all.



SECTION 2

Audit Activity



Balancing Assurance and Advisory Work

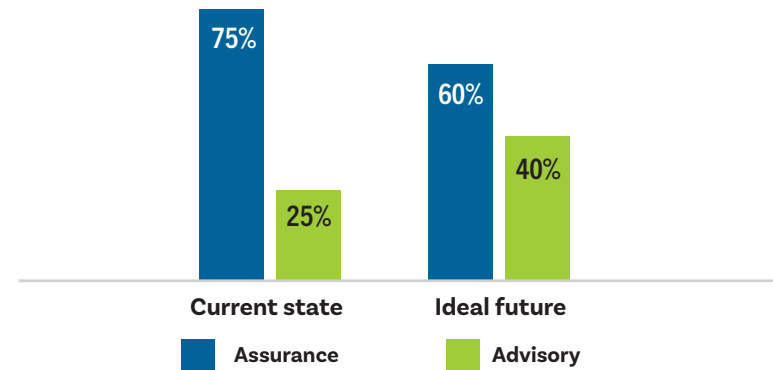
In an ideal future, CAEs prefer 60% assurance and 40% advisory



The current mix of internal audit engagement activity is about 75% assurance and 25% advisory across all internal audit function sizes, according to CAEs in North America. There was little difference by organization type.

When asked about the balance between assurance and advisory services in an “ideal future,” they indicated 60% assurance and 40% advisory, with little difference between function sizes or organization types.

Assurance and Advisory Services Balance: Current State vs. Ideal Future



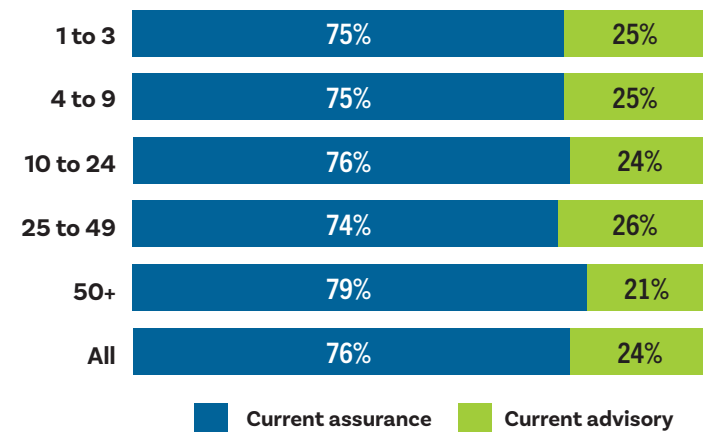
Standards Spotlight

Glossary (selected excerpts)

assurance services – Services through which internal auditors perform objective assessments to provide assurance. Examples of assurance services include compliance, financial, operational/performance, and technology engagements.

advisory services – Services through which internal auditors provide advice to an organization’s stakeholders without providing assurance or taking on management responsibilities. The nature and scope of advisory services are subject to agreement with relevant stakeholders. Examples include advising on the design and implementation of new policies, processes, systems, and products; providing forensic services; providing training; and facilitating discussions about risks and controls.

Current Assurance and Advisory Mix (Compared to Internal Audit Function Size)



Note: The IIA’s Vision 2035 Survey, Feb. 1 to March 31, 2024. Q42: What proportion of time does internal audit at your organization usually spend on assurance services compared to advisory services? n = 591 for North American CAEs and directors.



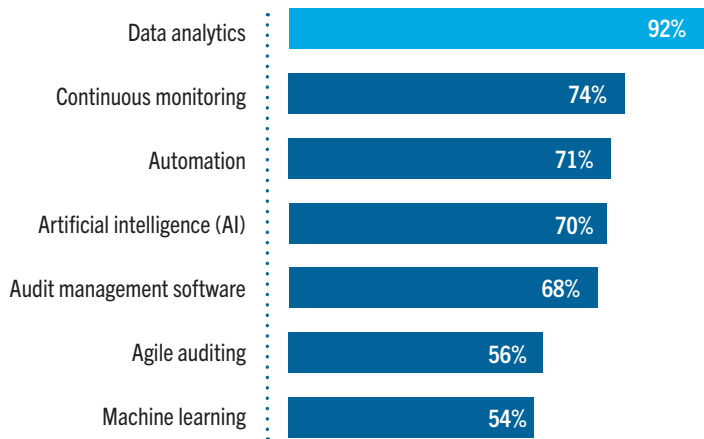
Technology Skills and Usage

Data analytics is the most important technology skill for the future



According to the Vision 2035 survey, CAEs say data analytics is the most important technology skill to adopt and implement for the future of the profession (92%). However, when asked about internal audit use of technology, only 28% of CAEs said their functions had high or advanced levels of data analytics usage.

Most Important Technology Skills for the Future of the Profession



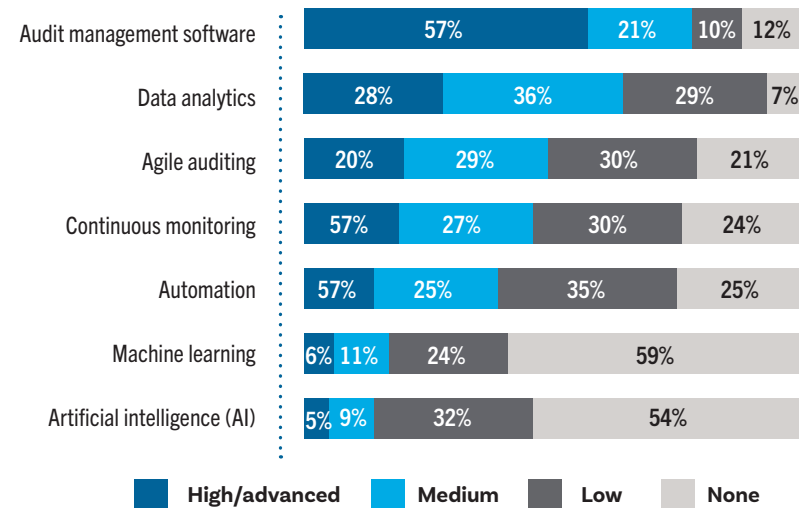
Standards Spotlight

Standard 10.3 Technological Resources

Requirements (selected excerpts)

When implementing new technology, the chief audit executive must implement appropriate training for internal auditors in the effective use of technological resources. The chief audit executive must collaborate with the organization's information technology and information security functions to implement technological resources properly.

Internal Audit Use of Technology



Note: The IIA's Vision 2035 Survey, Feb. 1 to March 31, 2024. Q36: To what degree has internal audit at your organization implemented the following technology tools and approaches? Q37: How important will adoption and implementation of these technologies be to the ideal future of the internal audit profession? n = 576, 562 for North American CAEs and directors.



Top 3 Competencies Needed

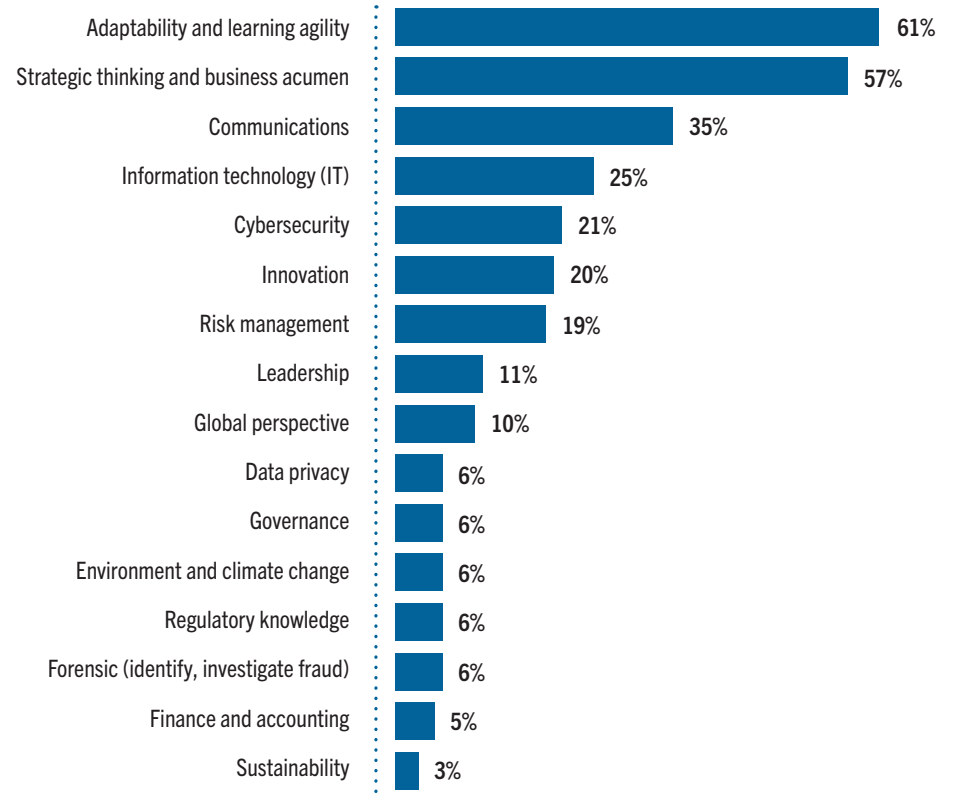
CAEs focus on learning and strategic thinking skills for the future



When asked to choose the top 3 skills internal auditors need in the next 10 years, CAEs focused on personal skills that could be applied to various situations:

- Adaptability and learning agility (61%).
- Strategic thinking and business acumen (57%).
- A wide variety of other skills were also considered important, including communications (35%) and information technology (IT) (25%).

Top 3 Skills Most Critical for Internal Auditors in 10 Years



Standards Spotlight

Standard 10.2 Human Resources Management

Requirements (selected excerpts)

The chief audit executive must establish an approach to recruit, develop, and retain internal auditors who are qualified to successfully implement the internal audit strategy and achieve the internal audit plan.

The chief audit executive must collaborate with internal auditors to help them develop their individual competencies through training, supervisory feedback, and/or mentoring.

Note: The IIA's Vision 2035 Survey, Feb. 1 to March 31, 2024. Q33B: What three skill sets will be most critical for internal auditors in the future (10 years)? n = 593 for North American CAEs and directors.

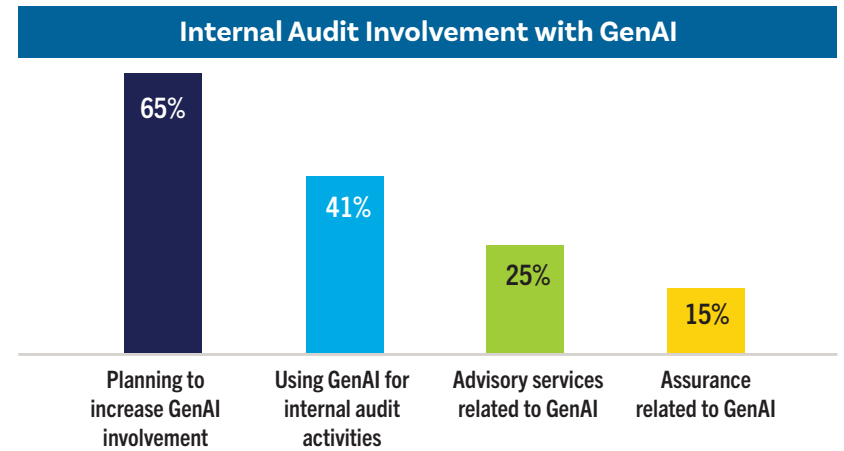


GenAI Integration

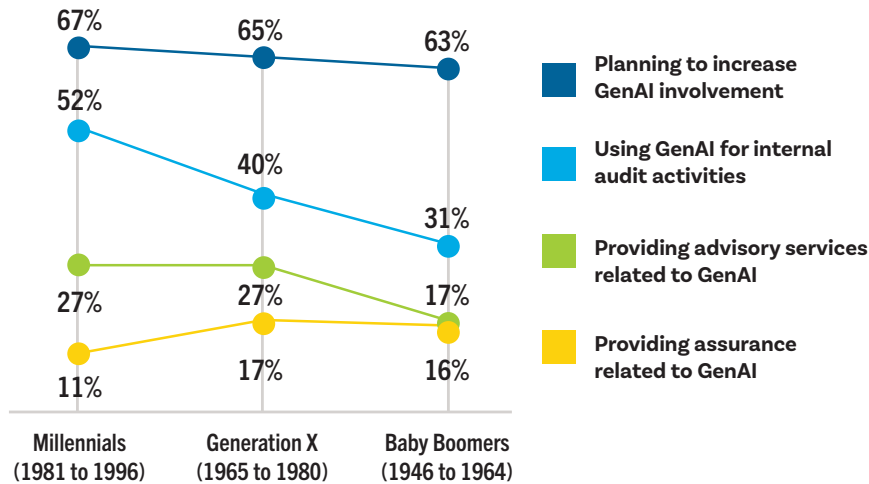
4 in 10 respondents are using GenAI for internal audit activities

While 41% are using GenAI for internal audit activities, assurance and advisory activities are substantially lower, with 15% providing assurance for their organization's use of GenAI and 25% providing advisory services, including support for GenAI implementation.

Generational differences stand out in the use of GenAI for internal audit activities, with Millennials most active (52%), followed by Generation X (40%), and Baby Boomers (31%).



Internal Audit Involvement with GenAI (Compared to Generation)



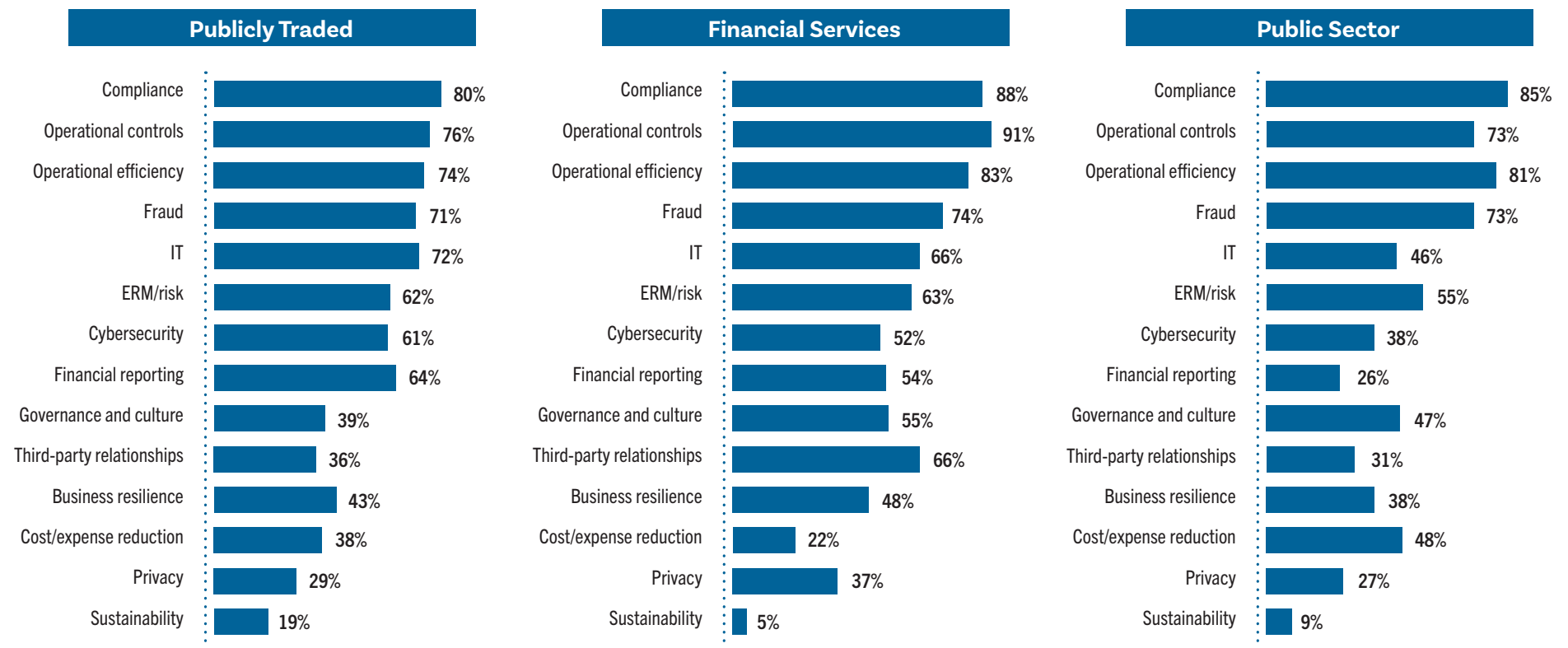
Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q27: In what ways is your internal audit function involved with GenAI (generative artificial intelligence) at your organization? (Choose all that apply.) Q28: Do you plan to increase or decrease internal audit use of GenAI in the next year? Q29: Please indicate to what extent your internal audit function is using GenAI to support the following internal audit activities. *n* = 405.



Typical Engagement Considerations

During a typical engagement, auditors review many areas for potential findings

CAEs were asked, “When you are conducting audit engagements in general, which of the following areas do you usually include in your considerations?” Answers show that auditors often take a holistic approach and consider a broad range of issues as part of an engagement.

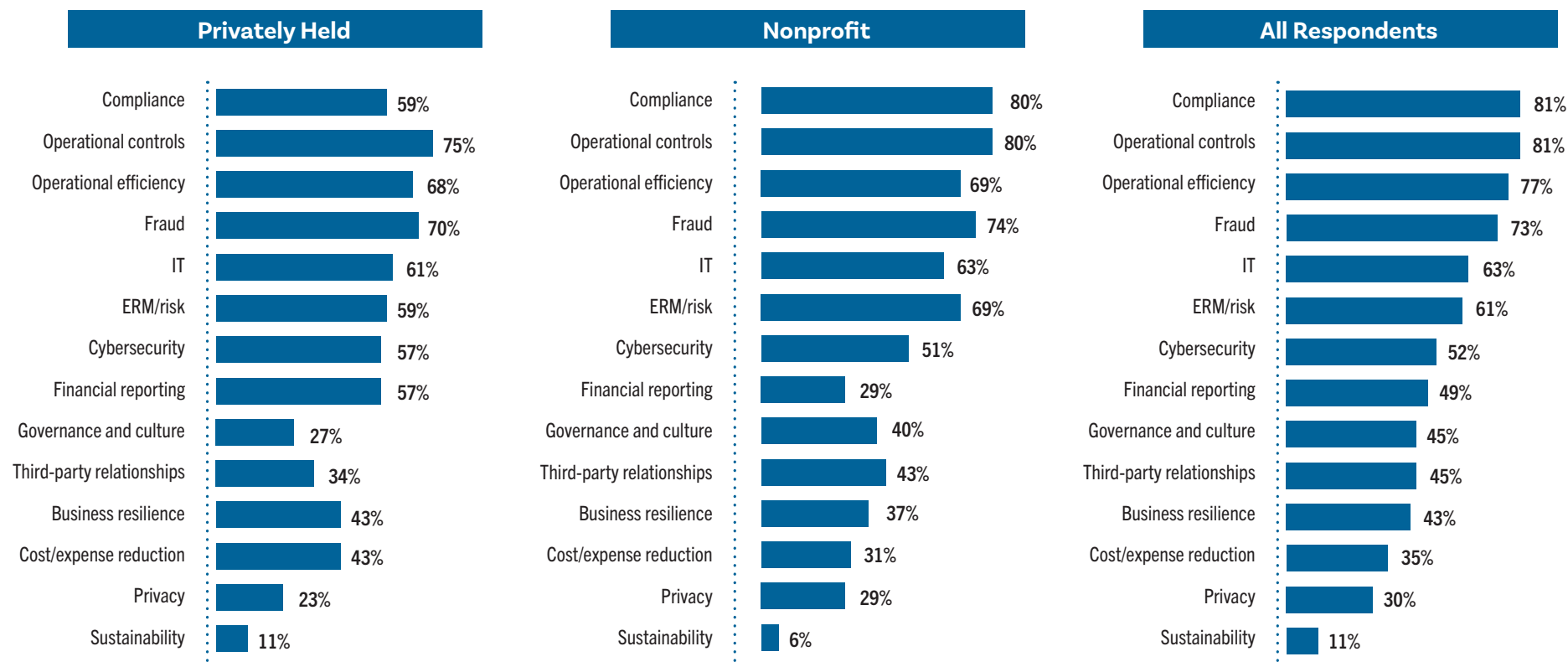


Note: The IIA’s North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q26: When you are conducting audit engagements in general, which of the following areas do you usually include in your considerations? (Choose all that apply.) n = 400.



Typical Engagement Considerations (Continued)

Privately held companies are less likely than other organization types to review compliance in a typical engagement



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q26: 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 = 400.



Audit Plans – All Respondents

Operational auditing is the largest portion of the audit plan on average

In addition to **operational auditing** and compliance, internal audit consistently invests a large amount of effort toward cybersecurity and IT audits – with a combined average of 17%.

In those organizations where SOX is implemented, financial reporting (including ICFR) usually takes the top position, but operational auditing always follows in second place.

The pages that follow show audit plan breakouts for organization types and SOX implementation status.

Standards Spotlight

Standard 9.4 Internal Audit Plan

Requirements (selected excerpts)

The chief audit executive must create an internal audit plan that supports the achievement of the organization's objectives.

The chief audit executive must base the internal audit plan on a documented assessment of the organization's strategies, objectives, and risks.

Audit Plan – All Respondents



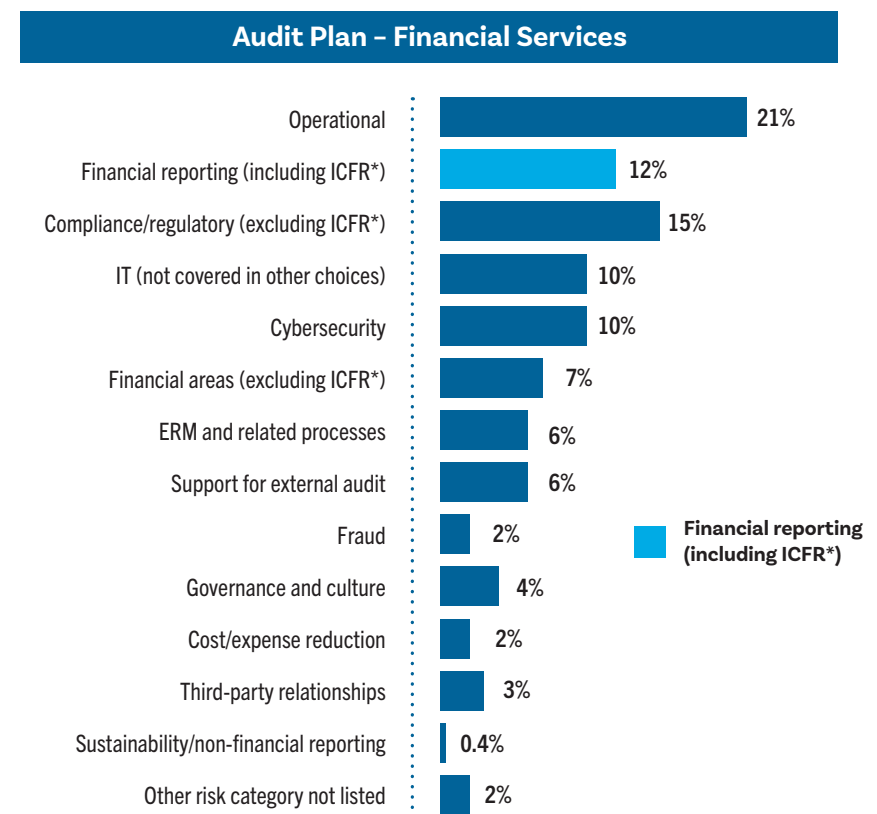
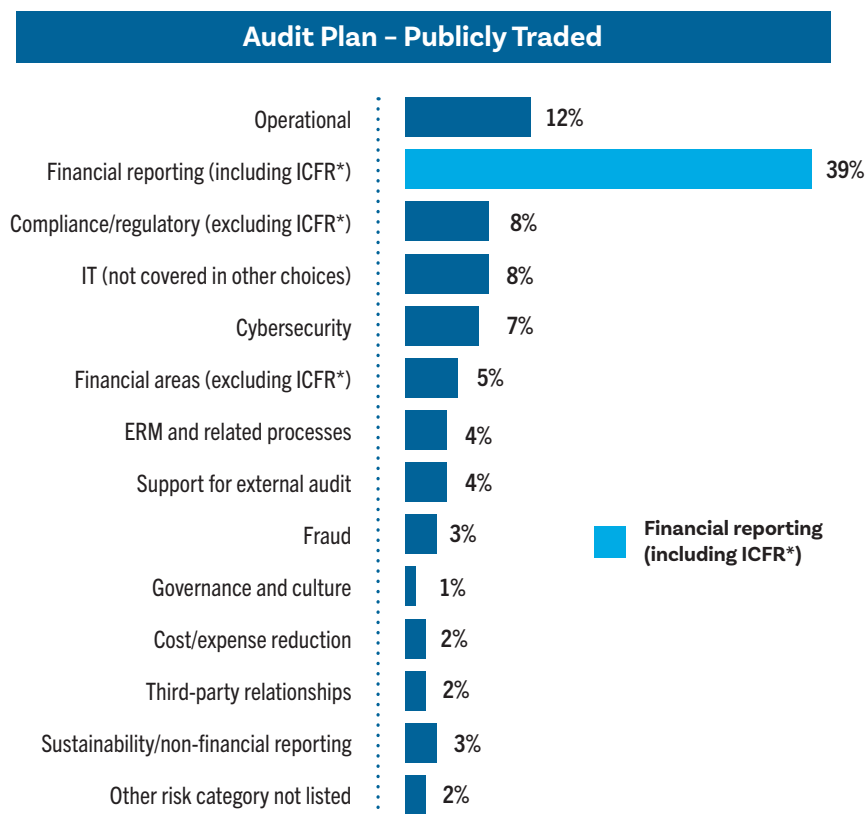
*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q24: 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 = 405.

Audit Plans – Publicly Traded and Financial Services

Publicly traded companies use internal audit functions extensively for SOX requirements

SOX requirements comprise a substantial portion of audit plans for publicly traded organizations. If SOX allocation (39%) is combined with other compliance at publicly traded organizations (8%), the total is 47% of effort for internal audit related to compliance.



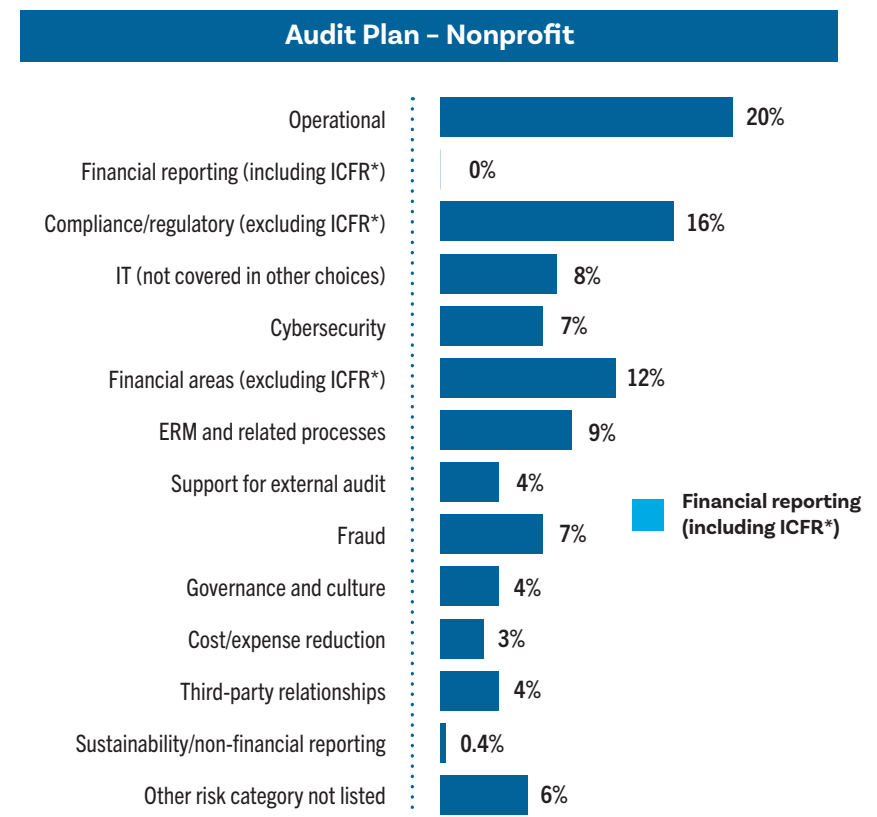
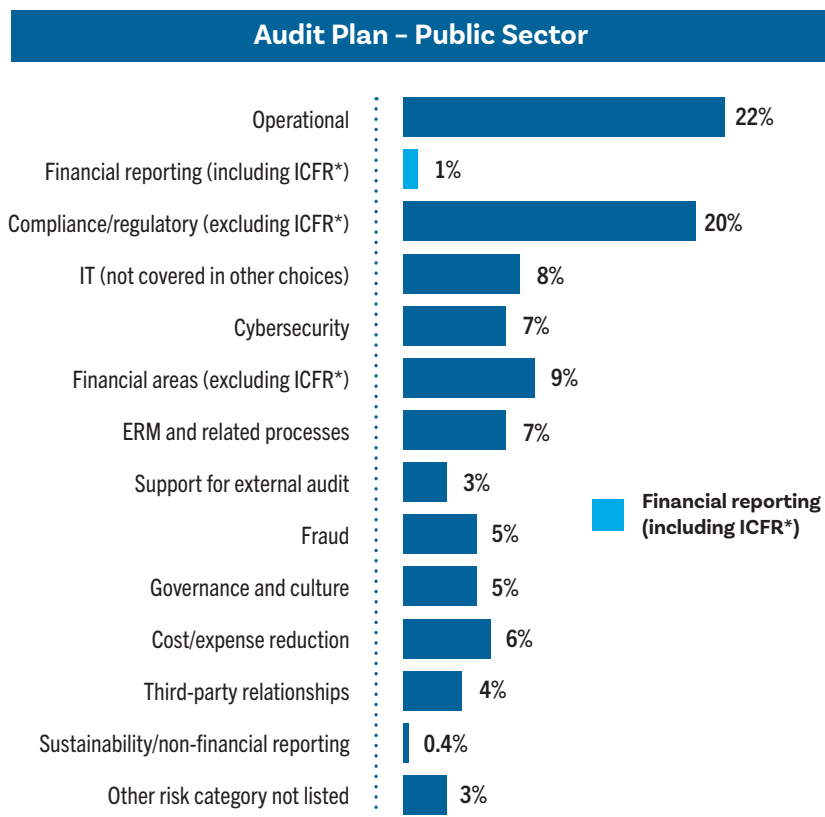
*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q24: 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 = 104 for publicly traded. n = 128 for financial services.

Audit Plans – Public Sector and Nonprofit

Public sector and nonprofit organizations focus on operations and compliance

Because Sarbanes-Oxley reporting is not generally required for public sector or nonprofit organizations, their audit plans require little or no allocation for financial reporting (including ICFR). As a result, allocation percentages can be higher for other risk areas, particularly operational and compliance auditing (excluding ICFR).

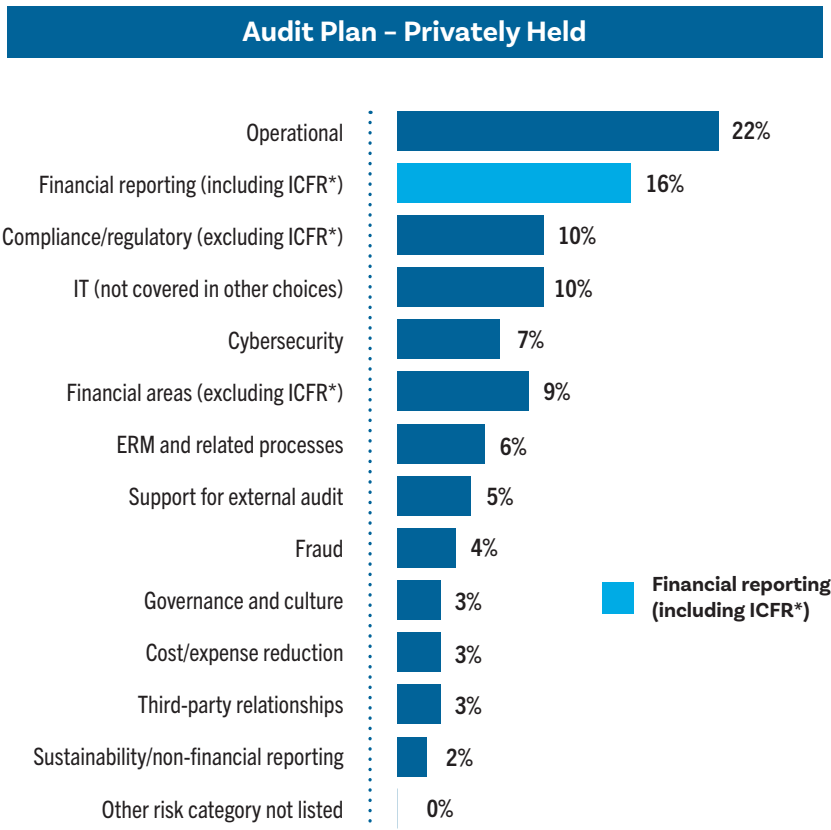


*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q24: 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 = 89 for public sector. n = 35 for nonprofit.

Audit Plans – Privately Held

Privately held organizations allocate audit effort to SOX when applicable



Although privately held organizations may not be legally required to follow Sarbanes-Oxley requirements, many implement SOX reporting on a voluntary basis. The average allocation to financial reporting (including ICFR) for privately held organizations overall is 16%.

For the North American Pulse survey, privately held organizations cover a diverse range of industries, with the largest representation this year from manufacturing (36%), followed by professional, scientific, and technical services (11%).

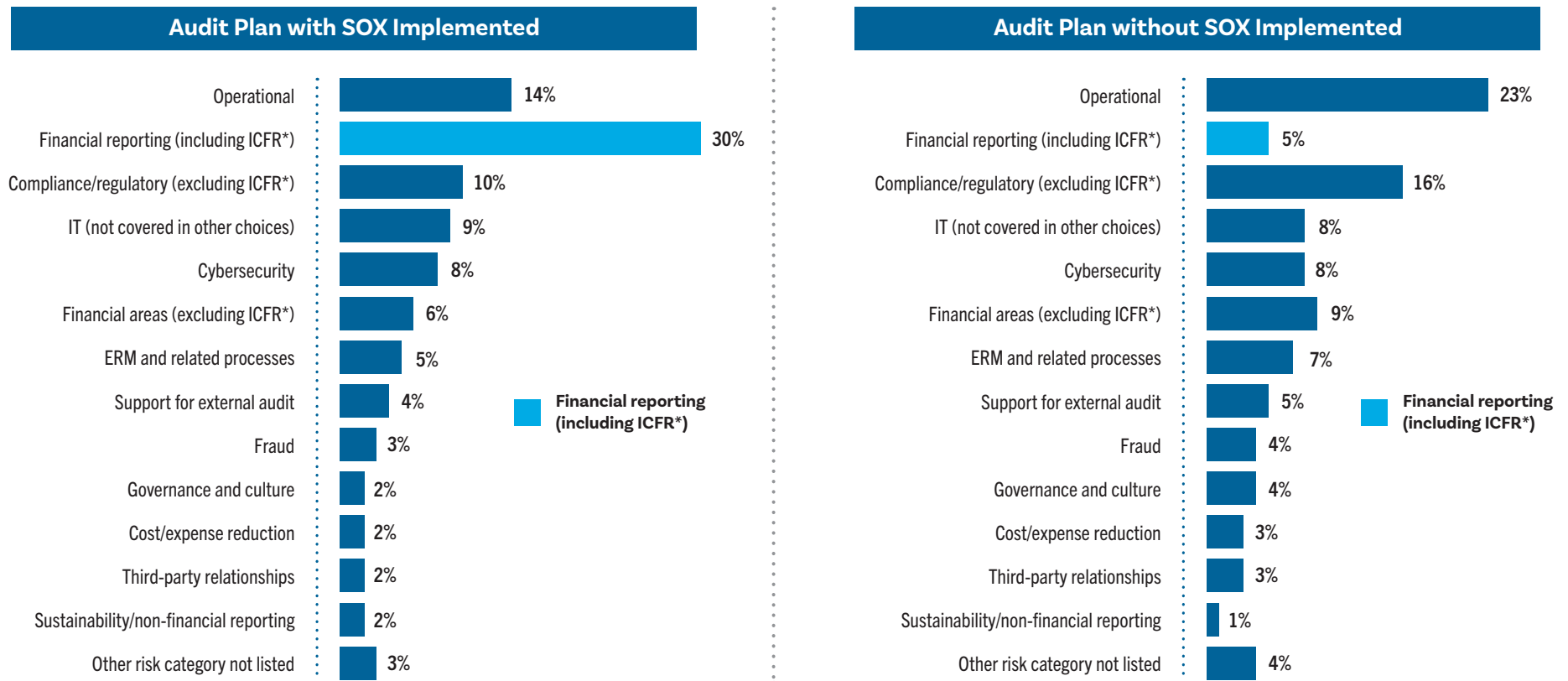
*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q24: 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* = 44 for privately held.

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 30% to financial reporting (including ICFR) compared to 5% for those without SOX implemented. In addition, where SOX is implemented, the audit plan had lower allocations for operational auditing (14% compared to 23%). However, totals for cybersecurity and IT were similar between groups (17% for SOX implemented and 16% for SOX not 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, Oct. 10 to Nov. 14, 2024. Q24: 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 = 179 for SOX implemented. n = 218 for SOX not implemented.

SECTION 3

Budget



Funding Sufficiency

About half of CAEs say their internal audit funding is somewhat sufficient or insufficient

Overall, funding sufficiency stayed about the same as last year, but within organization types, there were notable changes. Funding sufficiency for privately held organizations increased markedly compared last year, from 47% to 71%.

On the other hand, funding sufficiency for nonprofit organizations and the public sector has dropped since last year. Nonprofit fell from 62% sufficient to 40%, and public sector fell from 44% to 35%. In another key change, insufficient funding for the public sector rose from 22% to 36%. The mix of industries for these sectors is about the same as last year, so these changes may represent a broader trend.

For financial services and publicly traded organizations, funding sufficiency remained about the same as last year (around 60%).

Standards Spotlight

Standard 10.1 Financial Resource Management

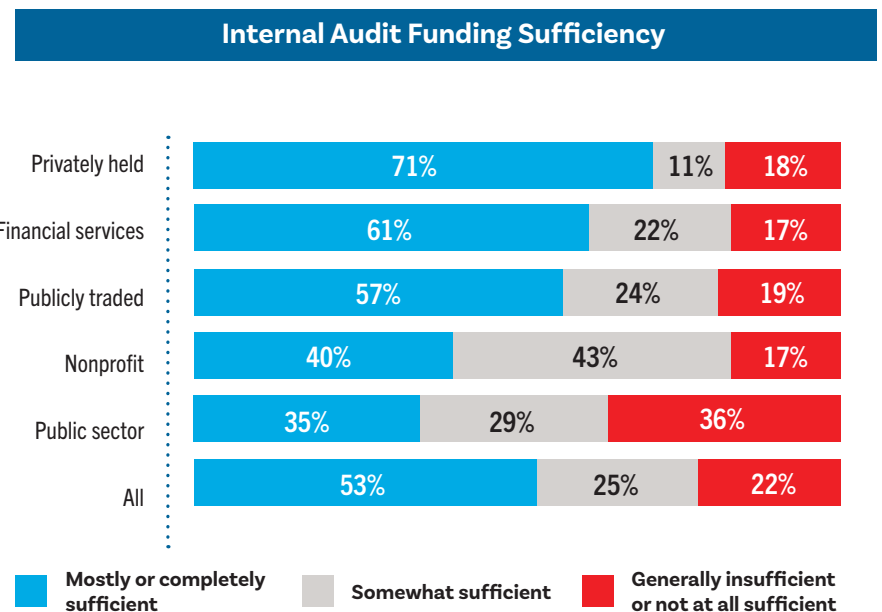
Requirements (selected excerpts)

The chief audit executive must communicate promptly the impact of insufficient financial resources to the board and senior management.

Standard 7.1 Organizational Independence

Considerations for Implementation (selected excerpts)

An example of interference or undue limitation is management “limiting budgets or resources in a way that interferes with the internal audit function’s ability to operate effectively...”



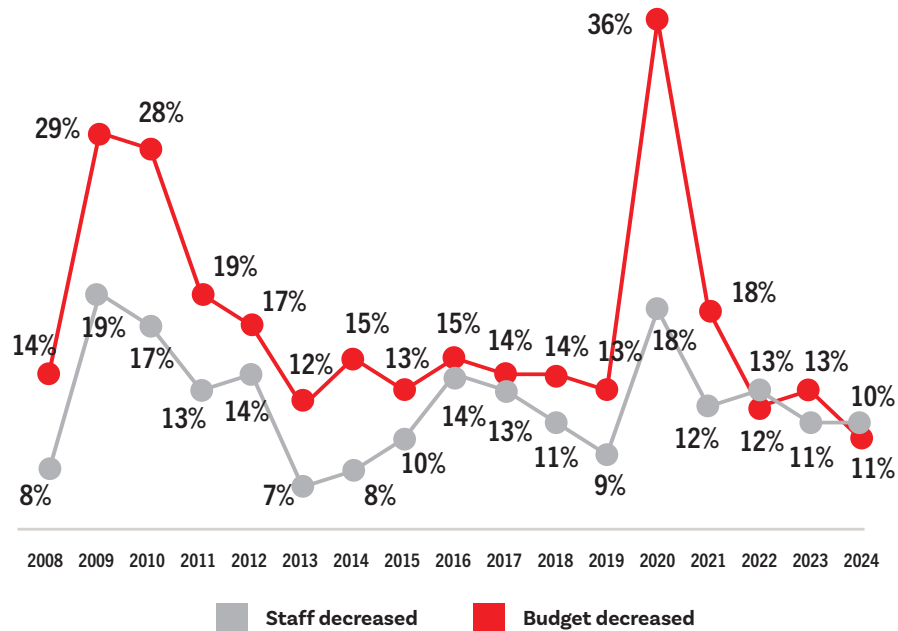
Note: The IIA’s North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q13: In your opinion, how sufficient is the funding for your internal audit function relative to the extent of its responsibilities? *n* = 404.

Budget and Staff Changes Compared

Last year, 34% increased budget, and 25% increased staff

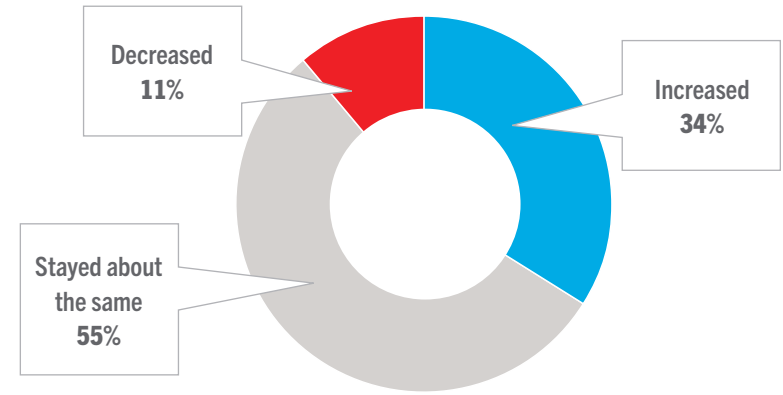
An increase in budget does not necessarily mean an increase in the number of staff because additional funding may be applied instead to salary increases, training, technology, and/or travel. In the same way, budget decreases do not necessarily correspond to staff decreases, although this year they did align (11% decreased both budget and staff). The graph below shows the long-term link between budget and staff decreases. During the impacts of the 2008 financial crisis and COVID in 2020, many functions had budget cuts, but much fewer reduced staff.

Budget and Staff Decreases Compared (2008 to 2024)

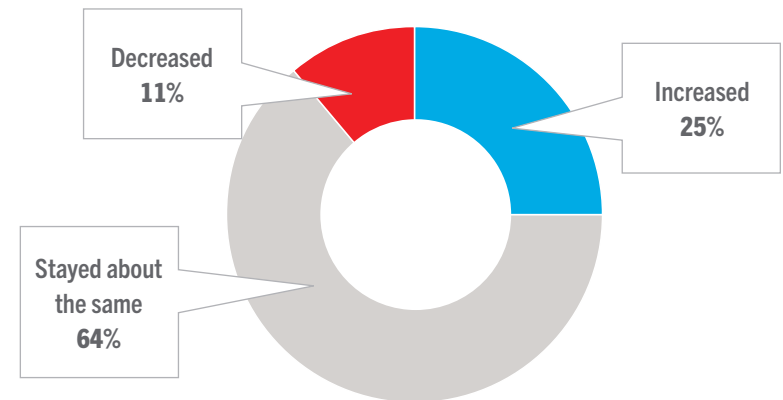


Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q11: Looking back over the past 12 months, how has your overall internal audit budget changed? n = 393. Q15: Looking back over the past 12 months, how has your overall internal audit staff changed? n = 396.

Budget for Internal Audit (Compared to Prior Year)



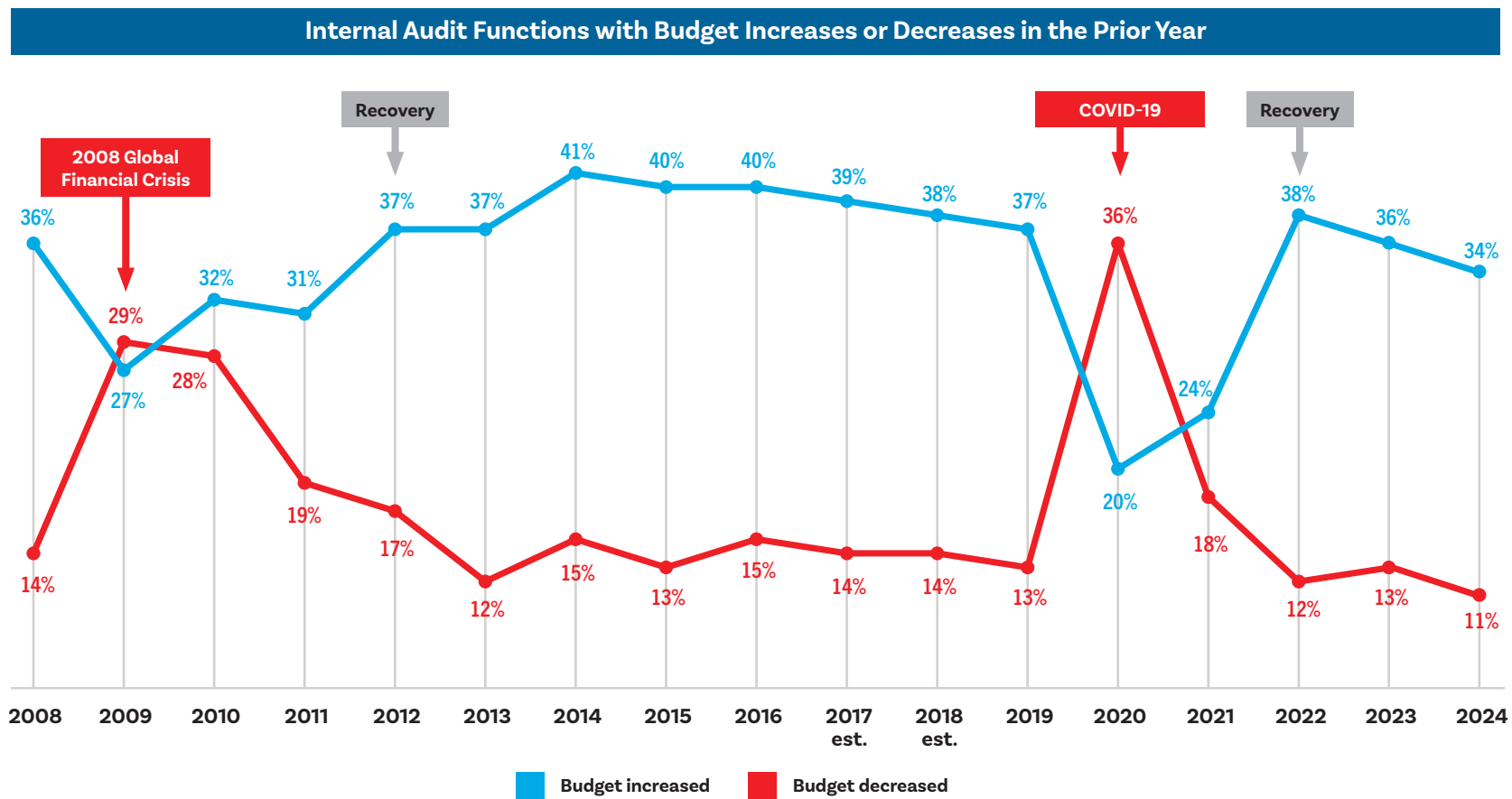
Staff for Internal Audit (Compared to Prior Year)



Budget Increase/Decrease Trend

Internal audit budget increases/decreases have stabilized to near pre-COVID levels

The percentage of functions with a budget increase in the prior year has been gradually decreasing since its most recent peak of 38% in 2022. The percentage with budget decreases appears to have stabilized at just over 10%.



Note: The IIA's 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* = 393 for 2024.

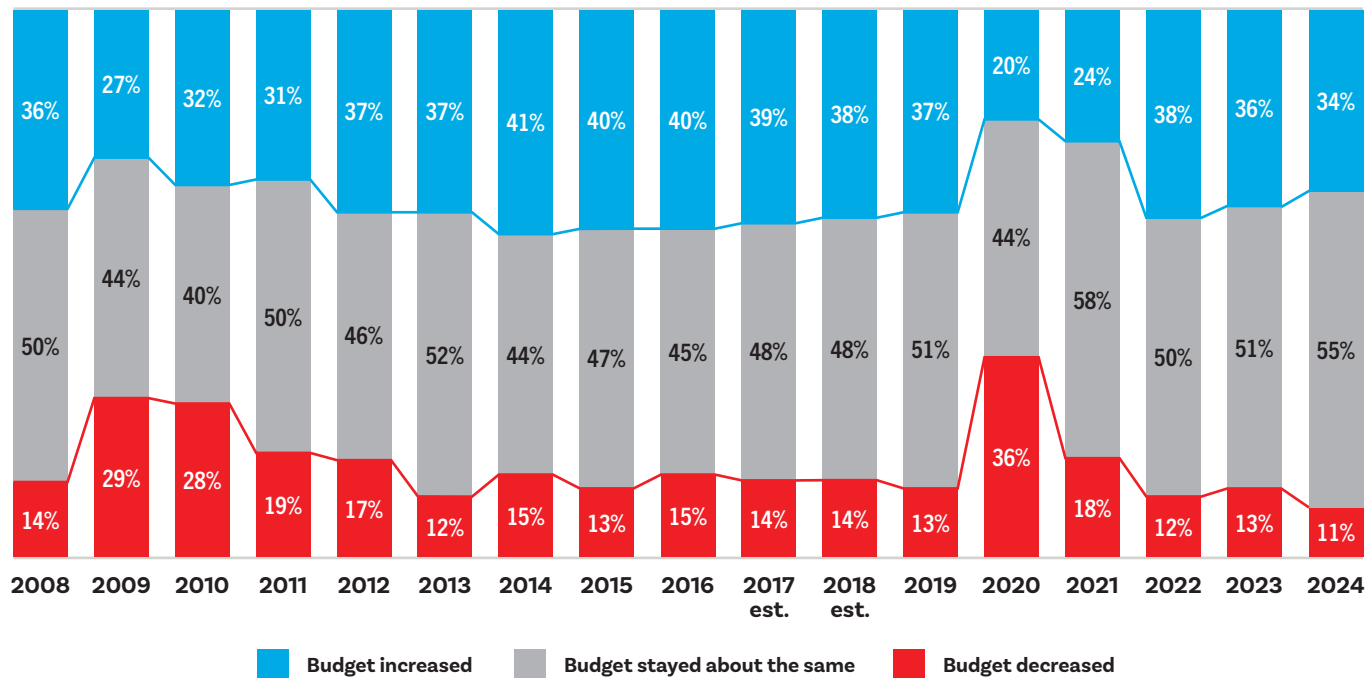


Budget Stability Trend

A little more than half of CAEs 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 2024, organizations continued the trend of budget stability that resumed in 2022 after COVID impacts were reduced. Last year, only 11% said budgets were decreased.

Internal Audit Functions with Budget Increases, Decreases, or Stability 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? 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* = 393 for 2024.

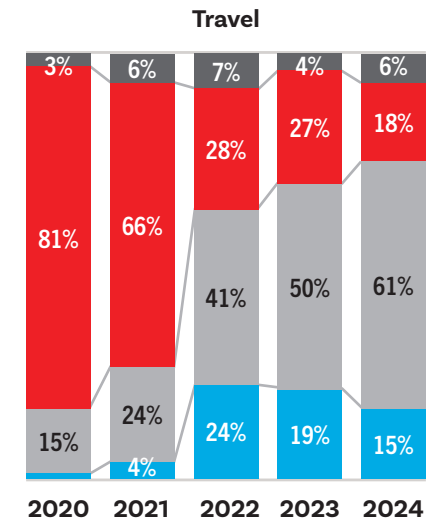
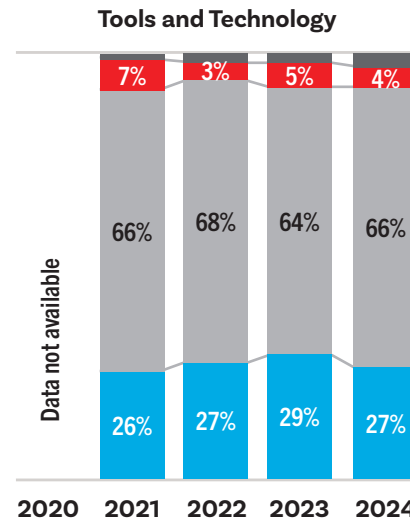
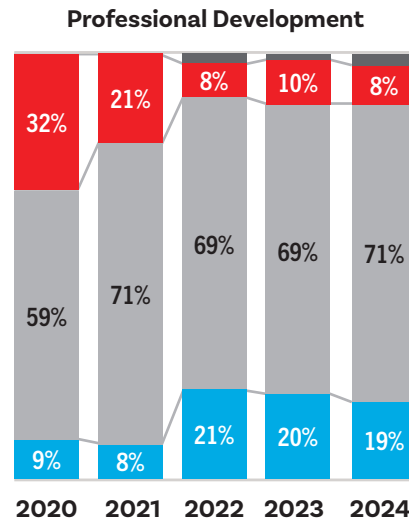
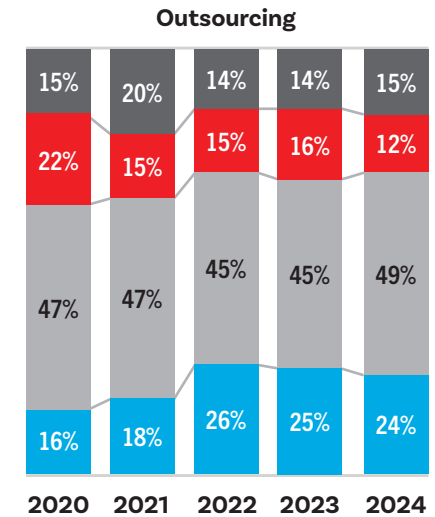
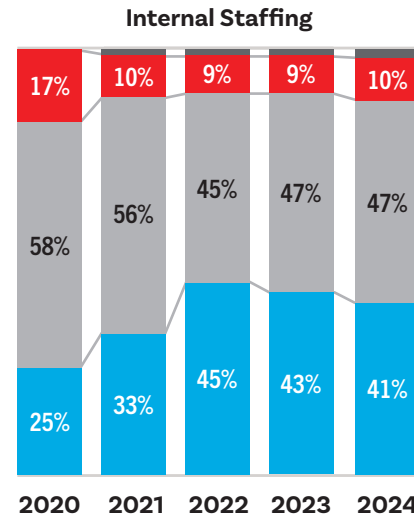


Budget Subcategory Trend

Budget increases for staffing and outsourcing have been dropping gradually

Forty-one percent said they increased budget for internal staffing in the prior year, representing a gradual shift down from the most recent high of 45%. A similar trend occurred with outsourcing.

The budget for tools and technology is holding steady and has rarely decreased, with only 4% saying their tech budget went down. Travel budget allocation appears to be higher than 2020/2021, but it is still likely below pre-COVID levels.



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? Labels of 2% or less are not shown in the graphs. n = 405 for 2024.

SECTION 4

Staff

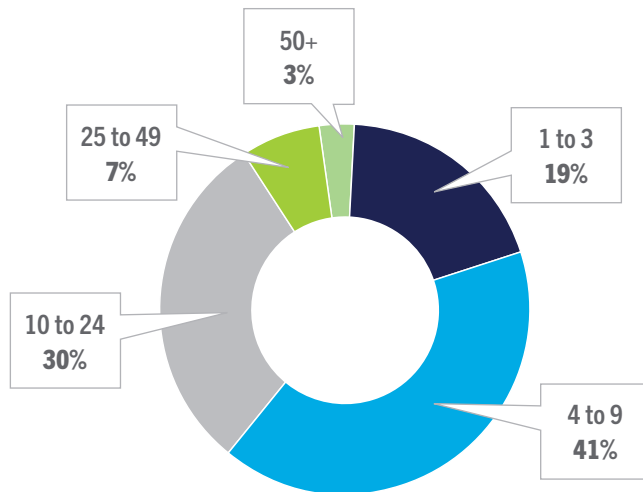


Internal Audit Staff Size vs. Organization Size

More than 70% of internal audit functions have 4 to 24 FTEs

The appropriate staff size for an internal audit function depends on many factors, including scope of responsibility and compliance requirements. Among survey respondents, the majority of functions (71%) had between 4 and 24 FTEs. Internal audit functions are likely to be larger at larger organizations, but even at organizations with more than 10,000 employees, nearly a third of functions had fewer than 10 FTEs.

Internal Audit Function Size (FTEs)



FTE = Full-time equivalent employee

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q14: How many full-time equivalent employees (FTEs) are in your internal audit function? Q49: For your organization as a whole, choose the range that best describes the current total number of full-time equivalent employees (FTEs). n = 405.

Standards Spotlight

Standard 8.2 Resources

Considerations for Implementation (selected excerpts)

To analyze the sufficiency of the resources necessary to fulfill the internal audit mandate and achieve the plan, the chief audit executive may perform a gap analysis between the resources available within the internal audit function and those needed to perform internal audit services.

Internal Audit FTEs Compared to Organization FTEs

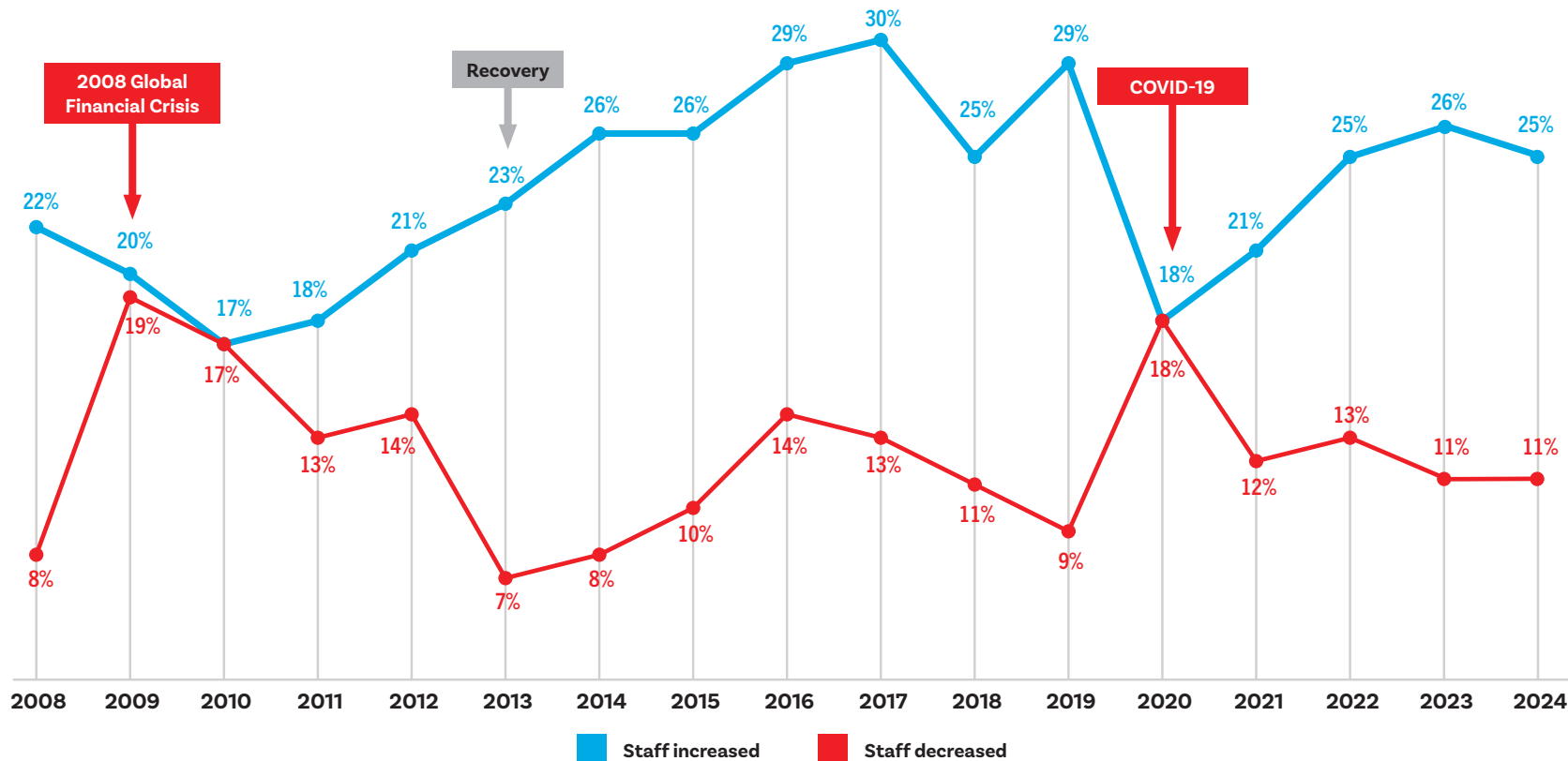
Internal audit FTEs	Organization FTEs					
	500 or fewer	501 to 1,500	1,501 to 5,000	5,001 to 10,000	10,000+	All
1 to 3	38%	17%	20%	17%	5%	19%
4 to 9	52%	60%	42%	31%	26%	41%
10 to 24	10%	21%	30%	43%	39%	29%
25+	0%	2%	8%	9%	30%	11%
SUM	100%	100%	100%	100%	100%	100%

Staff Increase/Decrease Trend

Staff growth has nearly returned 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%. For the past 3 years, the proportion of functions reporting staff increases has hovered around 25%, which is slightly lower than pre-COVID levels. At the same time staff, reductions were experienced by 11% of survey respondents, which is slightly higher than pre-COVID levels.

Internal Audit Functions with Staff 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 the number of in-house and/or sourced staff within your internal audit function changed? n = 396 for 2024.

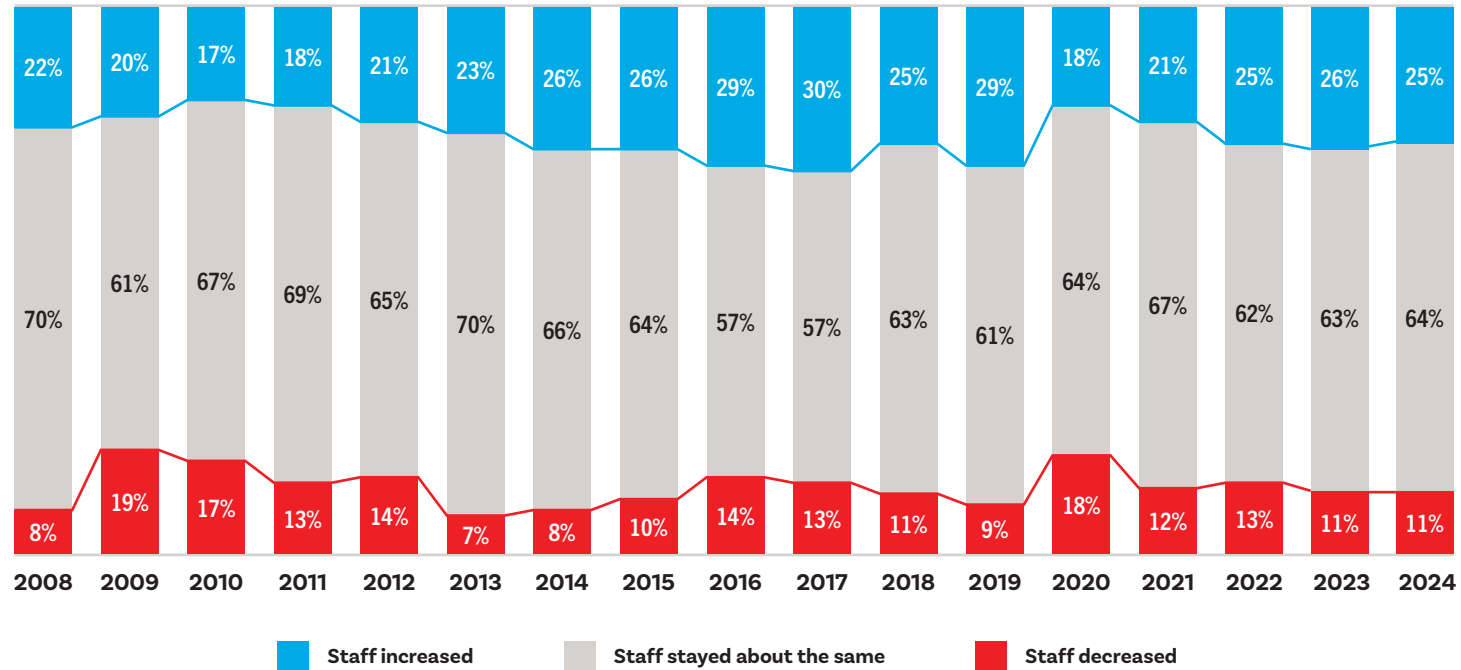


Staff Stability Trend

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 64% having unchanged staff sizes in 2024, compared to 55% with unchanged budgets. Long-term trends indicate that staff stability varies in different circumstances, with a low of 57% (2016 to 2017) compared to a high of 70% (2008 and 2013).

Internal Audit Functions with Staff Increases, Decreases, or Stability 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? n = 396 for 2024.



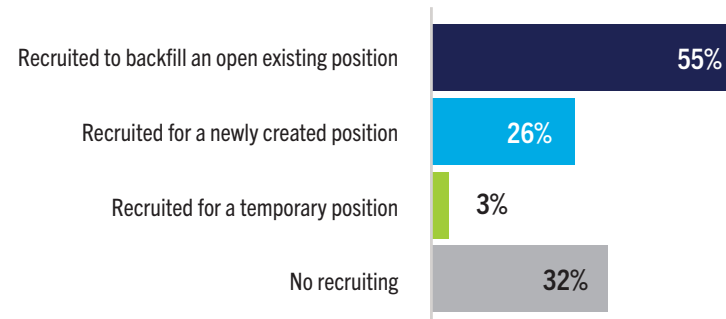
Recruiting Activity

About 26% recruited for a new position, and 55% to backfill an open existing position

Compared to recruiting for open, existing positions (55%), CAEs were recruiting for about half as many new positions (26%). Recruiting for temporary positions was minimal (3% overall).

The level of recruiting activity is strongly related to function size, with low activity for functions that have 3 or fewer FTEs. However, even among functions with only 4 to 9 FTEs, nearly half said that they had to recruit to backfill an open existing position. For larger functions, the recruiting to backfill open positions ranged between 76% and 90%.

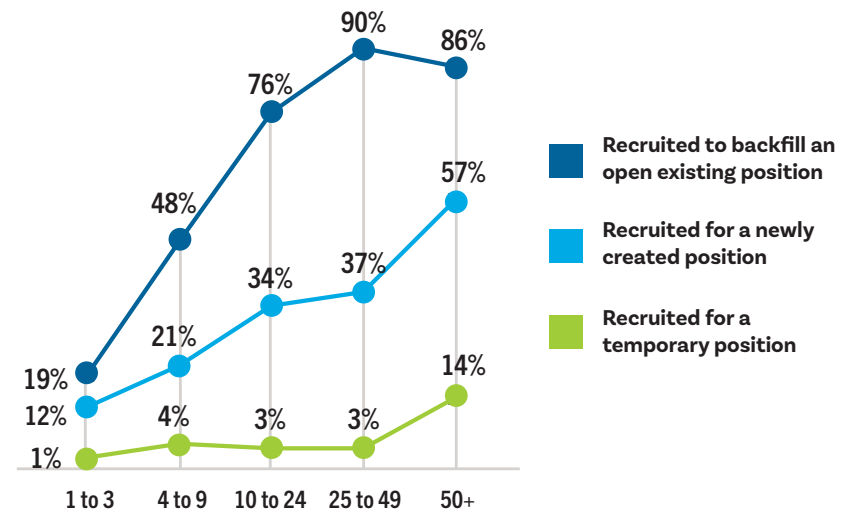
Types of Recruiting for Internal Audit in the Past 12 Months



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



Recruited for Open Positions, New Hires, and Temporary Positions (Compared to Internal Audit Function Size)



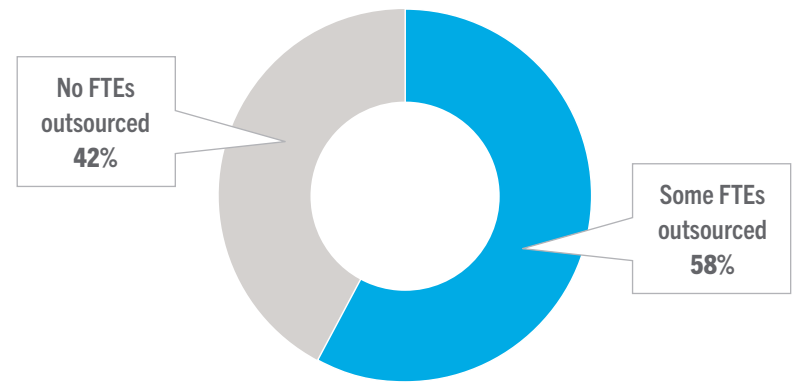
Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q19: Did you recruit to fill any positions for your internal audit function in the past 12 months? (Choose all that apply.) n = 405.

Outsourced FTEs

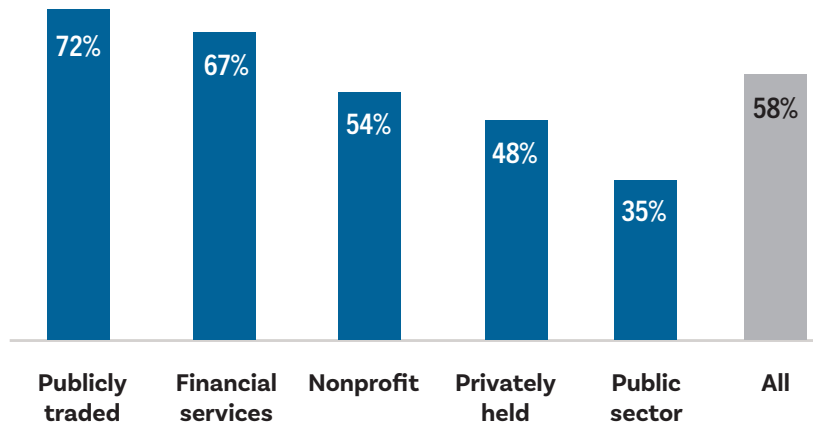
About 60% of all functions obtained internal audit FTEs through outsourcing

While on average 58% of CAEs said they obtain some internal audit FTEs from outsourcing or cosourcing, the number of FTEs obtained this way per function is relatively small – almost always 5 or fewer FTEs. Public sector organizations are least likely to obtain internal audit FTEs through outsourcing (around 35%) while publicly traded organizations are most likely (72%).

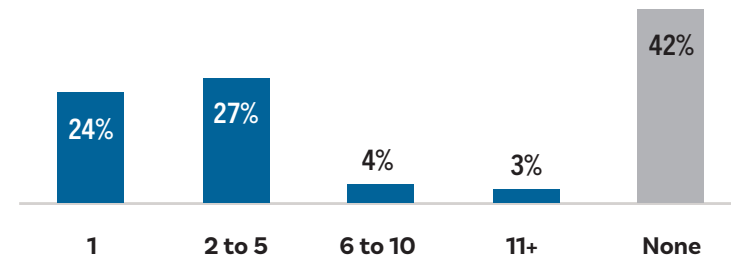
Internal Audit Functions with Outsourced FTEs



Internal Audit Functions with Outsourced FTEs (Compared to Organization Type)



Outsourced FTEs per Function



FTE = Full-time equivalent employee

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q14: How many full-time equivalent employees (FTEs) are in your internal audit function (sourced)? n = 448.

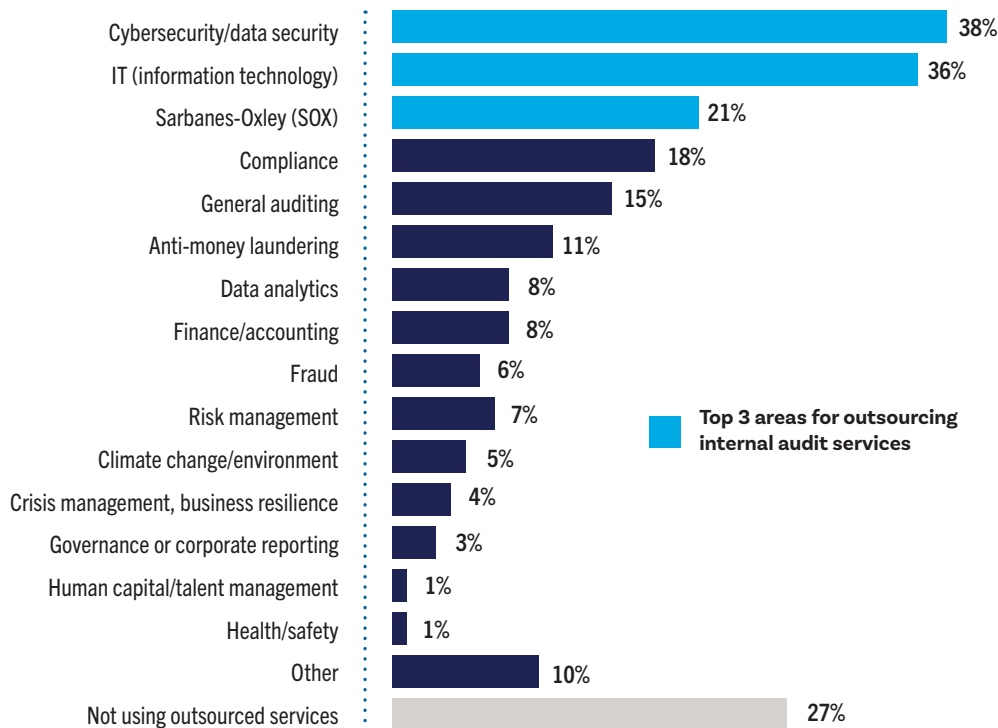
Outsourced Services

About 73% of CAEs used outsourcing to obtain services related to internal audit activity

CAEs are more likely to use outsourcing to obtain services (73%) than to obtain FTEs (58%). The most commonly outsourced services were related to cybersecurity, IT, and Sarbanes-Oxley.

See the next two pages for a comparison of outsourcing activities for each organization type.

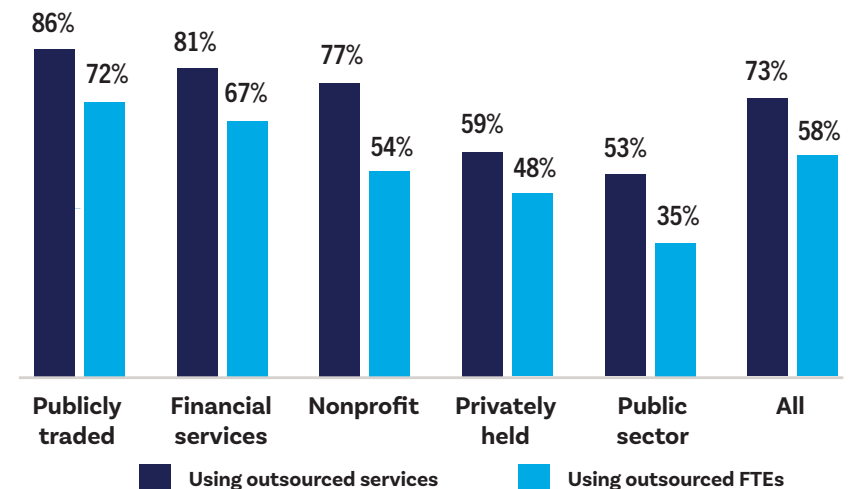
Outsourced Service Types – All Respondents



Internal Audit Functions with Outsourced Services



Internal Audit Use of Outsourced Services and FTEs (Compared to Organization Type)



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q18: In the past 12 months, for which of the following areas have you cosourced or outsourced audit services? (Choose all that apply.) n = 400.

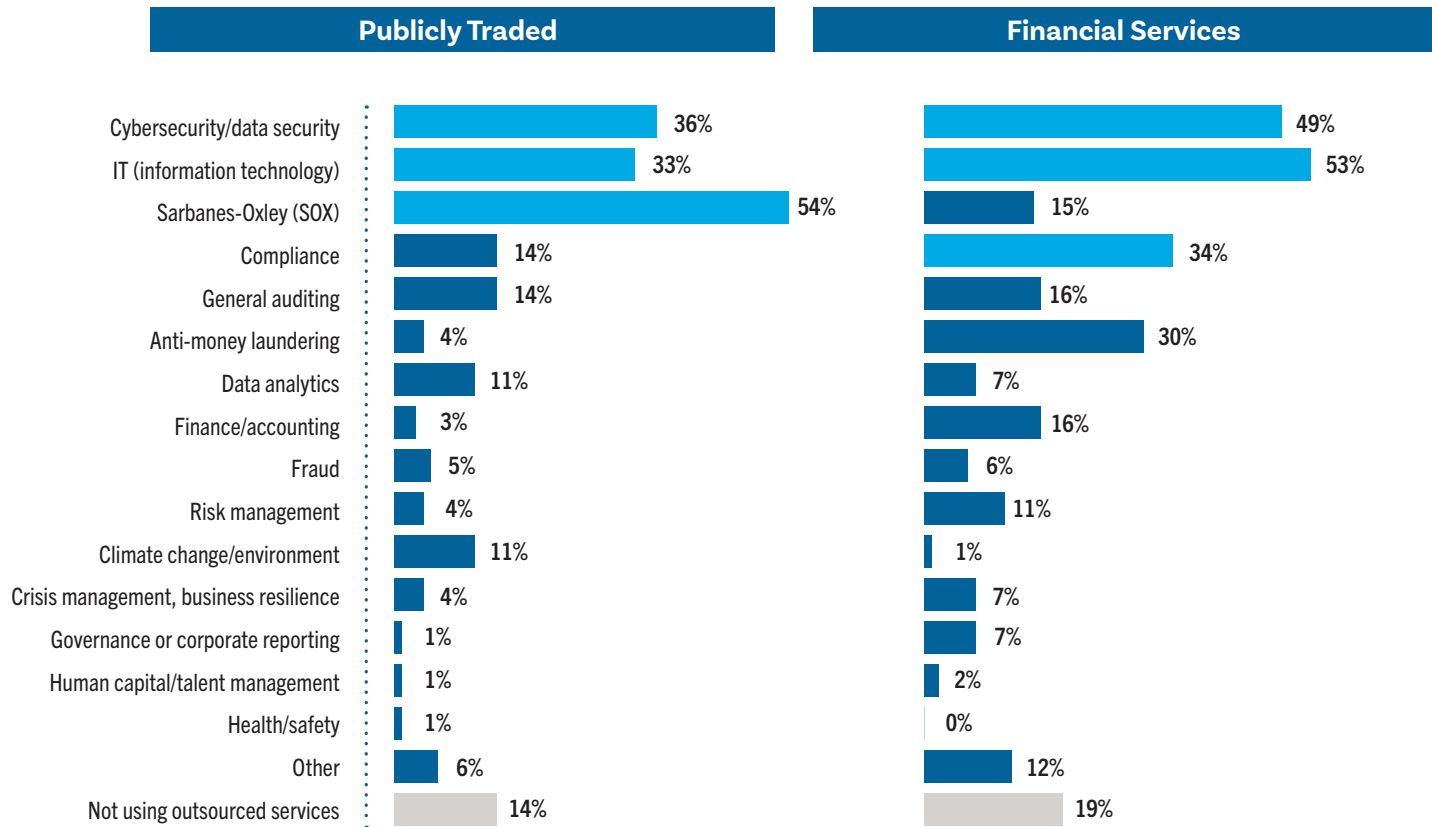
Outsourced Service Types

Sarbanes-Oxley activity is the primary area outsourced by publicly traded companies

More than half of CAEs in publicly traded companies use outsourcing for internal audit activities related to Sarbanes-Oxley (54%). The next two highest areas are cybersecurity (36%) and IT (33%).

CAEs in financial services also use outsourcing for technology, but at a higher rate than publicly traded organizations – with about 50% of CAEs saying they outsource work related to cybersecurity and IT. About a third also outsource compliance activities. Unique to financial services, anti-money laundering is also frequently outsourced (30%).

Relatively few CAEs use external services for data analytics (7% to 11%), but data analytics is the competency CAEs are mostly likely to want to improve within their audit functions (78%). See “Enhancing Competencies” below for more details.



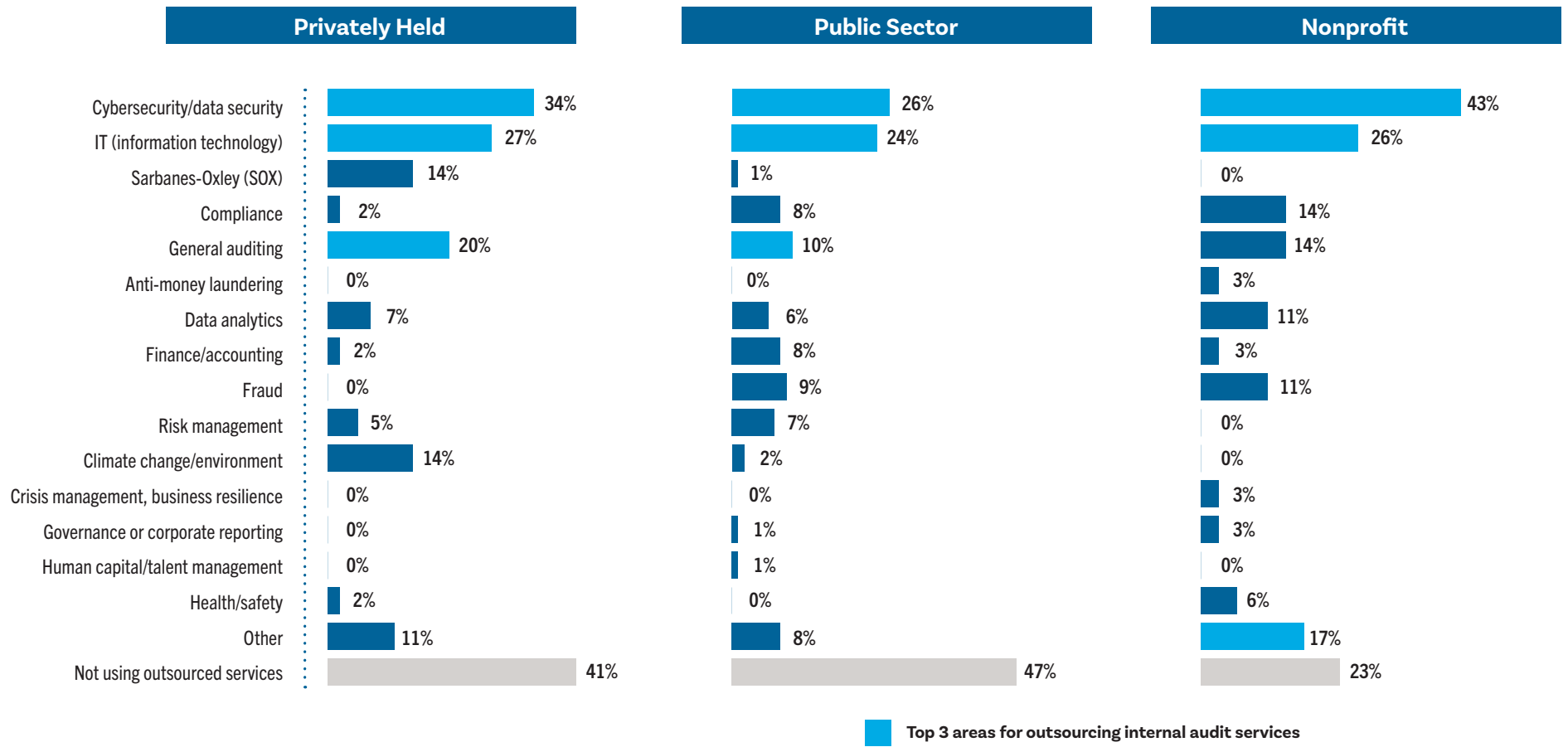
■ Top 3 areas for outsourcing internal audit services

Note: The IIA’s North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q18: In the past 12 months, for which of the following areas have you cosourced or outsourced audit services? (Choose all that apply.) n = 400.

Outsourced Service Types (Continued)

More than 40% of privately held and public sector organizations do not use outsourcing

When outsourcing is used, privately held and public sector organizations are most likely to obtain services for cybersecurity, IT, and general auditing. Nonprofit organizations also use external sources for cybersecurity and IT, as well as for specialized audit services, such as construction auditing (as indicated by open text responses).



Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q18: In the past 12 months, for which of the following areas have you cosourced or outsourced audit services? (Choose all that apply.) n = 400.



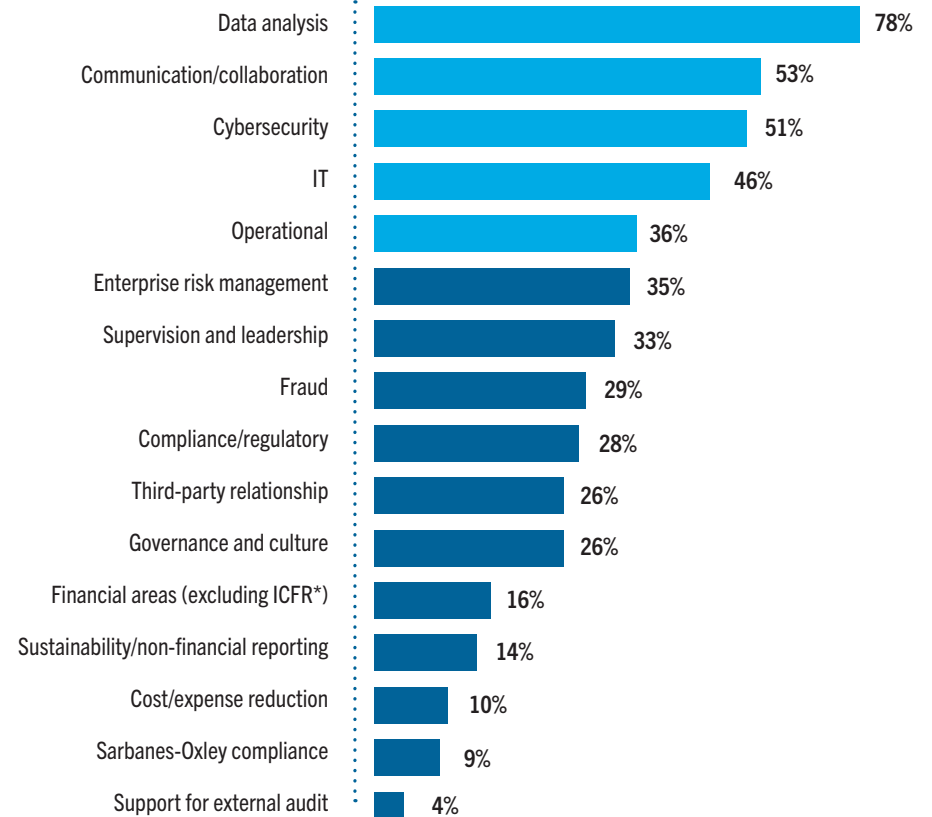
Enhancing Competencies

Data analysis was the competency that CAEs most wanted to improve on staff

CAEs were asked to choose the five areas for which they most wanted to improve competencies on their staff. The top one by a notable margin was data analysis (78% overall). Communication, cybersecurity, and IT were also high for most CAEs (45%+). At the same time, several organization types had unique competencies that they wanted to improve:

- **Publicly traded:** Sustainability/non-financial reporting (30%)
- **Financial services:** Compliance (38%)
- **Public sector:** Governance and culture (42%) and fraud (38%)
- **Privately held:** Sustainability/non-financial reporting (30%)
- **Nonprofit:** Fraud (37%)

Top 5 Areas for Competency Improvement



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

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q23: What are the top 5 areas in which you would like to improve competencies on your staff? n = 405.

Guidance Spotlight

The IIA's Internal Audit Competency Framework

IIA members can log in and download the framework at theiia.org/CompetencyFramework.



SECTION 5

Risk



ERM and Internal Audit Role

CAEs are more likely to be responsible for ERM now than 9 years ago

In the past 9 years, there has been an increase in CAEs who say they have ongoing responsibility for ERM (19% to 23%) along with an increase in those who are temporarily responsible for ERM (5% to 7%). When these metrics are combined, it shows 24% of CAEs were responsible for ERM in 2015, compared to 30% in 2024, an increase of 6 percentage points.

The change was driven by a drop in percentage for those who said internal audit and ERM are separate functions that do not interact (from 12% to 5%).

Note: Historical data was obtained from the 2015 Global Internal Audit Common Body of Knowledge (CBOK) survey.

Standards Spotlight

Standard 9.5 Coordination and Reliance

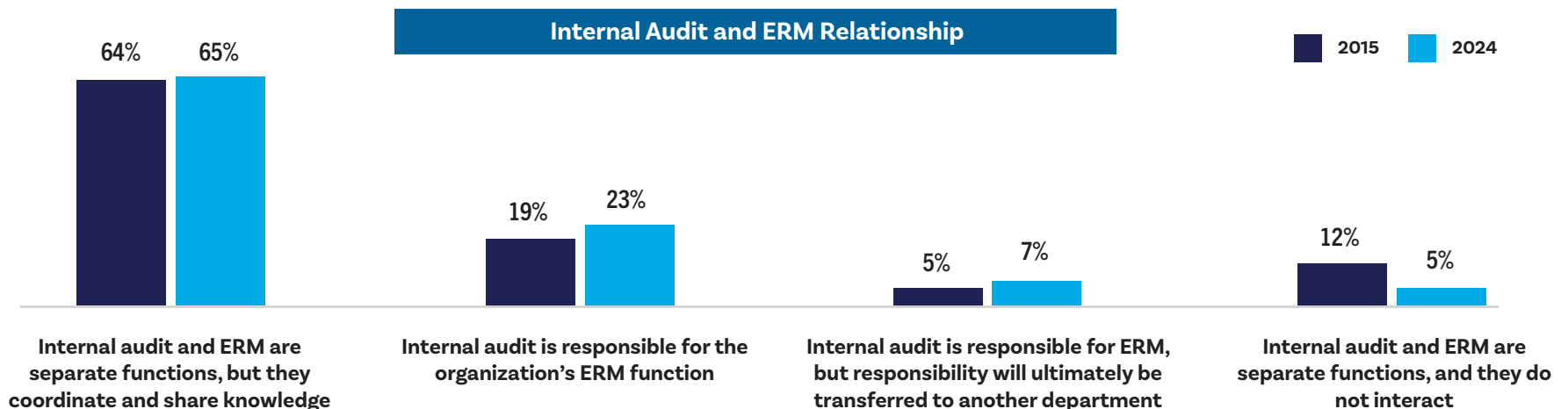
Requirements (selected excerpts)

The chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work.

Standard 7.1 Organizational Independence

Requirements (selected excerpts)

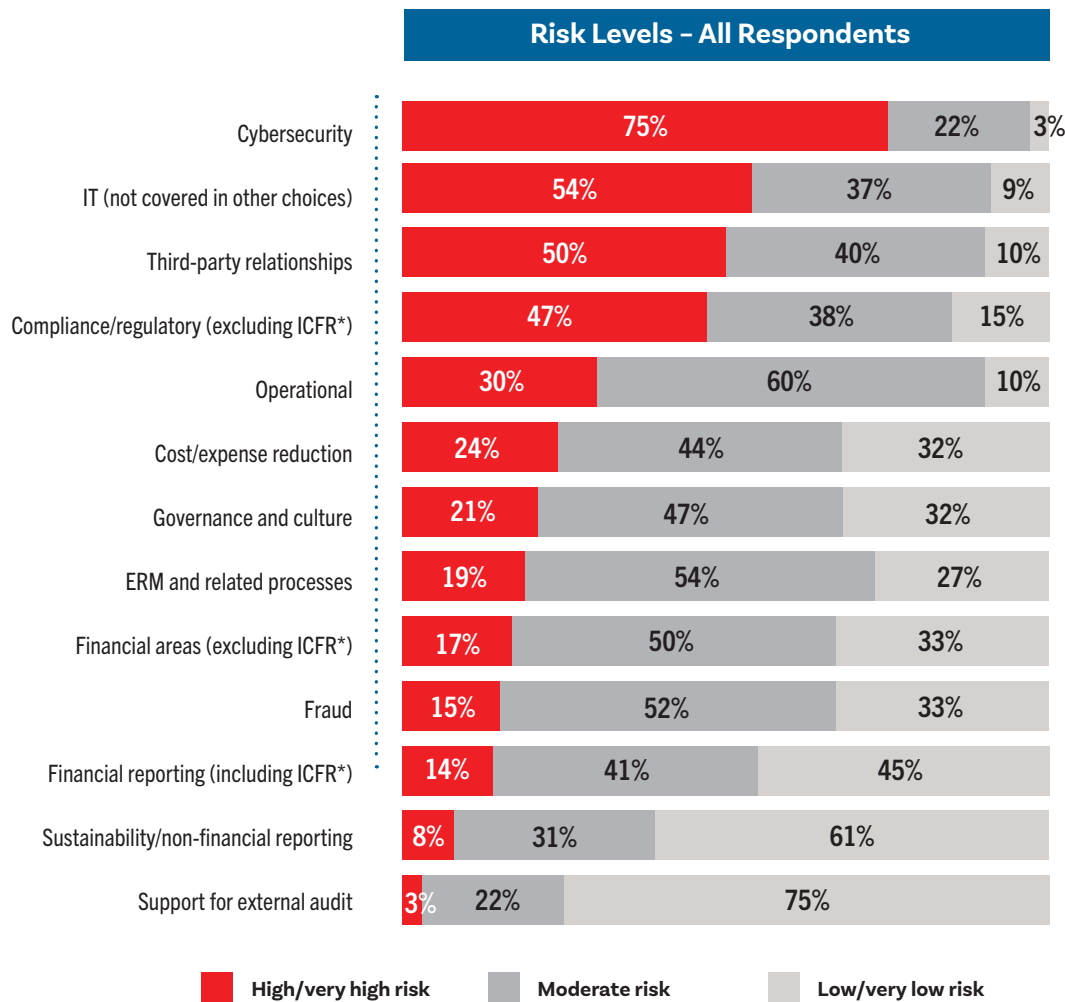
When the chief audit executive has one or more ongoing roles beyond internal auditing, the responsibilities, nature of work, and established safeguards must be documented in the internal audit charter.



Note: The IIA's 2015 Global Internal Audit Common Body of Knowledge (CBOK) Survey, Q59: What is the relationship between internal audit and ERM at your organization? $n = 440$ CAEs and directors from North America. The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q36: What is the relationship between internal audit and ERM at your organization? $n = 405$.

Risk Levels – All Respondents

Technology drives the two highest risk areas – cybersecurity and IT



Standards Spotlight

Standard 9.1 Understanding Governance, Risk Management, and Control Processes

Requirements (selected excerpts)

...The chief audit executive must consider how the organization identifies and assesses significant risks...

This includes understanding how the organization identifies and manages the following key risk areas:

- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws and/or regulations.

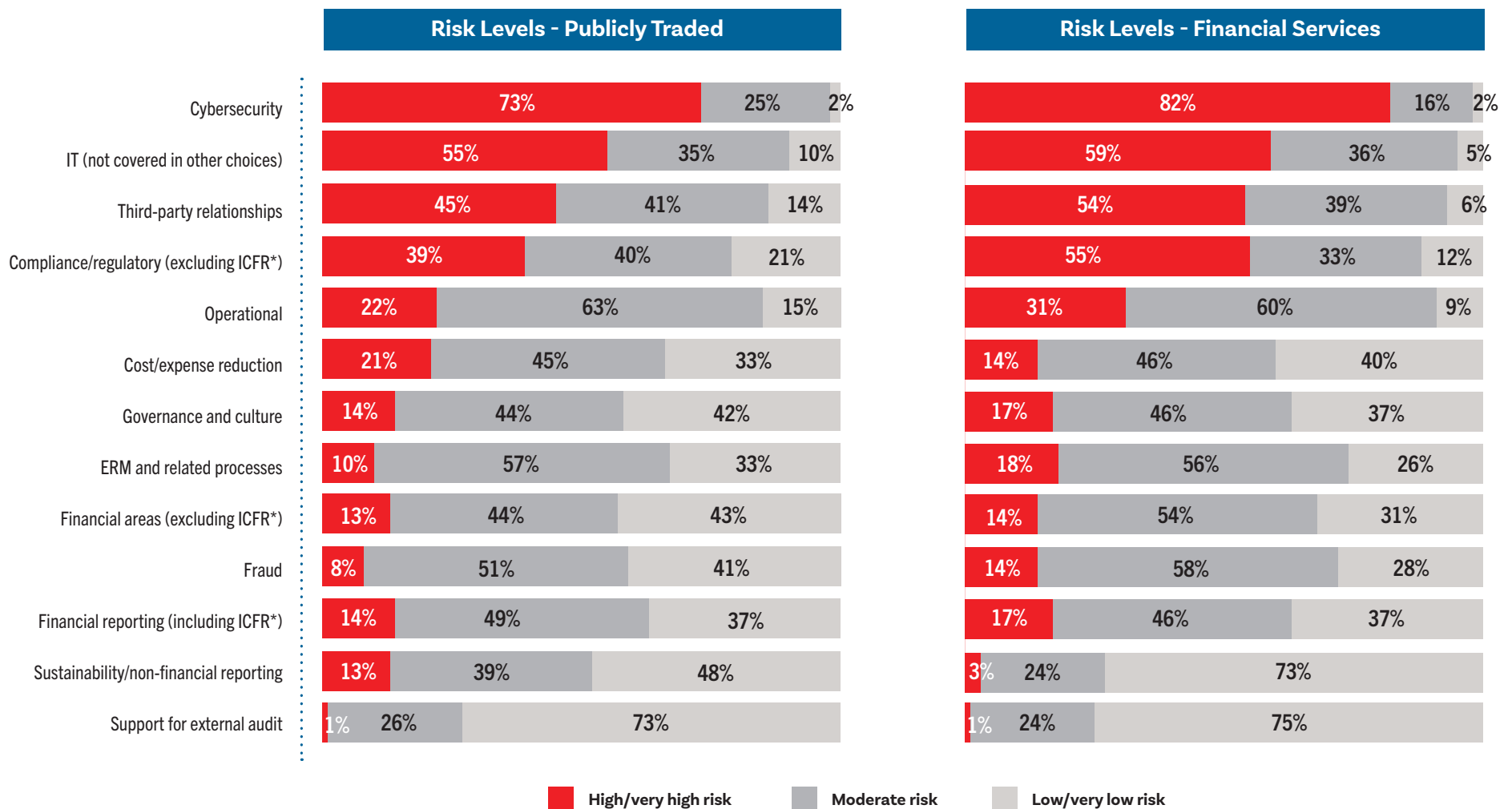
*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q37: How would you describe the level of risk in your organization in the following risk areas? n = 380.



Risk Levels – Publicly Traded and Financial Services

Risk in financial services is generally rated higher than for publicly traded organizations

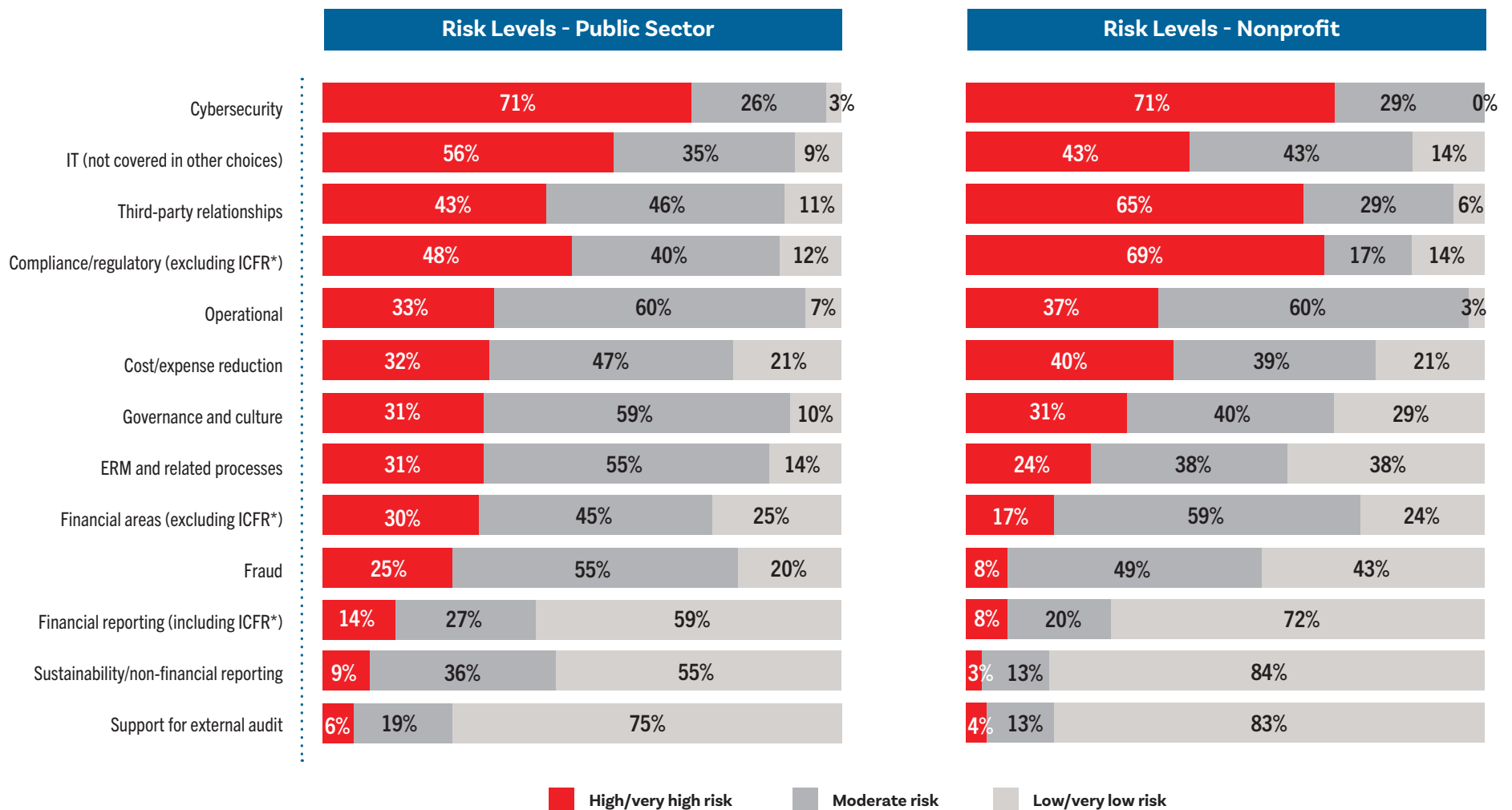


*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: : The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q37: How would you describe the level of risk in your organization in the following risk areas? n = 102 for publicly traded. n = 128 for financial services.

Risk Levels – Public Sector and Nonprofit

Risk for third-party relationships and compliance was high for nonprofit organizations



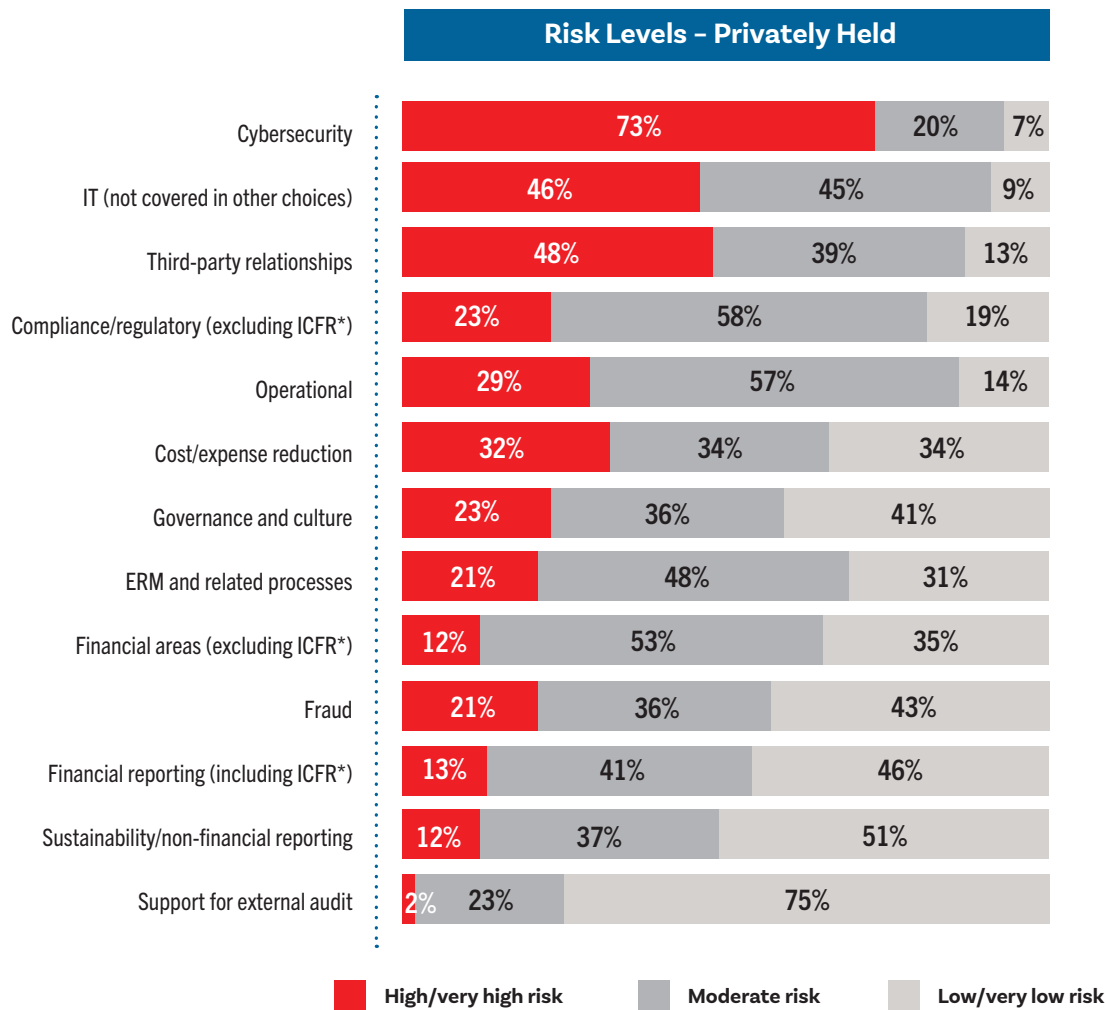
*ICFR = Internal controls over financial reporting, which includes Sarbanes-Oxley testing and compliance.

Note: The IIA's North American Pulse of Internal Audit Survey, Oct. 10 to Nov. 14, 2024. Q27: How would you describe the level of risk in your organization in the following risk areas? n = 89 for public sector. n = 35 for nonprofit.



Risk Levels – Privately Held

For privately held organizations, compliance risk is lower 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, Oct. 10 to Nov. 14, 2024. Q37: How would you describe the level of risk in your organization in the following risk areas? n = 44 for privately held.



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