

Is your internal audit function keeping pace with change?

4

challenges **reshaping**
today's audit priorities

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> What's putting the most pressure on internal audit teams today?

Complexity is rising, risk is evolving and resources aren't keeping pace. This guide explores four challenges reshaping internal audit.

Resources

Talent gaps and cost pressure

Regulatory

Rising compliance demands

Technology

Aging tools and rapid changes

Data

More data, less assurance

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Resource challenges

Internal auditors are required to perform risk assessment activities with increasing frequency, requiring them to do more with less and become more agile.

At the same time, organizations' internal and external environments are experiencing new risks and disruption. Many of these risks involve technology, and the corresponding risk management response requires upskilling existing resources, adding new resources or leveraging a qualified third-party provider.

Another factor involves postpandemic economic trends such as the low interest rate environment being experienced by financial institutions and increased costs (e.g., transportation and raw materials) confronting many manufacturers. These have negatively affected profitability and growth, and leaders are looking to effectively respond to emerging (and often more complex) risks, all while reducing cost.

Risk management and internal audit are often primary areas evaluated for cost cutting. Meanwhile, competition for qualified internal audit talent is fierce, and the compensation demands of qualified practitioners are often outpacing companies' budgets.

Solutions

Internal audit outsourcing and co-sourcing solutions:

- Modernize your internal audit function with the latest technology.
- Access a qualified team of internal audit advisors that will develop and execute an effective internal audit strategy, address your specific risk challenges and enhance business performance.

Find out more about RSM outsourcing and co-sourcing for internal audit.

[Learn more >](#)

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Regulatory challenges

Internal auditors need to remain flexible as they respond to an evolving regulatory environment, including new or updated requirements, continued growth in privacy regulations and increasing calls for public companies to report [environmental, social and governance \(ESG\)](#) metrics to the Securities and Exchange Commission.

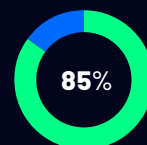
Solutions

Regulatory compliance help

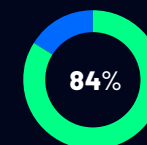
- RSM provides [general advisory services for regulatory compliance](#), as well as specialized services, such as [Sarbanes-Oxley Act compliance and automation services](#).

Many companies are taking significant steps to meet applicable regulations*

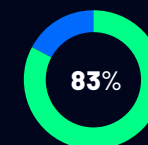
Have the appropriate controls in place to meet the requirements of new regulations



Are monitoring developments in regulations before taking further action in the area



Have the appropriate technologies in place to meet the requirements of new regulations



Source: RSM Sustainability Report 2024: U.S. and Canada

*RSM agree/agree summary (n=412)

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Technology challenges

Digital transformation is needed for businesses to innovate and compete. However, this has challenged internal audit teams to keep pace and add value.

Cybersecurity risks continue to dominate the top risk categories for internal audit to address. Doing so requires specialized resources and tools, not only to [prevent ransomware events](#) that are growing in frequency and sophistication, but also to address the more common social engineering and phishing schemes. As risks continue to evolve, there is no one-and-done solution for cybersecurity.

Technology can also be a challenge when adopting new systems to improve risk management. More organizations are adopting [governance, risk and compliance \(GRC\) platforms](#) and other technologies to streamline their internal audit processes and help manage risk holistically; however, key implementation activities such as strategy planning, policy and process modifications, data cleansing, and training are often insufficient. As a result, the value of the technology is not fully realized.



55% of middle market companies moved to the cloud as a result of security concerns, a record high in RSM's research.

Source: 2024 RSM U.S. Middle Market Business Index Cybersecurity Special Report

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Solutions

- [Cybersecurity rapid assessments](#) can help you quickly define your security position.
- [Process automation](#) can accelerate the time it takes to gather information and analyze data.
- [GRC platforms like Optro](#) help organizations accelerate the strategic value of internal audit, enterprise risk management and compliance.

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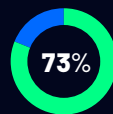
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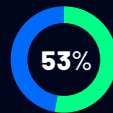
Data challenges

Internal auditors aren't able to leverage data in meaningful ways throughout the internal audit lifecycle without the right combination of automation, artificial intelligence and analytics. These technologies empower auditors to efficiently gather and manipulate data, analyze data to better understand risk factors, train their testing on populations of transactions known (or expected) to have the most risk and test larger populations of transactions. Additionally, auditors need to be able to reassess risks (and responses) as they change in real time.

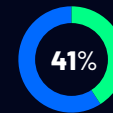
How are technologies important to future business success, according to corporate board members?



- said their companies have either implemented or are discussing implementing digital technology to improve tax and/or accounting processes.



- believe automating manual or labor-intensive tasks is a top priority for new technologies in their tax/finance function.



- are prioritizing improving data quality, transparency and reporting.

Source: RSM and Corporate Board Member research, 2023

Solutions

- **Tools with dashboarding** capabilities can help internal audit use data for better risk management across the enterprise by providing a view into frontline risk management. Dashboards can also serve up better insights—both deeper and broader—so that internal audit leaders can give corporate leadership a balanced view of compliance and risks to support agile decision making and responses.
- RSM can help your organization harness **data analytics** to achieve data and technology-driven risk management.

Help for your risk challenges

The RSM risk consulting practice can help you:

- Identify and prioritize the risks you face now, and those that may occur in the future.
- Establish a holistic, strategic approach to risk management, analysis, management and governance.
- Proactively address risk issues in ways that are right for your unique business.
- Monitor, evaluate and report on risk in ways that help drive strategic decisions for your business.
- Implement the latest tools and technologies to protect and add value to your business.

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