COVID-19 QUICK POLL RESULTS

Initial actions taken by public and private sectors in North America
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SUMMARY

North American response to COVID-19

This Quick Poll describes organizational response to COVID-19 in North America during the first two weeks after the virus was declared to be a pandemic. The survey was administered from March 19–23, 2020.

A total of 170 responses from CAEs and internal audit directors in North America were analyzed, with 91% from the United States and 9% from Canada. The most represented industries were finance and insurance (39%), manufacturing (14%), educational services (8%), and health care and social assistance (5%).

Initial actions

Strategic – Initial strategic responses are focused on assessing short-term impact (78%) and communicating with the board (72%) (Exhibit 1).

Financial – Among survey respondents, about 4 in 10 said they have closed locations, explored short-term cost reductions, or reduced operations (Exhibit 2).

Employee-focused – Nearly every respondent said their organizations had implemented remote work for employees (96%). About 7 in 10 said they restricted travel, and nearly 5 in 10 said travel was eliminated (Exhibit 3).

Customer-focused – Many organizations have developed a communication strategy for customers (82%), but less than half said they had developed new policies for customer health and safety (Exhibit 4).

Unique approaches – Appendix A provides comments about unique ways organizations are responding.

Prioritizing stakeholders

Sixty-five percent of respondents considered employees or customers to be among their top 3 stakeholders (Exhibit 5).

Internal communications

Survey respondents consistently said information was accurate (96%). However, fewer agreed that information was complete (77%) and timely (70%) (Exhibit 6).
Internal audit involvement

According to nearly 4 in 10 of respondents, organizations should have involved internal audit in a more timely manner to discuss risk and potential responses (Exhibit 7).

Those in smaller internal audit functions had the most concern about timeliness, with 48% of the smallest saying they were not involved in a timely manner. Among the largest organizations, that number dropped to 23% (Exhibit 8).

Resource sufficiency

About 75% say their organizations have sufficient resources to respond to COVID-19. However, another 1 out of 5 are ambivalent or unsure about their organization’s resource sufficiency (Exhibit 9).

Corporate governance

At this point, survey respondents generally appear satisfied that corporate governance related to COVID-19 is operating effectively (80%) (Exhibit 10).


2. In order to provide results specifically from North America, the 11 responses received from outside North America were not included in the totals or the analysis.
INITIAL RESPONSES
Focus on immediate needs

Strategic

Initial strategic responses are focused on assessing short-term impact (78%) and communicating with the board (72%) (Exhibit 1).

Exhibit 1: Initial Strategic Response to COVID-19

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detailed assessment of short-term impact</td>
<td>78%</td>
</tr>
<tr>
<td>COVID-19 updates provided to board</td>
<td>72%</td>
</tr>
<tr>
<td>Business continuity plan revised</td>
<td>66%</td>
</tr>
<tr>
<td>Third-party relationships evaluated</td>
<td>59%</td>
</tr>
<tr>
<td>Detailed assessment of long-term impact</td>
<td>51%</td>
</tr>
<tr>
<td>Strategic plan reviewed with management</td>
<td>45%</td>
</tr>
<tr>
<td>Scenarios discussed for response capabilities</td>
<td>32%</td>
</tr>
<tr>
<td>Special meeting of board to discuss issues</td>
<td>31%</td>
</tr>
<tr>
<td>Layoffs implemented</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
<tr>
<td>None</td>
<td>2%</td>
</tr>
<tr>
<td>Not sure/not applicable</td>
<td>6%</td>
</tr>
</tbody>
</table>

Note: Which strategic actions has your organization taken in response to COVID-19? Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 170.
Financial

Among survey respondents, about 4 in 10 said they have closed locations, explored short-term cost reductions, or reduced operations (Exhibit 2).

Exhibit 2: Initial Financial Response to COVID-19

<table>
<thead>
<tr>
<th>Financial Action</th>
<th>Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed offices, factories, retail locations, etc.</td>
<td>44%</td>
</tr>
<tr>
<td>Explored short-term cost reduction strategies</td>
<td>39%</td>
</tr>
<tr>
<td>Reduced operating hours or capacity</td>
<td>38%</td>
</tr>
<tr>
<td>Delayed major 2020 initiatives and/or investments</td>
<td>36%</td>
</tr>
<tr>
<td>Explored long-term cost reduction strategies</td>
<td>25%</td>
</tr>
<tr>
<td>Adjusted earnings guidance to investors</td>
<td>12%</td>
</tr>
<tr>
<td>Other</td>
<td>11%</td>
</tr>
<tr>
<td>None</td>
<td>11%</td>
</tr>
<tr>
<td>Not sure/not applicable</td>
<td>5%</td>
</tr>
</tbody>
</table>

Note: Which financial actions has your organization taken in response to COVID-19? Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 170.
Employee-focused

Nearly every respondent said their organizations had implemented remote work for employees (96%). About 7 in 10 said they restricted travel and nearly 5 in 10 said travel was eliminated (Exhibit 3).

Exhibit 3: Initial Employee-focused Response to COVID-19

- Implemented a remote work arrangement: 96%
- Developed a communication strategy for key employees: 73%
- Restricted travel: 67%
- Added new technology for remote work and data security: 59%
- Developed new policies for employee health and safety: 56%
- Eliminated all travel: 46%
- Other: 4%
- None: 0%
- Not sure/not applicable: 1%

Note: Which employee-focused actions has your organization taken in response to COVID-19? Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA's Audit Executive Center (AEC). n = 170.
Customer-focused

Many organizations have developed a communication strategy for customers (82%), but less than half said they had developed new policies for customer health and safety (Exhibit 4).

Exhibit 4: Initial Customer-focused Response to COVID-19

- Developed communication strategy for customers and stakeholders: 82%
- Developed policies for customer health and safety: 45%
- Other: 4%
- None: 4%
- Not sure/not applicable: 11%

Note: Which customer-focused actions has your organization taken in response to COVID-19? Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 170.
PRIORITIZING STAKEHOLDERS

A balancing act with many stakeholders

Organizations must prioritize the needs of different stakeholder groups as they make business decisions related to COVID-19. In general, the first priority is employees (46%), followed by customers (22%). Sixty-five percent of respondents considered employees or customers to be among their top 3 stakeholders. (To calculate the percentage who considered a particular stakeholder group to be among the top 3, add together the three percentages in that stakeholder group’s blue bars.) (Exhibit 5).

Exhibit 5: Prioritizing Stakeholder Groups for COVID-19 Decisions

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th</th>
<th>6th</th>
<th>7th</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>46%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>22%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local communities</td>
<td></td>
<td>37%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td></td>
<td></td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders</td>
<td></td>
<td></td>
<td></td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lenders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14%</td>
<td></td>
</tr>
</tbody>
</table>

Note: In making business decisions specific to risks related to COVID-19, how is your organization prioritizing the needs of different stakeholder groups? Respondents ranked groups from 1 to 7 with 1 being highest priority. Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 155.
INTERNAL COMMUNICATIONS

High marks for accuracy, less for timeliness

Positive feedback in general for communications

How well is management communicating with employees as the COVID-19 crisis develops day-by-day? Survey respondents consistently said information was accurate (96%). However, fewer agreed that information was complete (77%) and timely (70%). Even with these differences, the overall assessment appears positive (Exhibit 6).

Exhibit 6: Quality of Internal Communications about COVID-19

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree or disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accurate</td>
<td>63%</td>
<td>33%</td>
<td>2%</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete</td>
<td>40%</td>
<td>37%</td>
<td>13%</td>
<td>8%</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Timely</td>
<td>41%</td>
<td>29%</td>
<td>20%</td>
<td>7%</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: Indicate your level of agreement or disagreement with each of the following statements describing internal communications about COVID-19 between management and employees. Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 148.
INTERNAL AUDIT INVOLVEMENT

How quickly the organization involved internal audit

**Substantial percentage says involvement should have started sooner**

According to nearly 4 in 10 of respondents, organizations should have involved internal audit in a more timely manner to discuss risk and potential responses. Only 43% agreed that internal audit was involved early enough (Exhibit 7).

**Exhibit 7: Organization Involved Internal Audit in a Timely Manner**

- **43% Agree**
- **37% Disagree**
- **16% Strongly agree**
- **27% Agree**
- **18% Neither agree or disagree**
- **23% Disagree**
- **14% Strongly disagree**
- **2% Don’t know**

*Note: Indicate your level of agreement or disagreement for the following statements in relation to your organization’s response to COVID-19: The organization involved internal audit in a timely manner in discussions of risk and potential responses. Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 148.*
Challenges for smaller functions

Those in smaller internal audit functions had the most concern about timeliness, with nearly half saying they were not involved in a timely manner. As function size increases, the timeliness of involvement increases as well (Exhibit 8).

Exhibit 8: Organization Involved Internal Audit with COVID-19 in a Timely Manner (Compared to Internal Audit Size)

<table>
<thead>
<tr>
<th>Internal audit function size</th>
<th>Agree/strongly agree</th>
<th>Disagree/strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 5</td>
<td>32%</td>
<td>48%</td>
</tr>
<tr>
<td>6 to 10</td>
<td>43%</td>
<td>36%</td>
</tr>
<tr>
<td>11 to 25</td>
<td>44%</td>
<td>32%</td>
</tr>
<tr>
<td>26+</td>
<td>62%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Note: Indicate your level of agreement or disagreement for the following statements in relation to your organization’s response to COVID-19: Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). Percentages for those who chose “neither” and “not sure” are not shown. n = 55 for 1 to 5. n = 42 for 6 to 10. n = 34 for 11 to 25. n = 26 for 26+. n = 146 for all.
RESOURCES SUFFICIENCY

Are resources adequate to respond to COVID-19?

Many show confidence in resources

Among survey respondents, about 75% say their organizations have sufficient resources to respond to COVID-19. However, 1 out of 5 are ambivalent or unsure about their organization’s resource sufficiency (Exhibit 9).

Exhibit 9: Sufficient Resources Available to Respond to COVID-19

Note: Indicate your level of agreement or disagreement for the following statements in relation to your organization’s response to COVID-19: The organization has sufficient resources to respond to COVID-19. Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 148.
CORPORATE GOVERNANCE

Confidence in effectiveness is high

Few express concern about governance

At this point, survey respondents appear satisfied that corporate governance is operating effectively related to COVID-19 (80%). Few completely disagree with effectiveness, but 17% are ambivalent or unsure (Exhibit 10).

Exhibit 10: Effective Corporate Governance Related to COVID-19

Note: Indicate your level of agreement or disagreement for the following statements in relation to your organization’s response to COVID-19: Overall, corporate governance related to COVID-19 is operating effectively. Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 148.
**DEMOGRAPHICS**

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**Figure 11: Organization Type**

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publicly traded</td>
<td>48%</td>
</tr>
<tr>
<td>Privately held</td>
<td>25%</td>
</tr>
<tr>
<td>Nonprofit</td>
<td>13%</td>
</tr>
<tr>
<td>Public sector</td>
<td>12%</td>
</tr>
<tr>
<td>Service provider/consultant</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Note: For which type of organization do you currently work? Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 146.*

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**Figure 12: Internal Audit Function Size**

- 1 to 5: 30%
- 6 to 10: 29%
- 11 to 25: 23%
- 26+: 18%

*Note: What is the size of your internal audit function? Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). n = 146.*
Figure 13: Industry

- Finance and insurance: 39%
- Manufacturing: 14%
- Educational services: 8%
- Health care and social assistance: 5%
- Utilities: 5%
- Transportation and warehousing: 5%
- Mining, quarrying, oil/gas extraction: 4%
- Information: 3%
- Professional, scientific, and technical services: 3%
- Real estate and rental and leasing: 3%
- Public administration: 2%
- Agriculture, forestry, fishing, and hunting: 1%
- Other services (except public administration): 1%
- Accommodation and food services: 1%
- Arts, entertainment, and recreation: 1%
- Construction: 1%
- Retail trade: 1%
- Wholesale trade: 1%

Note: What is the primary industry classification of the organization for which you work (or your primary client if you are a service provider)? Total may not equal 100% due to rounding. Survey responses collected March 19-23, 2020, from CAEs and directors with The IIA’s Audit Executive Center (AEC). \( n = 146. \)
This appendix provides comments from CAEs and internal audit directors about ways their organizations are responding to COVID-19, particularly activities that had not been mentioned in the survey questions. Comments are grouped by organization type and activity type (strategic, financial, employee-focused, or customer-focused).

Publicly traded organizations

**Strategic**
- Enhanced available cash by borrowing against existing credit lines.
- Bolstering cash at hand.

**Financial**
- Hiring freeze for nonessential positions. No pay for CEO/president. 50% cut for company officers.
- Hiring freeze. Limiting use of consultants (existing) and deferring use of new consultants unless mission-critical to business.

**Employee-focused**
- Significant amount of communication from management to entire organization. Setting up portal and other communication related to the support that is available to employees. Work-from-home policy updates. Updated travel policy.
- Enhanced employee benefits for time off/sick leave etc.
- Short-term payment to hourly employees who cannot come into work.
- Provided one-time payment to help with work from home.
- Communications are livestreamed for employees.

**Customer-focused**
- We are an electric utility, so we are temporarily postponing planned outage work, minimizing impact of critical outages, suspending service disconnections for non-payment, waiving late fees, and making a $1M donation to community-based organizations.
Privately held organizations

Strategic
- Executed BC (business continuity plan).
- Made adjustments to 2020 audit plan.
- Reviewed strategic initiatives but determined that we should continue to move forward.

Employee-focused
- Ramped up of communications – daily phone call with clients, emails to employees, posts on intranet, daily SLT [strategic leadership team] meetings, frequent team meetings.
- Modified paid time off, family medical leave, and other policies. Connected with state regulators.
- 90% of our company is working from home. Secured two major office complexes – limiting access.

Customer-focused
- Retail store hours reserved for "at risk" members of general public.

Public sector

Strategic
- Moved to essential services operating status.

Employee-focused
- Moved to remote/telework operations, additional expenditures to support staff having appropriate technology to work remotely. Some accommodations for leave for certain scenarios.

Customer-focused
- Mandatory telework, except for call centers (if they are not located in areas with restrictions).

Nonprofit

Strategic
- Moved customers (students) to online platform to continue to educate.

Financial
- Secured operating cash availability/financing.
- Continued focus on expense control/reduction.

Customer-focused
- Advising the White House on response measures. Implemented Rapid Response Team (RRT).
- I am in the healthcare industry. Our focus has been on supporting the frontline in their patient care.
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