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ACCOUNTING & AUDIT

5 COVID Impacts on Internal Audit That Are Here to Stay

The survey uncovered five key trends respondents believe will have long-term impacts on internal audit teams, including: the continued increased use of technology to conduct audits, employing innovative means of gathering and analyzing evidence ...

Isaac M. O'Bannon • Oct. 11, 2021



A new survey by [AuditBoard](#) shows what chief audit executives (CAEs) think the long-term impacts of COVID will be on their operations and the profession at large. AuditBoard is a cloud-based platform transforming how enterprises manage risk.

The survey uncovered five key trends respondents believe will have long-term impacts on internal audit teams, including: the continued increased use of technology to conduct audits, employing innovative means of gathering and analyzing evidence, greater reliance on technology for basic communication, a continuous approach to assessing risks, and the hybrid workplace model. Key findings include:

The use of technology will be more critical to conducting internal audits in the future. For a profession that has traditionally relied on face-to-face meetings and access to physical evidence, mandatory lockdowns necessitated the greater use of technology to continue working. In particular, cloud-based platforms that were designed to not only facilitate remote collaboration, but also automate workflows across the three lines, were successful in streamlining and facilitating the actions of multiple stakeholders to reach common, intersecting goals. Going forward, CAEs believe the use of technology will continue to play an important role in internal audit processes, with 91% of CAEs agreeing with this statement, and 34% strongly agreeing.

Audit teams will be more focused on innovative means to gather and analyze evidence as part of internal audit processes. The creative solutions audit teams deployed in the process of working around lockdown limitations produced new efficiencies — as well as new methods — for evidence gathering. With 83% of surveyed CAEs agreeing with this statement, and 34% strongly agreeing, it's clear that CAEs are embracing nontraditional ways of working. Among the innovative uses of technology that have proven effective in the past year has been the use of drones, reliance on pre-positioned security camera video feeds, and video documentation by smart phones and other devices. Chief audit executives have reported that the use of drones to document the physical existence of assets or control effectiveness has provided sufficient evidence more efficiently than even traditional means.

Most face-to-face meetings will be replaced with virtual meetings using video streaming technology. By all accounts, audit, risk, and compliance professionals have embraced video platforms not only for meetings between members of the internal audit staff, but also for meetings and other face-to-face interaction

throughout the audit process and communications with key stakeholders. Based on the survey responses—72% of CAEs agreed with this statement, and 26.3% strongly agreed—CAEs believe their teams will likely continue to rely heavily on technology-facilitated meetings as a more efficient means of communication.

Internal audit teams will focus more on emerging risks and their possible impacts on the company. The pandemic has proven beyond doubt that the dynamic nature and velocity of risks must be an overarching consideration for internal auditors and other risk professionals. The fact that 72% of CAEs agreed with this statement, and 25.7% strongly agreed, speaks to the importance of auditing at the speed of risk. Now, there must be a continuous component to assessing risks, not only in performing risk assessments with greater frequency, but in the methodologies and technologies used to create a continuously monitoring risk function.

Internal audit teams will likely not return to traditional workplaces, but will work remotely all or part of the time. The COVID experience has demonstrated loud and clear that the internal audit workplace of the future does not need to be exclusively in a traditional office setting. Based on the survey responses—68% of CAEs agreed with this statement, and 35% strongly agreed—it would appear that a strong majority of CAEs will embrace flexible workplace arrangements in the future. This may prove particularly true in markets where internal audit talent (especially expertise in specialized risks) is in short supply.

“In many ways the COVID-19 pandemic has been the most disruptive event in the history of the internal audit profession. Without question, the events of the past 18 months have triggered fundamental changes in how audit, risk and compliance professionals undertake their responsibilities—from how we communicate with our teams and other stakeholders to our day-to-day processes,” said Richard Chambers, Senior Internal Audit Advisor at Auditboard. “It’s clear the internal audit profession is evolving to be more flexible, innovative and productive, leveraging technology to stay resilient in an environment where risk priorities can shift overnight.”

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