



Chartered
Institute of
Internal
Auditors

Internal Audit Benchmarking

Health of the Internal Audit Profession – Part Three

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February 2025

Agenda

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Purpose of this presentation

Chartered IIA is publishing a series of benchmarking presentations for members that are based on an analysis of the responses to our recent Health of the IA Profession Survey. This is the second of a series, with others following in February and March 2025.

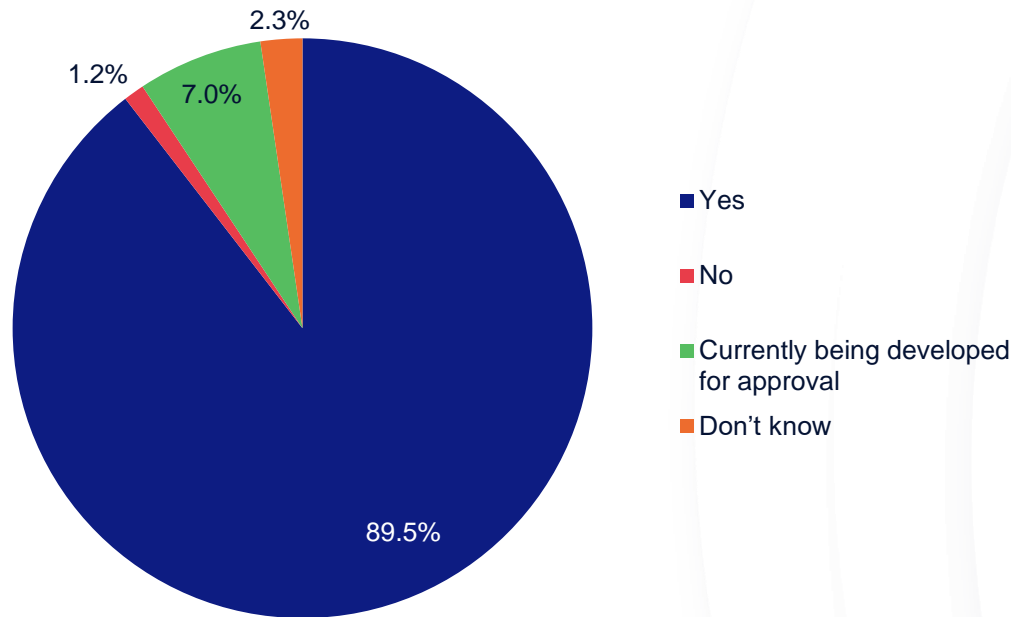
The purpose is to provide some benchmarking information and discussion points for internal audit functions to use and consider. The presentations will not provide analysis or commentary on the statistics themselves, and users should understand they are based on the responses of 216 participants.

The Appendices provide information regarding methodology and the profile of the participants.



Does your internal audit function have a Charter

Does your internal audit function have a Charter, which includes a mandate, which is approved by the audit committee ?



Overall, the majority of respondents have an internal audit charter which includes a mandate and is approved by the audit committee.

- Financial services (100%) and the Private sector (97.6%) had the highest proportion of participants indicating that they had an audit committee approved charter which includes a mandate.
- Central government (14.3%) and the Public sector (12.9%) did not have such a Charter.



Internal audit function charter filters

Filters	Yes	No	Currently being developed	Don't Know
All completed responses	89.5%	1.2%	7%	2.3%
Private sector	97.6%	0	0	2.4%
Public sector	87.1%	12.9%	0	0
Not-for-profit sector	76.2%	4.8%	14.3%	4.8%
Local authorities	85.7%	0	14.3%	0
Financial services	100%	0	0	0
Central Government	85.7%	14.3%	0	0
Education	91.7%	8.3%	0	0
Organisation size - 1,000 or less	81%	4.8%	9.5%	4.8%
Organisation size -1,000 or more	92.3%	0	6.2%	1.5%

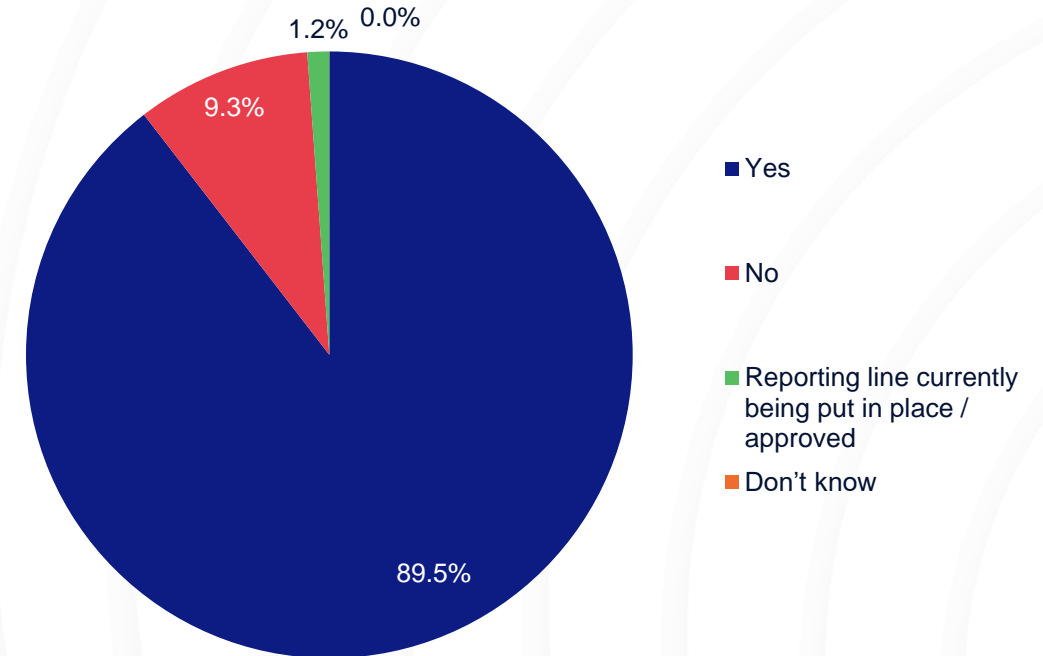
- Not-for-profit (14.3%) and local authorities (14.3%) had a charter that was still being developed.
- Smaller organisations of less than 1,000 were more likely not to have an audit committee approved Charter with a mandate (4.8%) but the majority over 1,000 did or were developing one (1.5% did not know)



CAE's functional reporting line

- 100% of internal audit functions with a size of over 50 indicated that they functionally reported to the audit committee.
- 100% of financial services and 95.2% of the private sector also functionally reported to the audit committee.
- 33.3% of the Education industry said that they didn't report functionally to the audit committee.

Does the Chief Audit Executive/Head of Internal Audit report functionally to the Audit Committee?



CAE's Functional reporting line filters

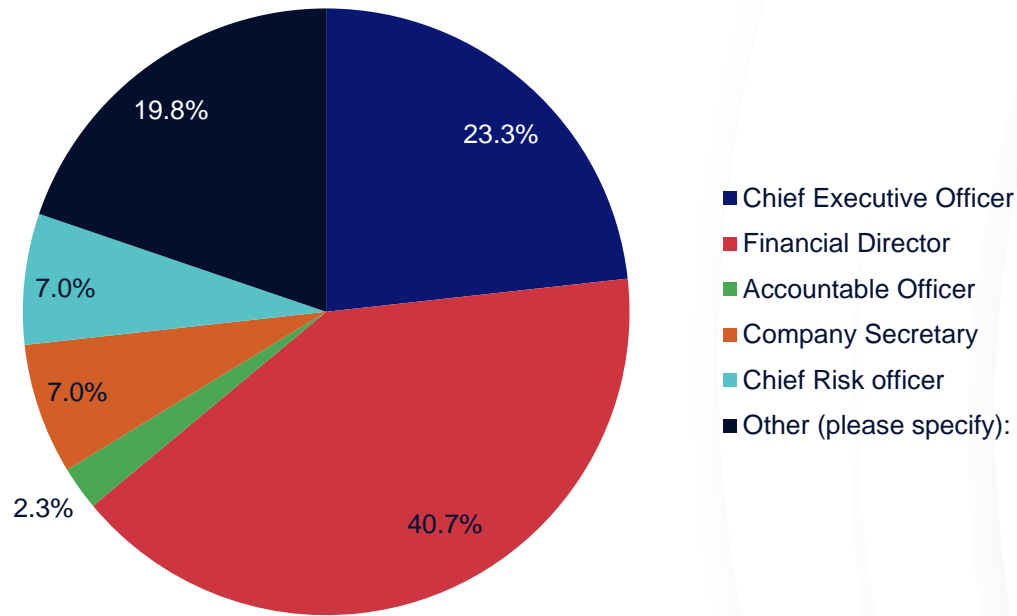
- Within the three sectors the Private sector came out on top with 95.2% indicating that their functional reporting line was to the Audit committee, but all were above 76.2%

Filters	Yes	No	Currently being approved
All completed responses	89.5%	9.3%	1.2%
Private sector	95.2%	2.4%	2.4%
Public sector	87.1%	12.9%	0
Not-for-profit sector	76.2%	23.8%	0
Local authorities	85.7%	14.3%	0
Financial services	100%	0	0
Central Government	85.7%	14.3%	0
Education	66.7%	33.3%	0
Internal audit size 10 or less	88.9%	9.5%	1.6%
Internal audit size – 11 - 50	87.5%	12.5%	0
Internal audit size – over 50	100%	0	0



CAE's administrative reporting line

Where is the Chief Audit Executive/Head of Internal Audit's current administrative reporting line?



- Financial services industry (59.3%) had the highest proportion of CAE's reporting to the CEO from an administrative reporting line.
- 66.6% of local authority respondents indicated that they reported on an administrative basis to the financial director.

CAE's administrative reporting line filters

Filters	CEO	Finance Director	Accountable officer	Company secretary	Chief Risk Officer	Other
All completed responses	23.3%	40.7%	2.3%	7%	7%	19.8%
Private sector	35.7%	23.8%	4.8%	2.4%	9.5%	23.8%
Public sector	16.1%	64.5%	0	3.2%	0	16.1%
Not-for-profit sector	14.3%	42.9%	0	23.8%	9.5%	9.5%
Local authorities	9.5%	66.7%	0	0	0	23.8%
Financial services	59.3%	7.4%	7.4%	0	14.8%	11.1%
Central Government	28.6%	42.9%	0	0	0	28.6%
Education	8.3%	33.3%	0	25%	8.3%	25%
Internal audit size 10 or less	15.9%	44.4%	1.6%	9.5%	7.9%	20.6%
Internal audit size – 11 - 50	43.8%	25%	6.3%	0%	6.3%	18.8%
Internal audit size – over 50	42.9%	42.9%	0	0	0	14.3%

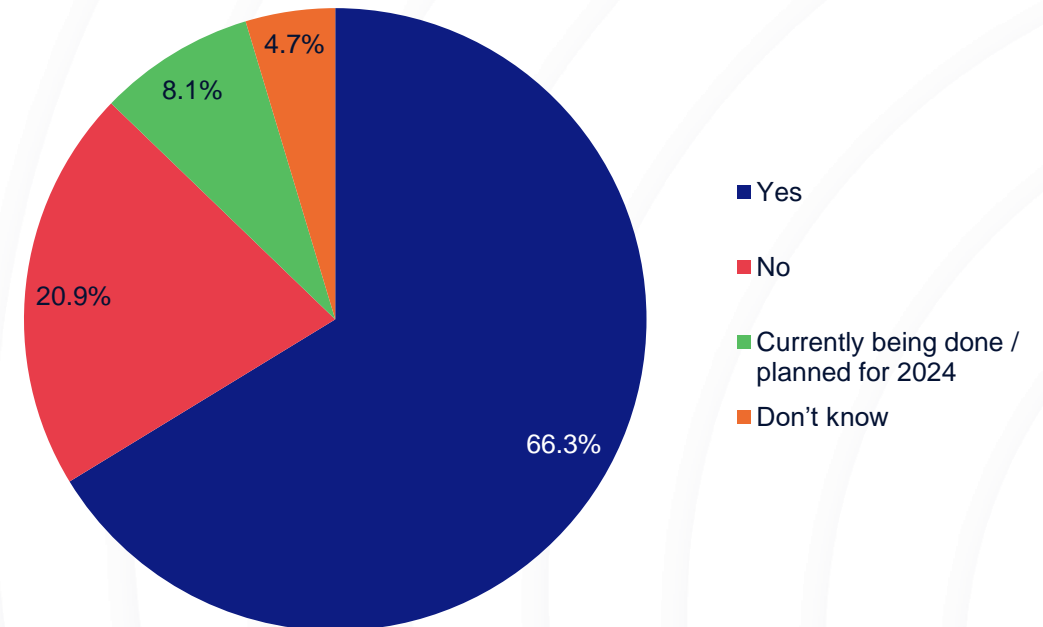
- CAE's administrative reporting lines varied across the three sectors. Private sector (35.7%) CAEs were reporting to the CEO. Public sector (64.5%) and Non-Profit (42.9%) CAEs reported to the Finance Director.
- For small internal audit teams there was greater variety in the administrative reporting lines to those of 11 or more, with over 50 split evenly between CEO and Finance Director, with the remainder reporting elsewhere.



EQA or externally validated self assessment

- The Education (91.7%) and Central Government (85.7%) participants indicated that an EQA or externally validated self-assessment for the internal audit function been performed within the last 5 years.
- 100% of internal audit functions with a size of 50 and over said that an EQA or externally validated self-assessment for the internal audit function been performed within the last 5 years.

Has an EQA or externally validated self-assessment for the internal audit function been performed within the last 5 years?



EQA or externally validated self-assessment filters

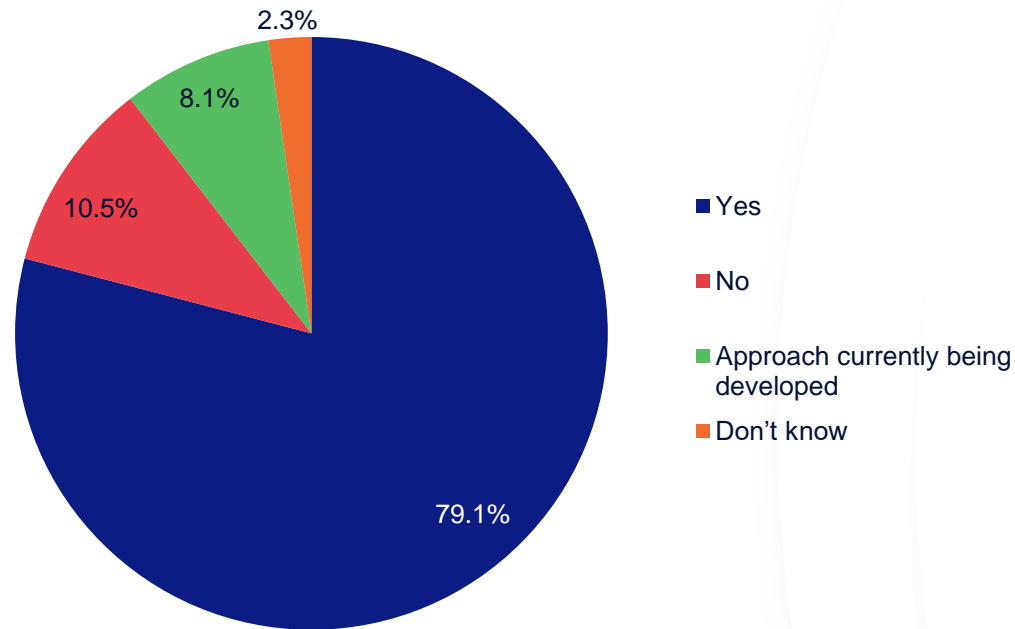
- Of the three sectors the not-for-profit sector (33.3%) had the highest proportion who had not had an assessment for the internal audit function for the last 5 years. For the private sector, this was 19.1% and 9.7% for the public sector.
- Smaller internal audit sizes of 10 or less indicated that 27% had not had an assessment whereas internal audit sizes of 50 or more indicated that 100% had an external self-assessment.

Filters	Yes	No	Currently being done	Don't know
All completed responses	66.3%	20.9%	8.1%	4.7%
Private sector	69.1%	19.1%	4.8%	7.1%
Public sector	77.4%	9.7%	13%	0
Not-for-profit sector	57.1%	33.3%	4.8%	4.8%
Local authorities	71.4%	9.5%	19.1%	0
Financial services	74.1%	11.1%	7.41%	7.41%
Central Government	85.7%	14.3%	0	0
Education	91.7%	8.33%	0	0
Internal audit size 10 or less	57.1%	27%	9.5%	6.4%
Internal audit size – 11 - 50	87.5%	6.3%	6.3%	0
Internal audit size – over 50	100%	0	0	0



Audit Committee assessment

Does the Audit Committee assess the performance of the internal audit function on an annual basis?



- Financial services (92.6%) was the biggest industry which indicated that the audit committee does assess the performance of the internal audit function on an annual basis.
- Education (33.3%) was the industry which indicated the highest that the audit committee does not assess the performance of the internal audit function on an annual basis.



Audit committee assessment filters

Filters	Yes	No	Approach being developed	Don't know
All completed responses	79.1%	10.5%	8.1%	2.3%
Private sector	88.1%	4.8%	2.4%	4.8%
Public sector	74.2%	16.1%	9.7%	0
Not-for-profit sector	76.2%	9.5%	14.3%	0
Local authorities	80.1%	9.5%	9.5%	0
Financial services	92.6%	3.7%	0	3.7%
Central Government	85.7%	14.3%	0	0
Education	66.7%	33.3%	0	0
Internal audit size 10 or less	74.6%	11.1%	11.1%	3.2%
Internal audit size – 11 - 50	93.8%	6.3%	0	0
Internal audit size – over 50	85.7%	14.3%	0	0

- Of the three sectors the private sector (88.1%) had the highest proportion indicating that they had an audit committee assessment the public sector (74.2%) had the lowest proportion.
- Larger internal audit sizes of 11-50 (93.8%) and over 50 (85.7) were more likely to have an audit committee assessment when compared to internal audit size of 10 or less (74.6%).



CAE relationship with internal stakeholders' filters

For questions were asked relating to the relationship with stakeholders and their understanding of internal audit.

Generally there level of support was high with 87.9% audit committee full support and 81.4% full support from senior management.

When it came to understanding, however, the figures dropped to 79.2% and 74% respectively.

Variations were seen between sectors and industries, with private and financial services being reported more favourable, and public sector both central and local government, being less so.



CAE relationship with internal stakeholders' filters

The Chief Audit Executive/Head of Internal Audit is fully supported by the Audit Committee	Average %
All completed responses	87.9%
Private sector	90.7%
Public sector	85.8%
Not-for-profit sector	88.1%
Local authorities	85.7%
Financial services	90.4%
Central Government	84.3%
Education	90.8%

The Chief Audit Executive/Head of Internal Audit is fully supported by senior management	Average %
All completed responses	81.4%
Private sector	84.3%
Public sector	76.1%
Not-for-profit sector	80.5%
Local authorities	75.7%
Financial services	87.0%
Central Government	75.7%
Education	79.2%



CAE relationship with internal stakeholders' filters

The Audit committee fully understands the role of internal audit	Average %
All completed responses	79.2%
Private sector	85.5%
Public sector	72.9%
Not-for-profit sector	76.2%
Local authorities	70.5%
Financial services	88.9%
Central Government	70%
Education	77.5%

Senior Management fully understand the role of internal audit	Average %
All completed responses	74%
Private sector	73.8%
Public sector	71.3%
Not-for-profit sector	71%
Local authorities	71.9%
Financial services	79.3%
Central Government	61.4%
Education	74.2%





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Thank you

Name

Email address

Phone number

Name

Email address

Phone number

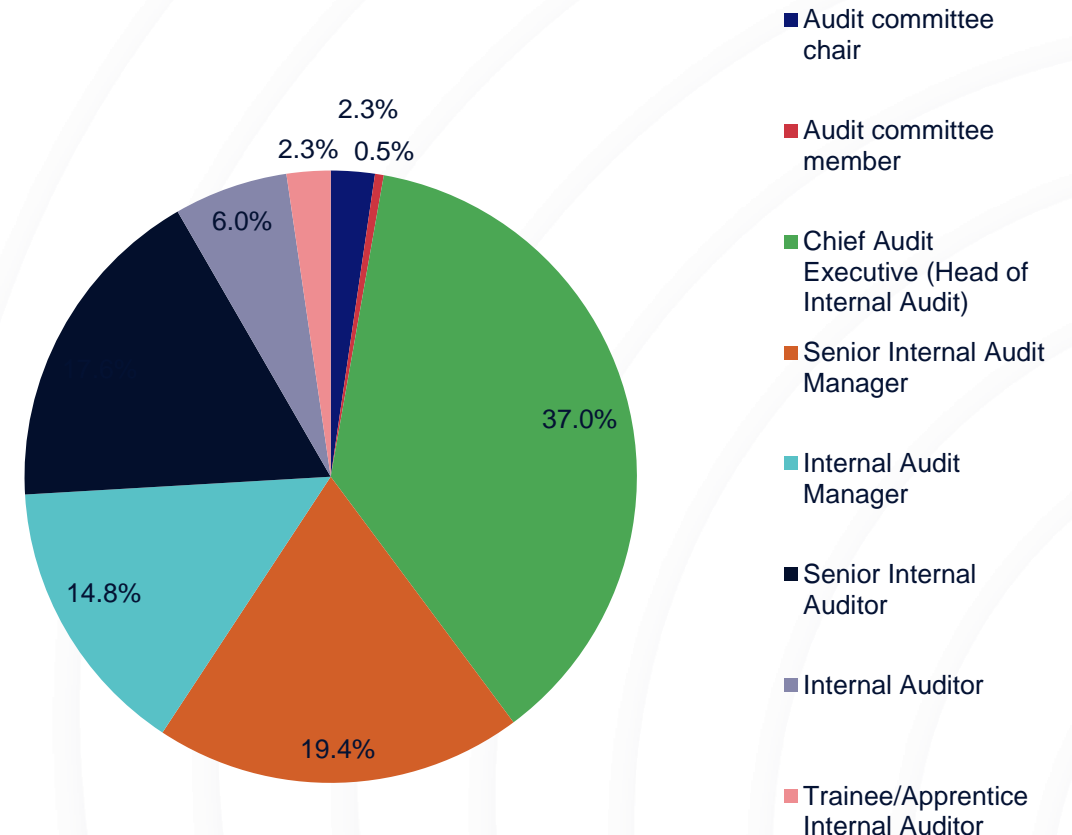
Appendix 1: Methodology

- The aim of this research is to assess the current and future health of the internal audit profession in the UK & Ireland, aimed at internal audit professionals at all levels.
- The survey was open between the 1st of August and 14th of October receiving a total of 216 completed responses.
- The survey uses a combination of qualitative and quantitative methods questions.
- This survey will be repeated in order to identify trends, but also assess the impact of any actions that are taken by the Chartered IIA to champion and lead the profession.
- All survey responses are anonymous, and confidentiality is assured.



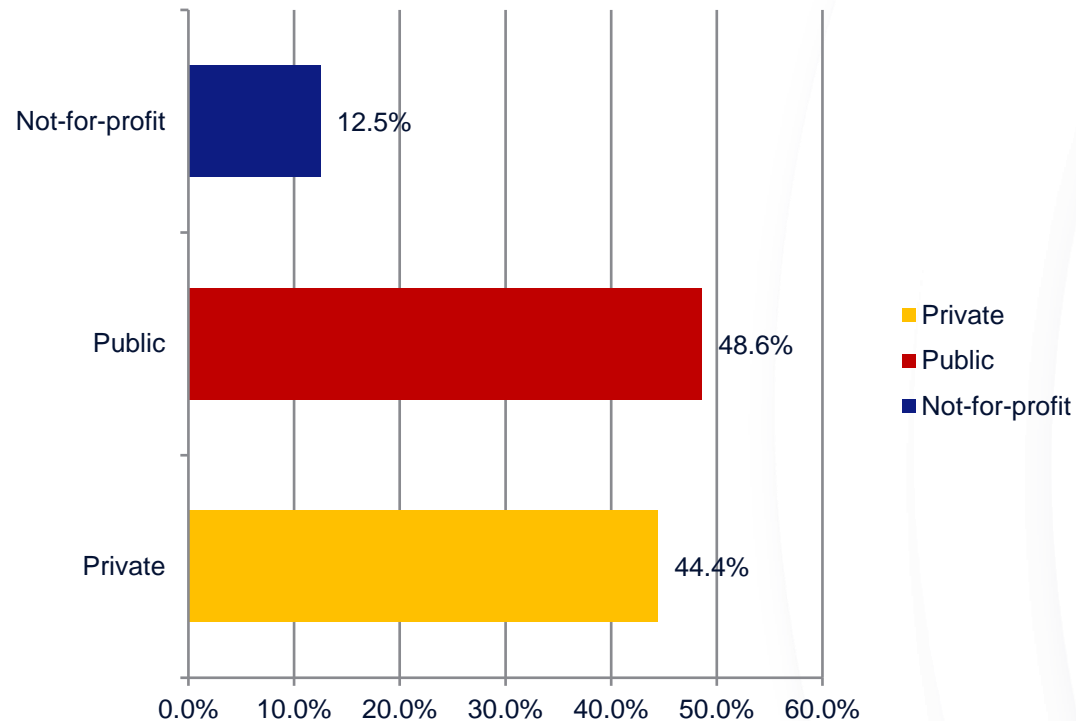
Appendix 2 - Survey Participants

- 216 participants completed the survey from a range of internal audit roles.
- The largest being Chief Audit Executives representing 37% of participants.
- The smallest proportion being Audit Committee Members with 0.5% of Participants



Appendix 3: Sector Breakdown

What is the sector of the organisation(s) you provide internal audit for? Tick all that apply



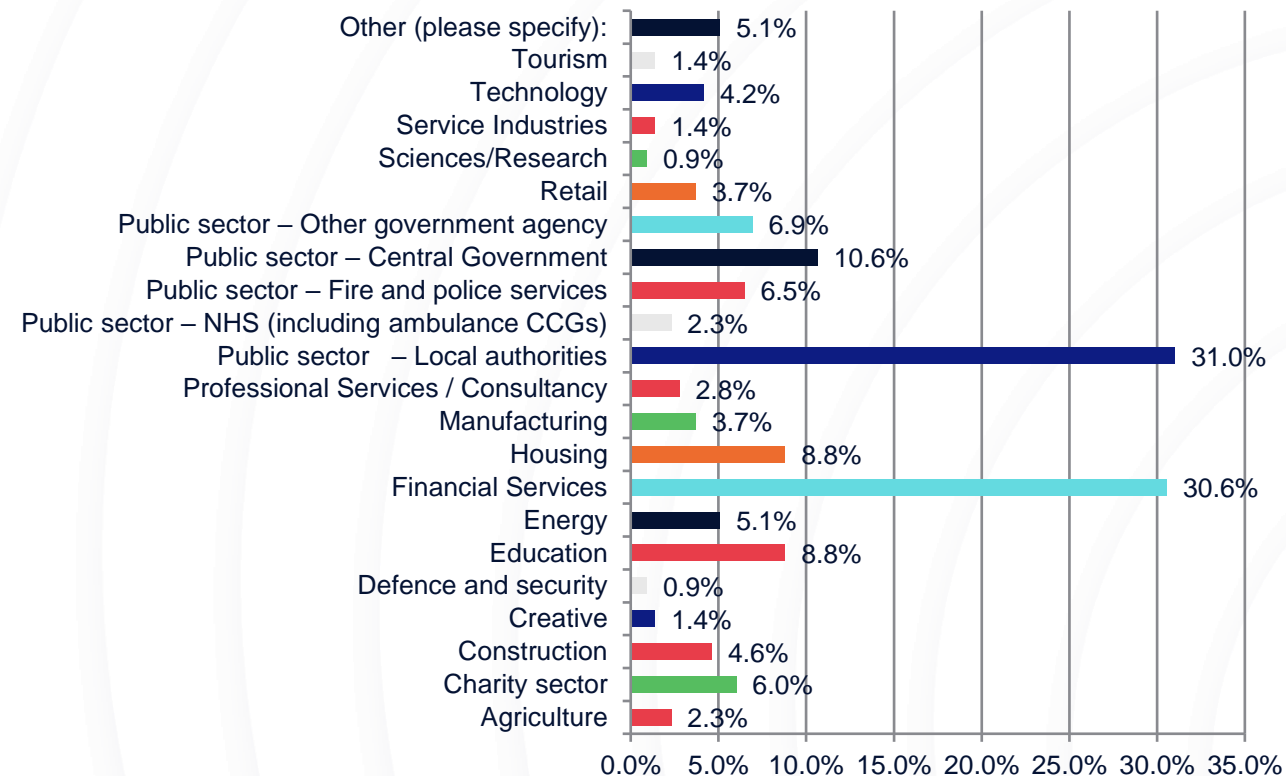
- 44.4% provided internal audit for the private sector, 48.6% provided it for the public sector and 12.5% provided it for the not-for-profit sector.
- Filtering the data by CAE's only saw 49% providing internal audit for private sector, 36% for the public sector and 19% for the not-for-profit sector



Appendix 4: Industry breakdown

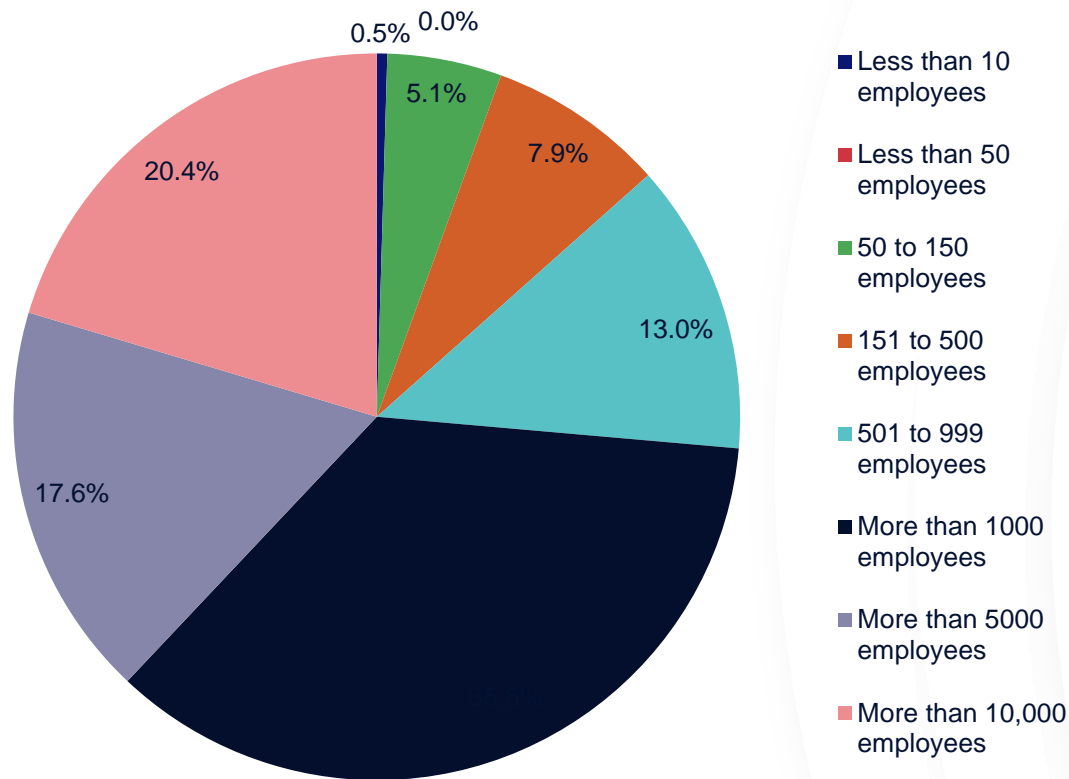
- Participants provided internal audit services for a broad range of industries. 31% provided it for local authorities, and 30.6% provided it for Financial services.
- 62.5% of private sector employees provided internal audit services to the financial services
- 60.95% of public sector employees provided internal audit services to the local authorities
- 40.74% of the not-for-profit sector employees provided internal audit services to the Housing industry, 37.04% to the education industry and 33.33% to the charity sector

What Industry do you provide internal audit services for? Tick all that apply



Appendix 5: Organisational size

What is the approximate / average size of the organisation(s) that you work for across UK and Ireland?



- 35.6% of the participants worked for an organisation of more than 1,000 employees, but less than 5,000.
- And c75% worked in organisations over this size.
- Smaller organisations of less than 50 employees accounted for only c13%

Appendix 6 – Geographic spread

- 36.6% of respondents to the survey indicated that they performed their internal audit work in London
- 21.8% in the South-West of England and 20.8 in the South-East of England
- 41.25% of CAE responses indicated that they performed their internal audit work in London
- 57.58% of respondents working in the financial services said they delivered their internal audit work in London

