Leadership Vision for 2023

Top 3 Strategic Priorities for Chief Audit Executives

© 2023 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. or its affiliates. This presentation, including all supporting materials, is proprietary to Gartner, Inc. and/or its affiliates and is for the sole internal use of the intended recipients. Because this presentation may contain information that is confidential, proprietary or otherwise legally protected, it may not be further copied, distributed or publicly displayed without the express written permission of Gartner, Inc. or its affiliates.

Gartner®

Leadership Vision for CAE Leaders in 2023

What are the chief audit executive (CAE) top priorities for 2023? And how do your organization's compare?

As we head into the new year, organizations are facing a growing mix of trends. From the uncertain global economy to a tight talent market, supply chain disruption, increasing regulatory pressure and shifting customer expectations, these substantial and often interconnected trends create new risks to the enterprise.

CAEs can help meet these challenges by providing assurance over a wider and more difficult range of risks and supplying the critical cross-functional perspective needed to prepare for what's ahead.

Use this research to help answer three questions that are key for CAE leadership in 2023 and beyond.

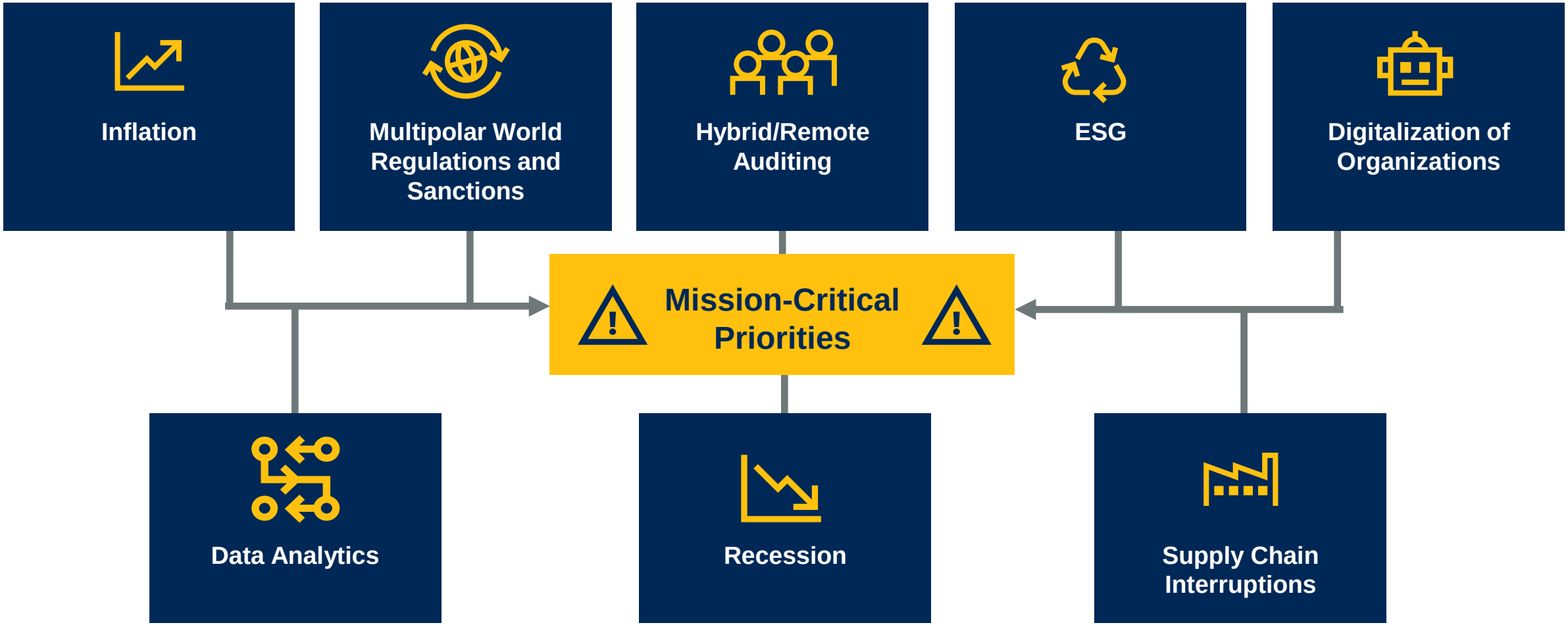
Key questions addressed:

1. What are the major trends affecting CAEs?
2. What are CAEs' top priorities?
3. What actions should CAEs take now to be successful?

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Trend: Multidimensional Business Complexity

Risks Driving Complex Business Landscape



Source: Gartner

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Focus Areas for the Chief Audit Executive

Key Challenges Requiring Chief Audit Executive Leadership in 2023

1 Audit Planning and Risk Coverage Complexity

On average, auditors feel that 22% of audit hours should be allocated differently to cover the most important risks to the organization.

2 Developing the Auditor of the Future

A vast majority (79%) of CAEs say the range of areas in which audit departments must have subject matter expertise has broadened.

3 Raising the Strategic Level of the Audit Department and the CAE

Fifty percent of CAEs report their audit committees are increasing expectations for them to demonstrate impact on the broader organization.

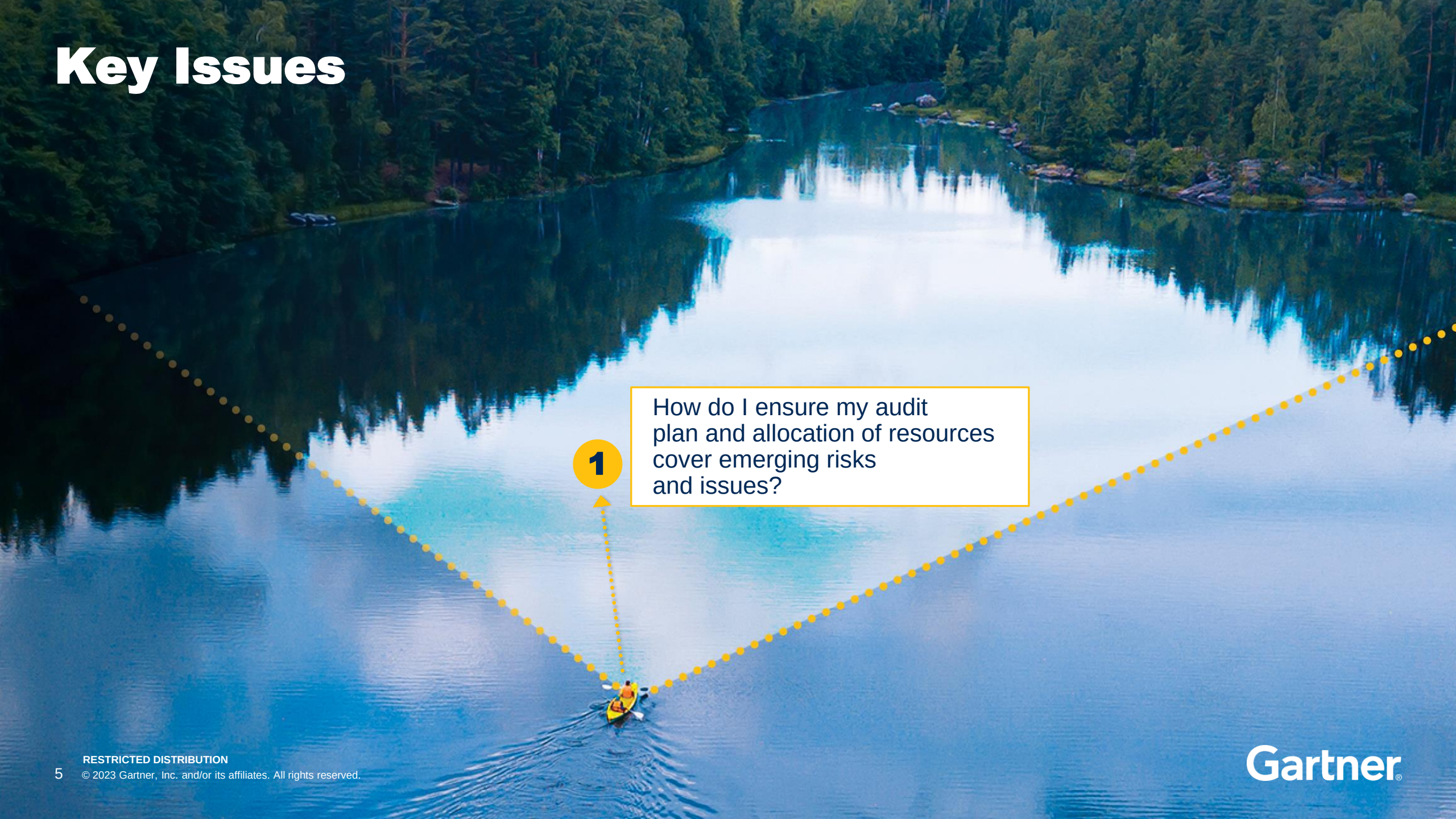
Key Questions for Chief Audit Executives in 2023

How do I ensure my audit plan and allocation of resources cover emerging risks and issues?	How do I make sure my auditors develop the key skills they need going forward?	How do I make sure audit has more strategic influence?

Source: 2021 Gartner Audit Accelerating Deployment of Audit Coverage; 2022 Gartner CAE Talent Survey; 2021 Gartner Audit Committee Priorities and Demands

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

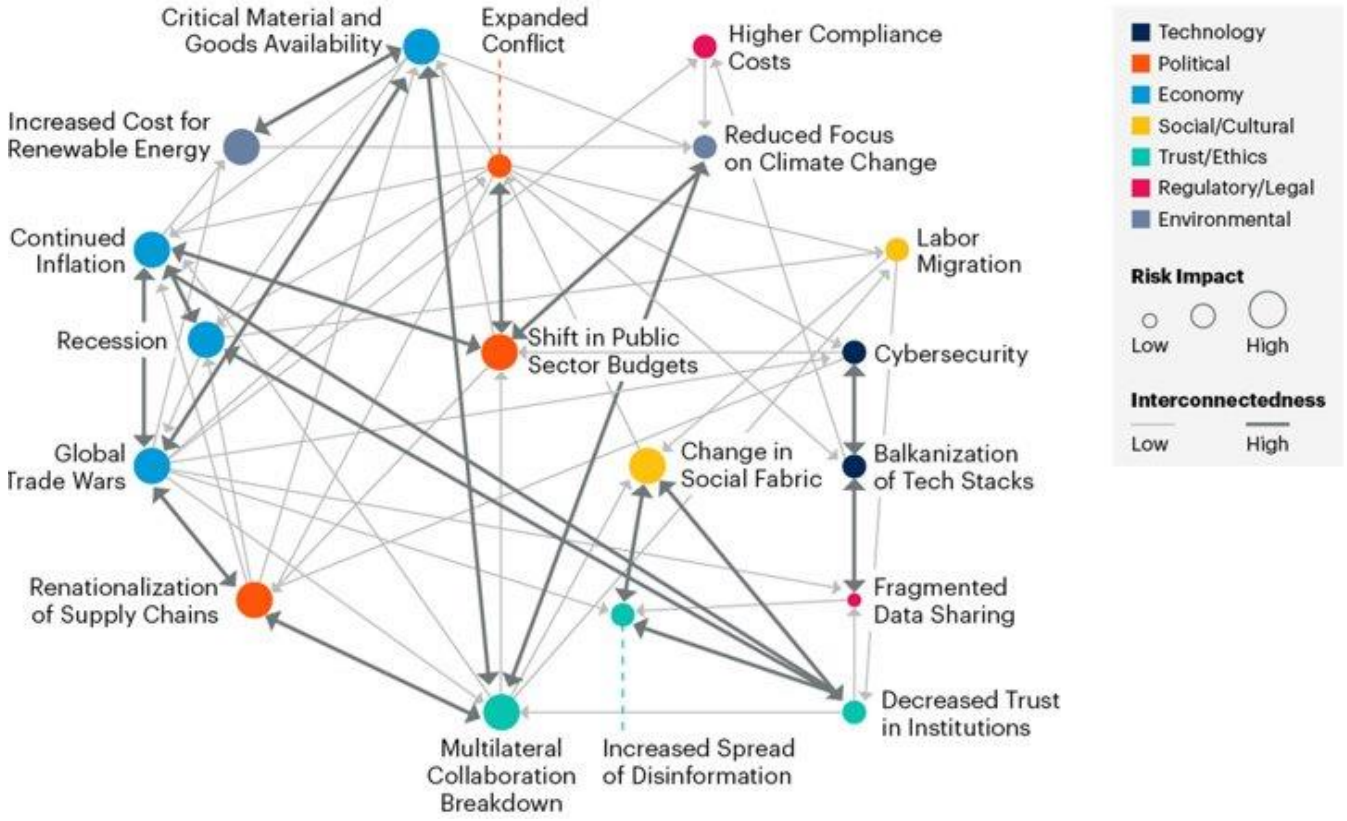
Key Issues



RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Trend: Risks Are Growing Increasingly Interdependent

Risks Emanating From the Russian Invasion of Ukraine and Their Interconnections



Source: Gartner

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner®

Challenge: Risk Assessment and Audit Planning Processes Are Slow to Evolve

Shortcomings of Audit's Current Audit Planning Processes

Annual-Based Audit Planning Processes

Most audit planning still happens on an annual basis. Only 13% perform quarterly updates and 18% perform continuous updates.

Limited Use of Data Analytics in Audit Planning

Only 38% of audit departments use data analytics in department-level audit planning, and only half leverage continuous monitoring.

Limited Coordination in Risk Assessments

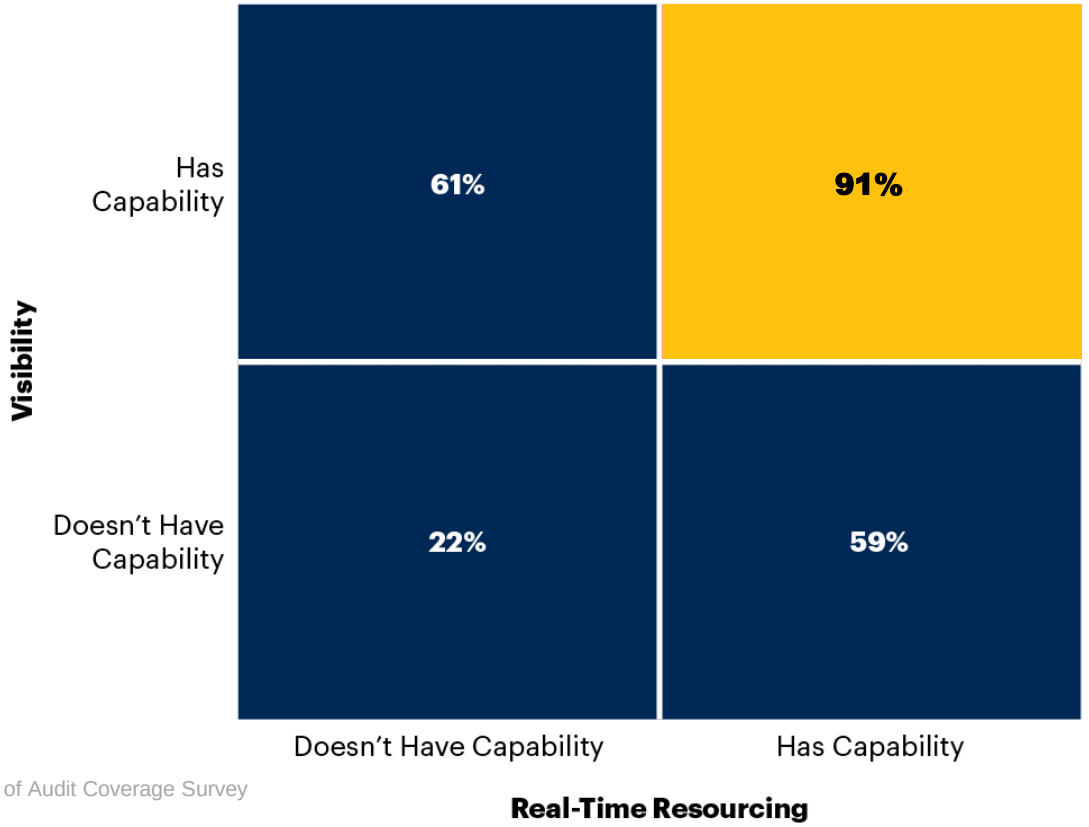
Seventy-four percent of CAEs report **risk assessment is an area where risk and assurance functions can better share resources.**

n = 104-199
Source: 2022 Gartner Audit Budget and Efficiency Benchmark (as of 1 August); 2022 Gartner Audit Structure and Operations Survey; 2020 Gartner Budget and Headcount Survey

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Action: Improve Risk Visibility and Auditor Staffing

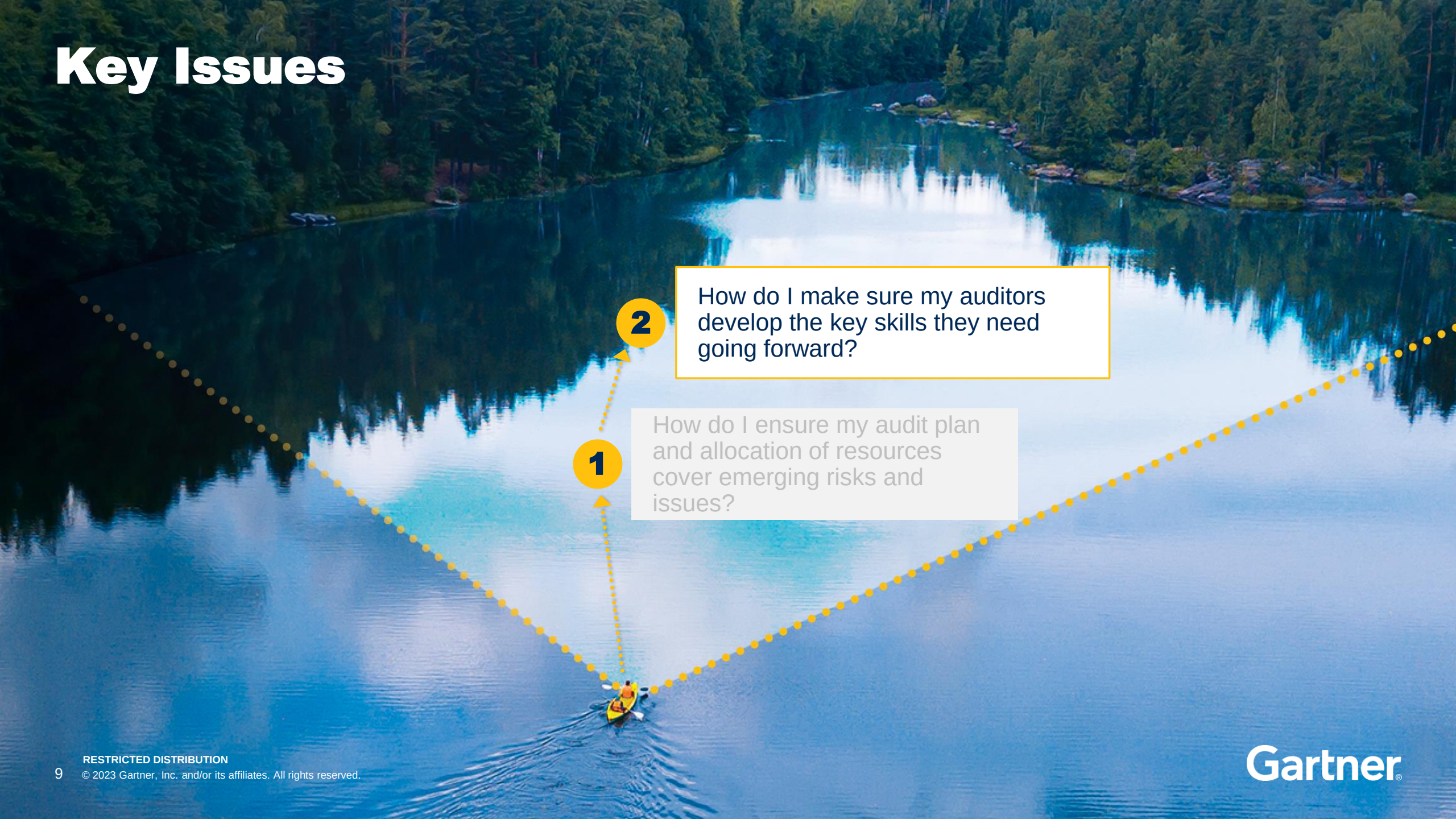
Impact of Capabilities for Faster Deployment of Audit Resources
Probability of Deploying Audit Resources at the Appropriate Speed



n = 125
Source: 2021 Gartner Audit Accelerating Deployment of Audit Coverage Survey

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Key Issues

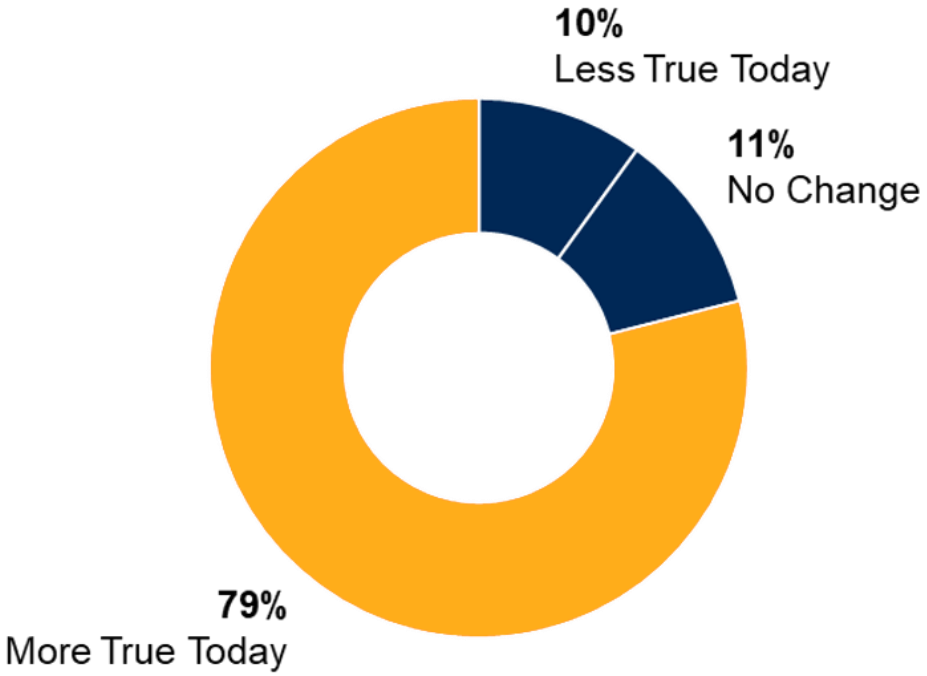


RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Trend: Auditors Must Cover More Varied Risks

Q: "The Range of Areas in Which Our Audit Department Must Have Subject Matter Expertise Has Broadened."

Percentage of Respondents



n = 73 CAEs
Source: 2022 Gartner CAE Talent Survey

Types of Subject Matter Expertise Increasingly Needed Today; Common CAE Responses During Gartner Interviews

Common CAE Responses

- Cybersecurity
- Emerging HR issues (e.g., retention and recruitment
- Digital transformation
- ESG
- Supply chain

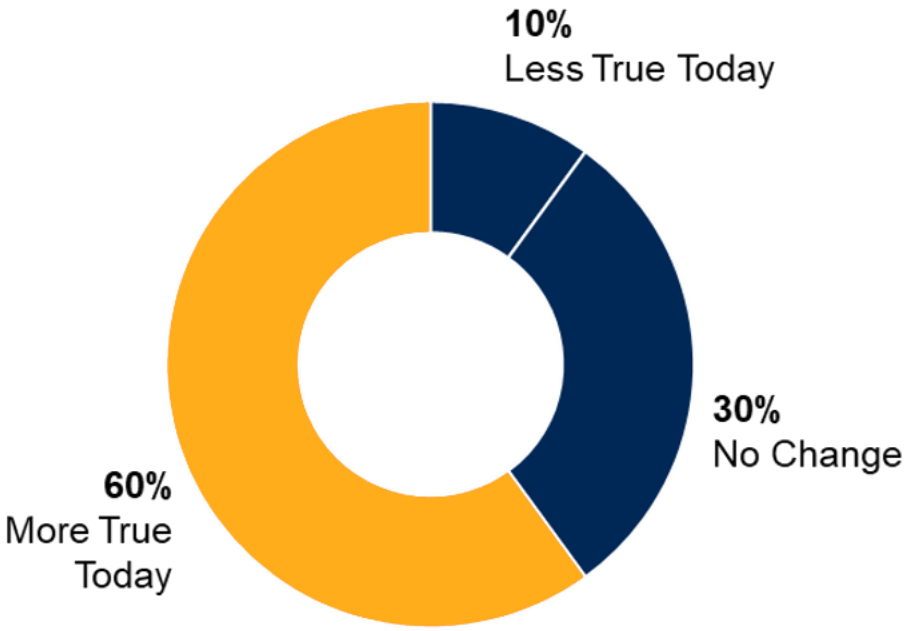
Source: Gartner

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Challenge: Hard to Buy or Build Skills

Q: "We Are Having Greater Difficulty Finding New Talent With the Expertise We Are Looking For."

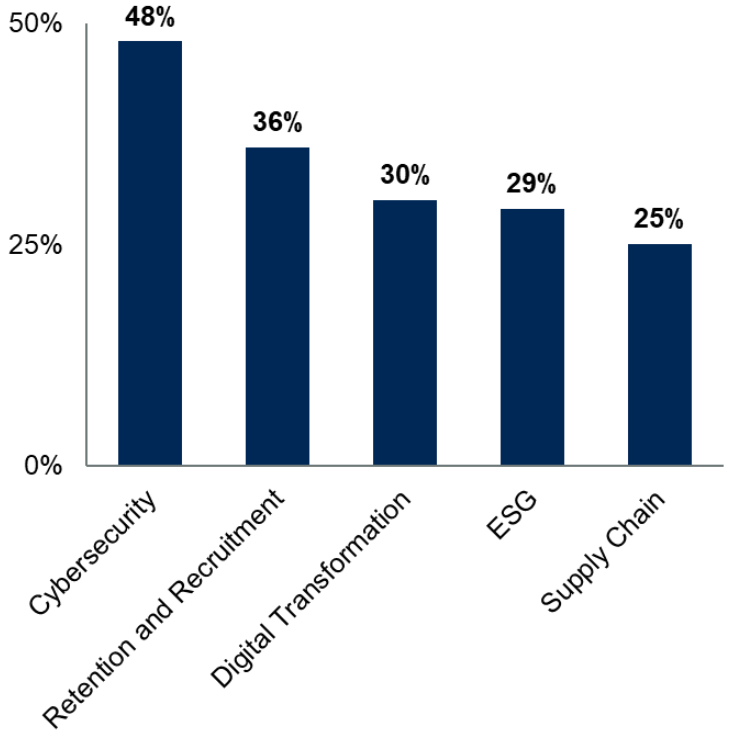
Percentage of Respondents



n = 73 CAEs
Source: 2022 Gartner CAE Talent Survey

CAE Confidence in the Team's Ability to Provide Assurance, by Subject Matter Area

Percentage of Respondents



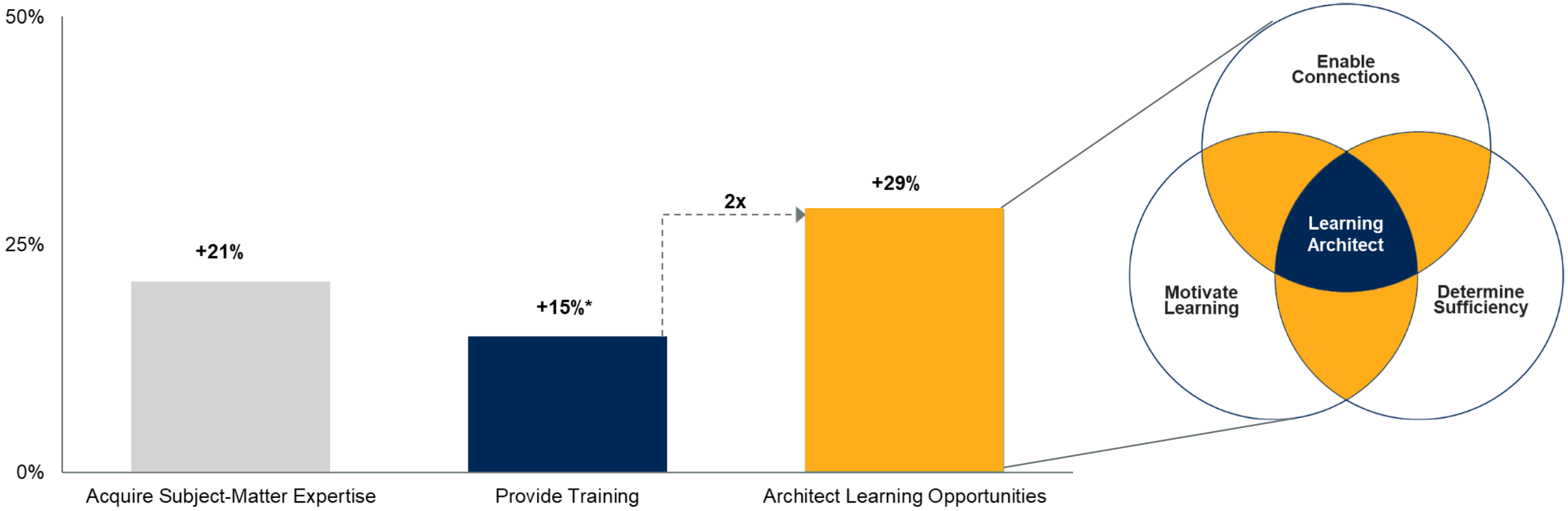
n = 73 CAEs
Source: 2022 Gartner CAE Talent Survey

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Action: Become a Learning Architect

Impact of Approaches Tested on Audit's Performance of Complex Audit Work

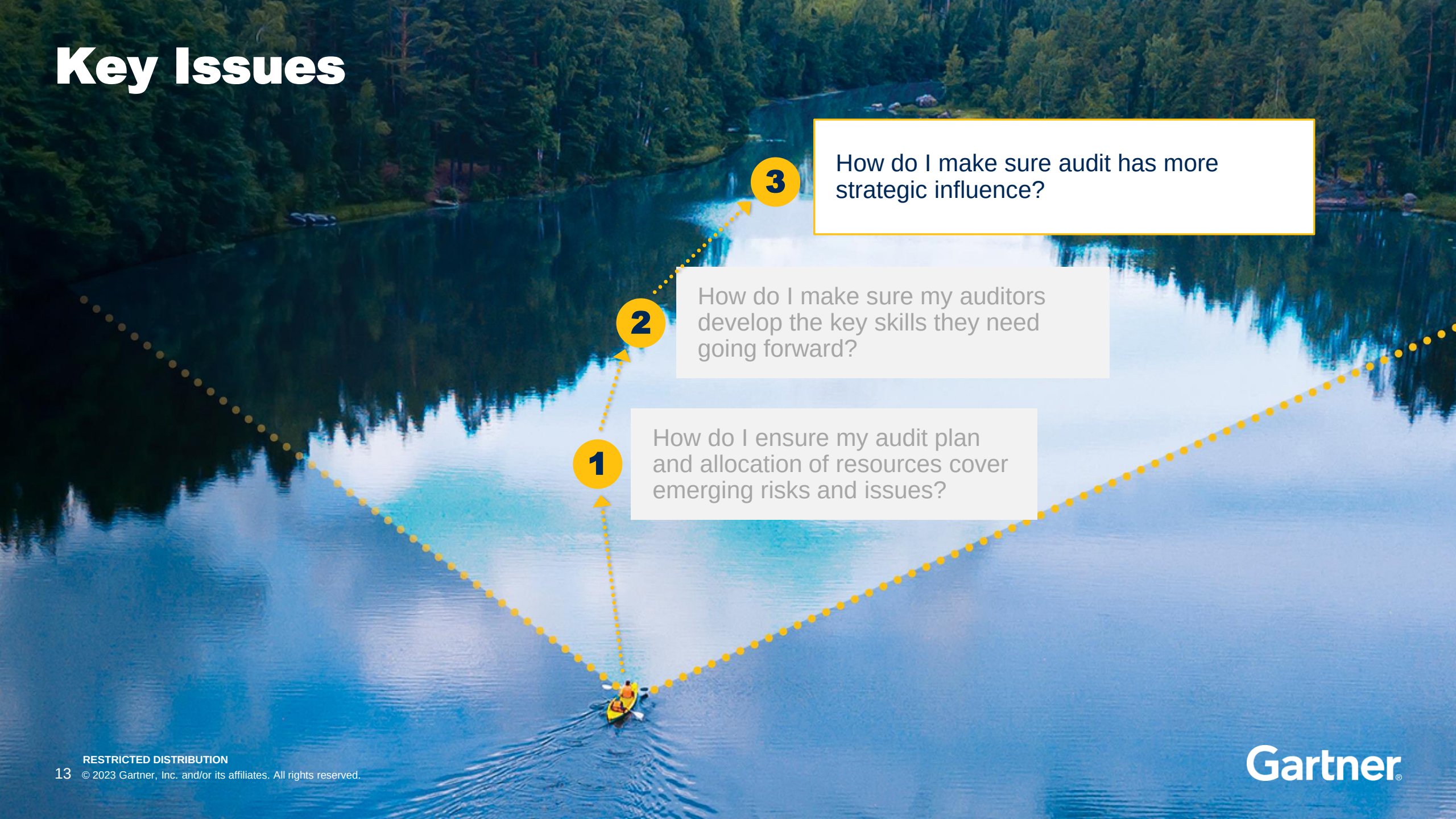
Percent Change as a Result of Moving From 10th to 90th Percentile in Different Audit Approaches



n = 73 CAEs
Source: 2022 Gartner CAE Talent Survey

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Key Issues



3. How do I make sure audit has more strategic influence?

2. How do I make sure my auditors develop the key skills they need going forward?

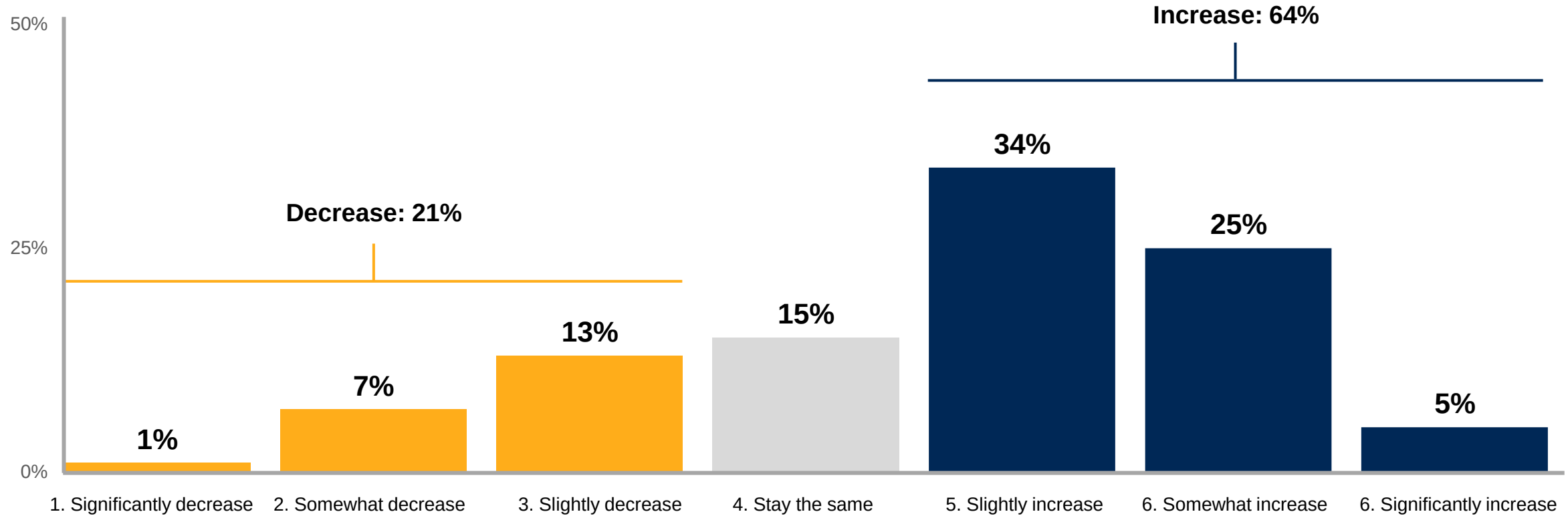
1. How do I ensure my audit plan and allocation of resources cover emerging risks and issues?

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner®

Trend: Boards Willing to Take More Risk to Grow

Expected Change in the Board's Risk Appetite in 2023-2024

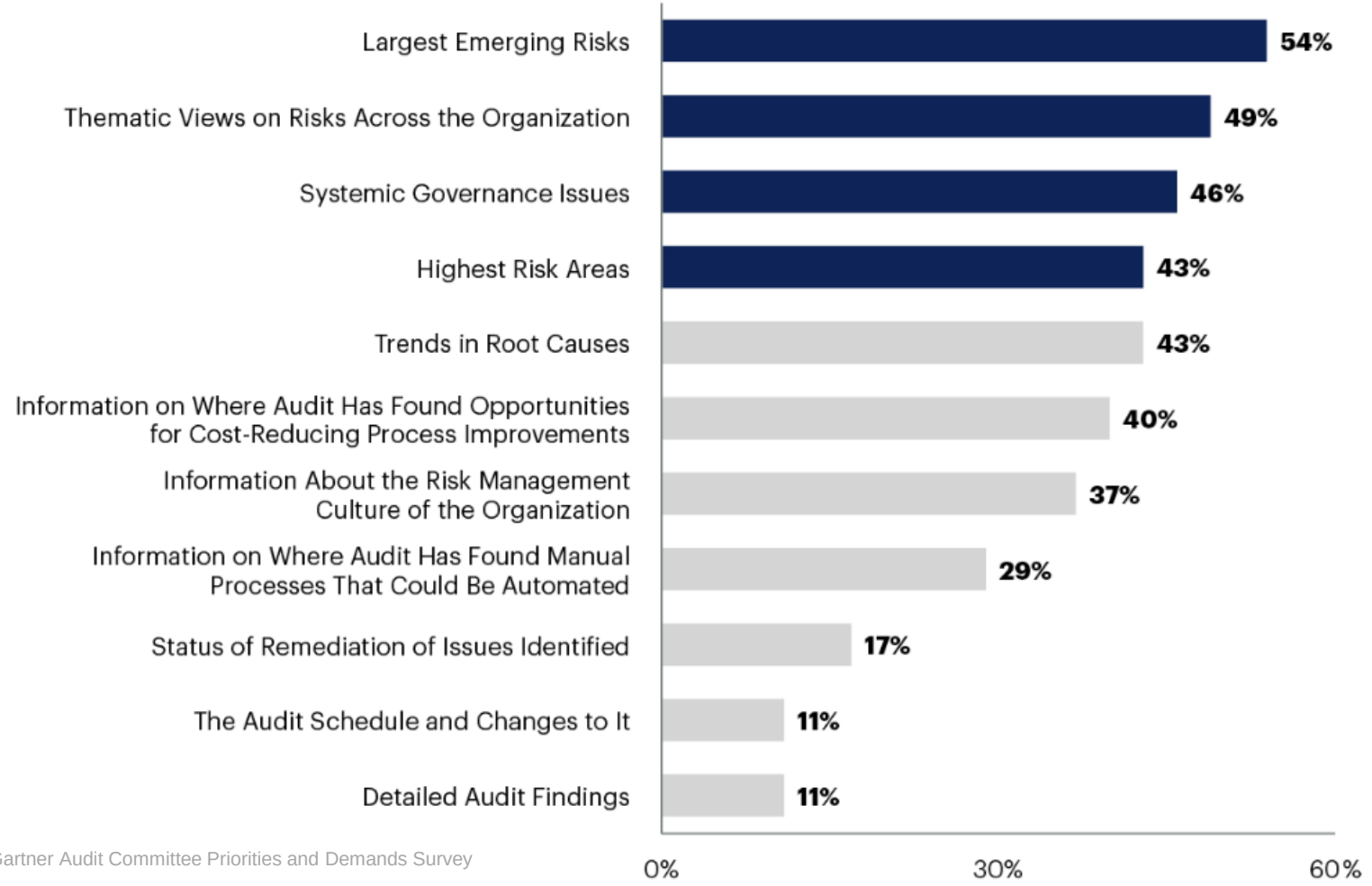


n = 281 nonexecutive board of directors
Source: 2023 Gartner Board of Directors Survey on Business Strategy in an Uncertain World

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Challenge: Audit Committees Expect More

Type of Information Audit Committee Members Want From Audit

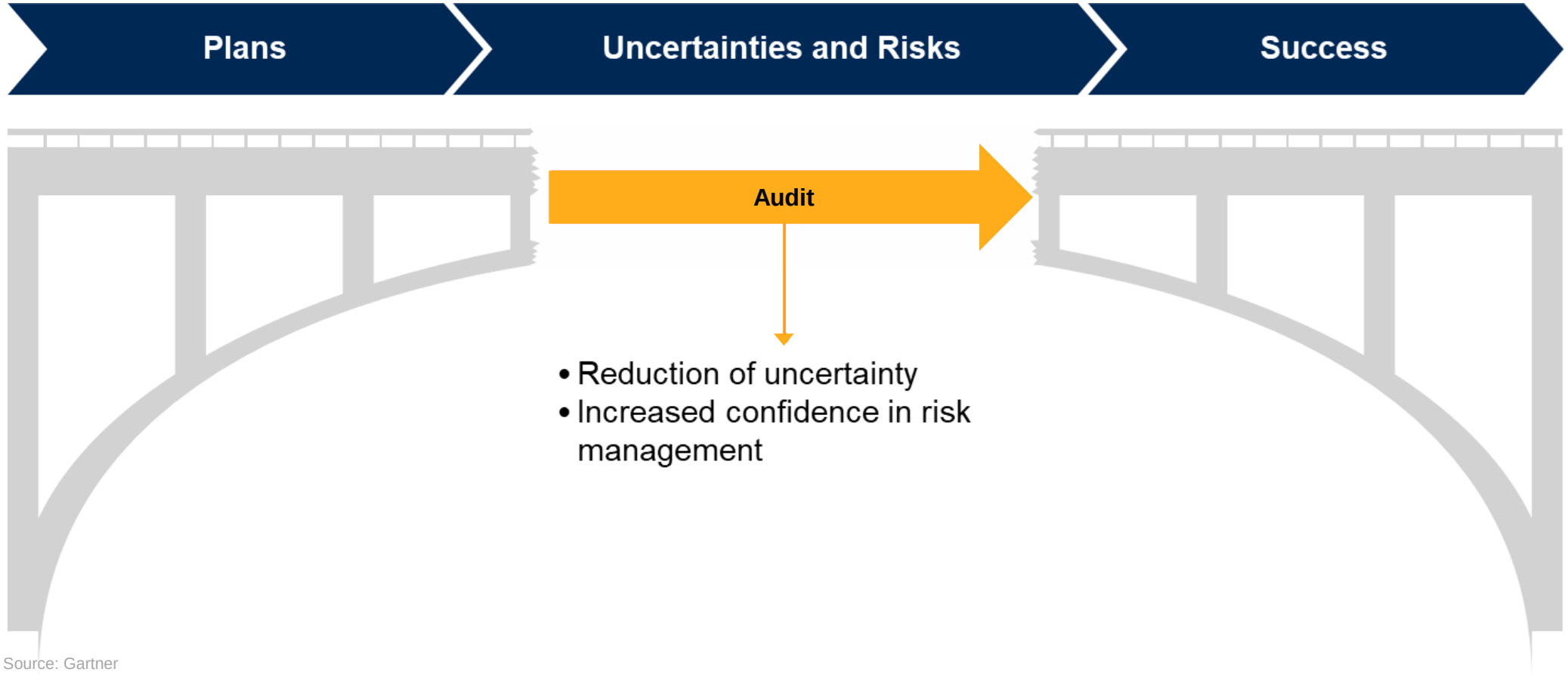


n = 35
Source: 2022 Gartner Audit Committee Priorities and Demands Survey

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Action: Educate on Audit's Strategic Role

Audit's Role in Achieving Organizational Objectives
Illustrative

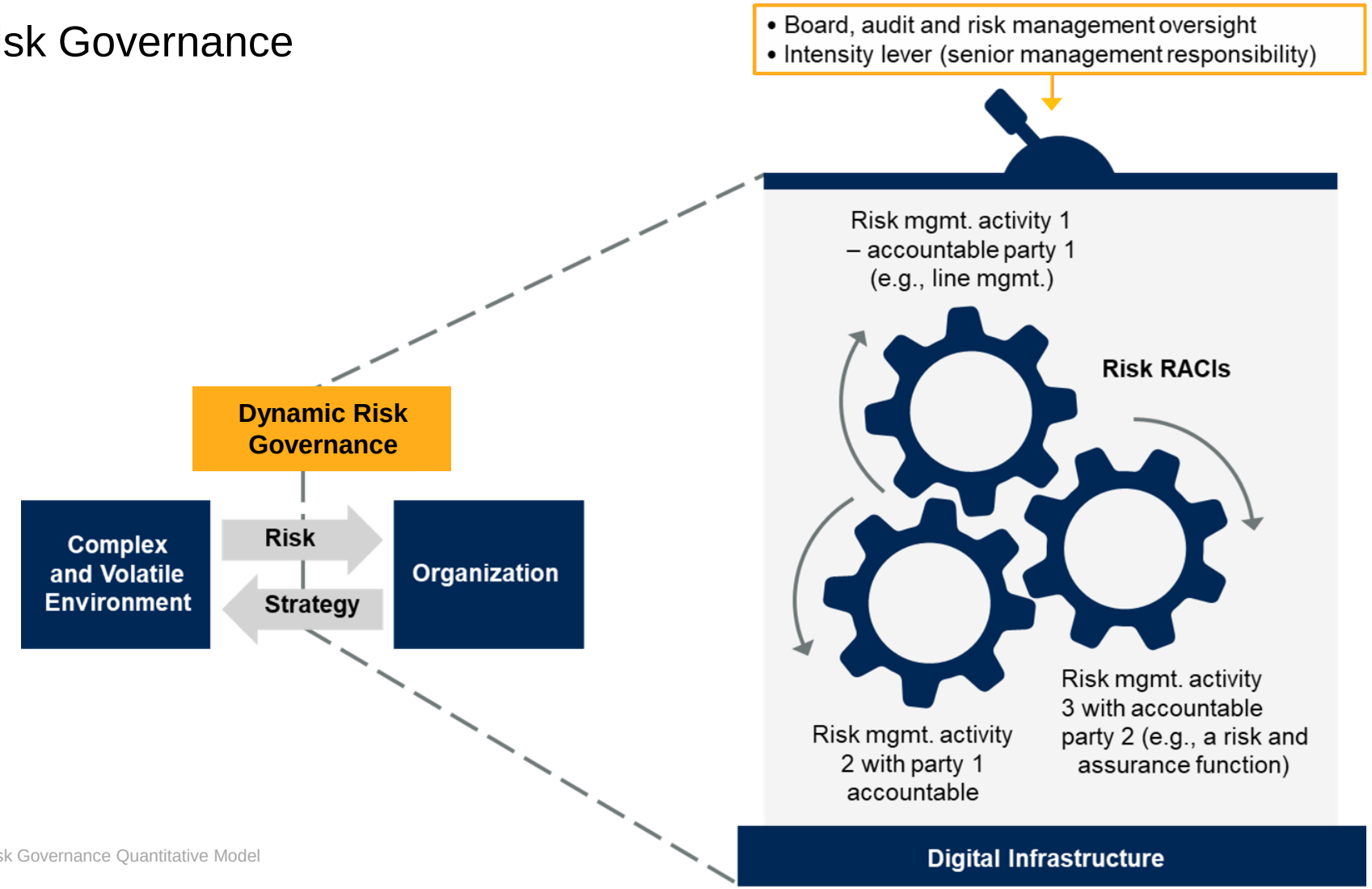


Source: Gartner

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Action: Implement Dynamic Risk Governance

Dynamic Risk Governance



Source: Gartner Dynamic Risk Governance Quantitative Model

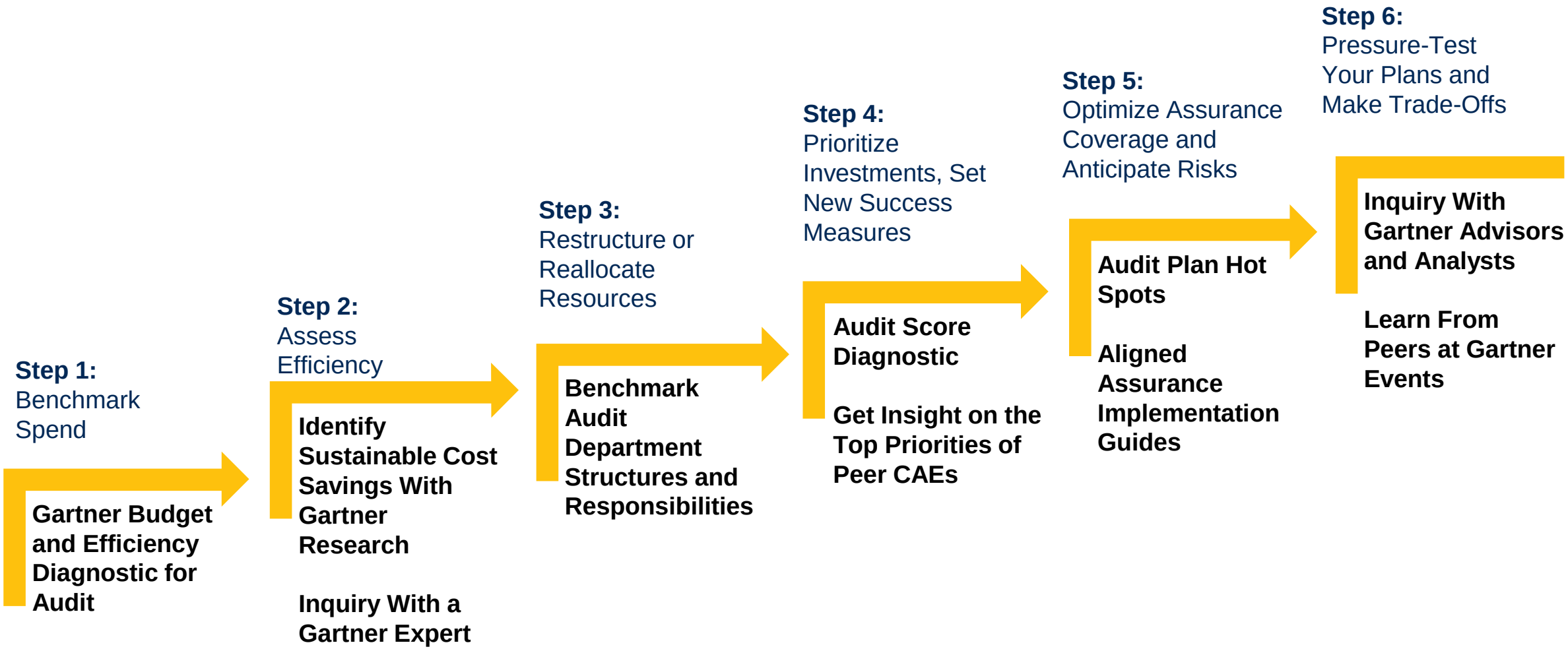
RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Recommended Actions

- Improve audit’s ability to dynamically deploy resources in order to assess areas of high risk.
- Improve audit's ability to build subject matter expertise within its team by architecting learning opportunities.
- Position the audit department more strategically by educating stakeholders of the two key roles of audit: increasing confidence and reducing uncertainty.
- Provide oversight to the board and options to senior management for the overall risk governance model and its appropriate intensity for different risks.

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

The Gartner CAE Playbook for Navigating Recession



RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner for Audit Leaders

Addressing Your Mission-Critical Priorities

Gartner provides audit leaders with objective, expert advice and proven tools to allow them to seize the right opportunities with clarity and confidence.

Key Areas of Coverage and Expertise:	
• Aligned Assurance	• Data Analytics and Audit Technology
• Audit Department Strategy and Performance	• Cybersecurity and Technology Auditing
• Audit Dept. Structure, Budget and Resourcing	• Risk Assessment and Audit Planning
• Audit Methodology and Reporting	• Auditing ESG and ESG Governance
• Audit Talent Management	• Risk Trends

Continue the conversation with your Gartner representative to learn more.

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner®

Actionable, objective insight

Position your organization for success. Explore these additional complimentary resources and tools for chief audit executives:

Research

Develop an Audit Strategic Plan You Can Use

Put your audit strategic plan on one page with this template.

Download Research

Webinar

The Top 2023 Audit Plan Hot Spots

Discover top coverage areas for audit teams.

Watch Now

Research

Recession Playbook for Chief Audit Executives

Win through a recession with nine key actions.

Download Research

Research

Top Priorities for Chief Audit Executives in 2023

Discover the top focus areas for audit executives in 2023.

Download Research

Already a client?
Get access to even more resources in your client portal. Log In

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved.

Gartner®

Connect With Us

Get actionable, objective insight to deliver on your mission-critical priorities. Our expert guidance and tools enable faster, smarter decisions and stronger performance. Contact us to become a client:

U.S.: 1 855 811 7593

International: +44 (0) 3330 607 044

Become a Client

Learn more about Gartner for Legal, Risk & Compliance
gartner.com/en/audit-risk

Stay connected to the latest insights

RESTRICTED DISTRIBUTION
© 2023 Gartner, Inc. and/or its affiliates. All rights reserved. CM_GBS_2038037

Gartner®