2020 Audit Function & Risk Coverage Priorities Benchmarking Report

Gartner Audit Leadership Council
Executive Summary: Overview

The 2020 Audit Function and Risk Coverage Priorities Benchmark Report summarizes the top functional improvement and risk coverage priorities of 117 chief audit executives and audit directors from the world’s leading organizations. This report is divided into two sections:

• **Key Audit Priorities:** Comparisons of the most urgent, near-term challenges audit teams must address to ensure the organization meets its strategic objectives.

• **Key Risk Areas:** Importance rankings of key risks and audit plan coverage.

Use this report to help you:

• **Compare your most urgent problems** to your peers and assess the complexity of addressing these problems in the upcoming year.

• **Evaluate** your ranking of key risks against those of your peers.
Audit Priorities in 2020: Key Findings

• For audit departments, the most important and challenging problems to solve pertain to the increasing role of data in organizations.

• Audit leaders
  – Audit leaders noted that their organizations must ensure better sharing of data and analytics across assurance functions and the business as pressure on audit to cover more with the same resources intensifies.
  – Furthermore, audit functions are not confident in their ability to provide assurance over digital transformation initiatives and the increasing use of new technologies across their organizations.

Audit leaders are least concerned that stakeholders will not fund audit transformation initiatives and that their auditors are executing misguided engagements.
Planned Risk Coverage in 2020: Key Findings

• Risks pertaining to internal and third-party data use are top concerns.
  – Two of the top three risks rated as very important to provide assurance over in the next year, data governance and compliance, pertain to new developments in data use and data laws.
  – External threats such as the organization’s use of third-parties and cyber crime are also top concerns.
  – Enterprise risk awareness is also netting out as a top risk as more and more stakeholders are making key strategic decisions without factoring in risk considerations.
Data Analytics and Increasing Coverage Most Urgent Problems

Importance of Addressing Key Priorities
Percentage of Respondents

<table>
<thead>
<tr>
<th>Priority</th>
<th>Very Important</th>
<th>Somewhat Important</th>
<th>Unimportant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. More Coverage with Same Resources</td>
<td>57%</td>
<td>32%</td>
<td>3%</td>
</tr>
<tr>
<td>2. Insufficient Cross-Organization Sharing of Data and Analytics</td>
<td>56%</td>
<td>32%</td>
<td>2%</td>
</tr>
<tr>
<td>3. Ineffective Use of Data Analytics</td>
<td>56%</td>
<td>32%</td>
<td>2%</td>
</tr>
<tr>
<td>4. Digital Transformation Outpacing Ability to Provide Assurance</td>
<td>50%</td>
<td>32%</td>
<td>8%</td>
</tr>
<tr>
<td>5. Unclear Understanding of Risk Management Responsibilities</td>
<td>50%</td>
<td>32%</td>
<td>8%</td>
</tr>
<tr>
<td>6. Plateaued Data Analytics Upskilling</td>
<td>49%</td>
<td>32%</td>
<td>8%</td>
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<tr>
<td>7. Insufficient Use of Agile Principles</td>
<td>52%</td>
<td>32%</td>
<td>6%</td>
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<tr>
<td>8. Inadequate Third-Party Audit Approach</td>
<td>52%</td>
<td>32%</td>
<td>6%</td>
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<tr>
<td>9. Insufficient Collaboration with Information Security</td>
<td>51%</td>
<td>32%</td>
<td>6%</td>
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<tr>
<td>10. KPIs Don’t Demonstrate Audit’s Value</td>
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<td>32%</td>
<td>7%</td>
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<tr>
<td>11. Slow Evolution of IT Auditing Practices</td>
<td>71%</td>
<td>32%</td>
<td>7%</td>
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<tr>
<td>12. Inefficient Engagement Execution</td>
<td>62%</td>
<td>32%</td>
<td>6%</td>
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<tr>
<td>13. Inadequate Use of Data Visualization in Reporting</td>
<td>62%</td>
<td>32%</td>
<td>6%</td>
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<tr>
<td>14. Ill-Defined Automation Strategy</td>
<td>57%</td>
<td>32%</td>
<td>10%</td>
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<tr>
<td>15. Not Viewed as Trusted Business Partner</td>
<td>56%</td>
<td>32%</td>
<td>12%</td>
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<tr>
<td>16. Ineffective Audit Committee Education</td>
<td>56%</td>
<td>32%</td>
<td>12%</td>
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<tr>
<td>17. Ineffective Audit Managers</td>
<td>56%</td>
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</tr>
<tr>
<td>18. Ineffective Talent Assessments</td>
<td>56%</td>
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<td>12%</td>
</tr>
<tr>
<td>19. Limited Governance and Risk Management Recommendations</td>
<td>56%</td>
<td>32%</td>
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<tr>
<td>20. Findings Lack Relevance, Timeliness and Insight</td>
<td>56%</td>
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<td>21. Rigid Audit Planning Approach</td>
<td>56%</td>
<td>32%</td>
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<tr>
<td>22. Ineffective Allocation of Staff</td>
<td>56%</td>
<td>32%</td>
<td>12%</td>
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<tr>
<td>23. Unengaged Audit Staff</td>
<td>56%</td>
<td>32%</td>
<td>12%</td>
</tr>
<tr>
<td>24. Misguided Engagement Scope</td>
<td>56%</td>
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</tr>
<tr>
<td>25. Stakeholders Won’t Fund Audit Transformation Initiatives</td>
<td>56%</td>
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<td>12%</td>
</tr>
</tbody>
</table>

N=117
Source: 2020 Gartner Audit Agenda Poll
Least Confidence in the Organization’s Ability to Effectively Share Data & Analytics Across Functions

Confidence in Addressing Key Priorities
Percentage of Respondents

- Very Confident
- Somewhat Confident
- Not Confident

1. Digital Transformation Outpacing Ability to Provide Assurance
2. Insufficient Cross-Organization Sharing of Data and Analytics
3. Plateaued Data Analytics Upskilling
4. Ill-Defined Automation Strategy
5. Ineffective Use of Data Analytics
6. Ineffective Use of Agile Principles
7. Slow Evolution of IT Auditing Practices
8. Inadequate Third-Party Audit Approach
9. More Coverage with Same Resources
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22. Findings Lack Relevance, Timeliness and Insight
23. Misguided Engagement Scope
24. Rigid Audit Planning Approach
25. Unengaged Audit Staff

N=117
Source: 2020 Gartner Audit Agenda Poll
New Data Practices Across the Organization Present the Greatest Challenge

Key Priorities Importance-Confidence Matrix

The most important area of this chart is the upper-right quadrant. This quadrant contains the challenges that have been rated very important and not confident by over 40% of respondents.

**Importance**: Percentage of respondents who selected values between 6 (important) – 7 (extremely important) for importance in addressing these problems in 12-18 months.

**Confidence**: Percentage of respondents who selected values between 1 (extremely unconfident) - 4 (neither high nor low confidence) for confidence in ability to solve these problems in 12-18 months.

**n = 117**

Source: 2020 Gartner Audit Agenda Poll

1. Digital Transformation Outpacing Ability to Provide Assurance
2. Findings Lack Relevance, Timeliness and Insight
3. Ill-Defined Automation Strategy
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**Most Important Priorities Lack Confidence**

Top Priorities Confidence Gap
Percentage of Respondents

- **More Coverage with Same Resources**: 57% (30%) confidence
- **Insufficient Cross-Organization Sharing of Data and Analytics**: 56% (40%)
- **Ineffective Use of Data Analytics**: 56% (34%)
- **Digital Transformation Outpacing Ability to Provide Assurance**: 50% (35%)
- **Unclear Understanding of Risk Management Responsibilities**: 43% (12%)
- **Plateaued Data Analytics Upskilling**: 41% (21%)
- **Insufficient Use of Agile Principles**: 40% (23%)

Only priorities that received a rating of at least Important by 40% or more of respondents are shown.

n = 117
Source: 2020 Gartner Audit Agenda Poll
Importance of Providing Assurance Over Key Risks

Percentage of Respondents

Third-Party and Data Governance Risks Most Important

- Very Important
- Somewhat Important
- Unimportant

N=112
Source: 2020 Gartner Audit Agenda Poll
Want to learn more?

To learn more about this topic and see additional research, contact us today.

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