UK Corporate Governance

Turning Compliance Into a Strategic Advantage

AUDITBOARD | Ascend2 RESEARCH-BASED MARKETING

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Introduction

With the latest reform to the UK Corporate Governance Code set to go into effect on the 1st January 2025 (save for Provision 29, which goes into effect on the 1st January 2026), organisations across industries are grappling with the imperative to align their governance practices with the new standards. To understand how organisations plan, implement, and manage efforts to comply with the UK Corporate Governance Code revisions, AuditBoard, in partnership with Ascend2 Research, surveyed 265 internal audit professionals and organisational leaders from enterprise companies in the United Kingdom.

The findings are striking: **88% of professionals surveyed report that conformance with the Code is a high priority for 2024**. However, this is more than just a compliance exercise; it's an opportunity to *drive strategic transformation*. The recent revisions by the UK Financial Reporting Council (FRC) further emphasise the importance of robust internal controls and the board's role in overseeing these changes.

Our research highlights the importance of a strategic approach to compliance and demonstrates how organisations can gain a competitive advantage with successful and timely execution. Throughout this report, look for actionable tips and insights to guide your conformance strategy in the right direction.

Special Segments

Look for the following groups highlighted throughout the report. Each lends a unique and helpful perspective on the survey data collected.

Executive Perspective

35% of those surveyed are in an executive role in their organisation. Comparing the executive perspective to that of senior leadership and management roles can help us gain insight into disparities or similarities between job levels.

Area of Focus

We surveyed professionals across various functions and asked them what their top two primary focus areas are in their roles to accommodate the often-occurring overlap in responsibilities. This provided us with a clearer insight into the expectations and perspectives of those overseeing specific areas.

Industry

We surveyed professionals working for organisations across technology, financial, industrial, services, and public sector industries. Look for this icon for a deeper dive into variations in perspectives amongst different industries.

Key Findings

PRIORITISATION OF CORPORATE GOVERNANCE CODE CONFORMANCE

88% of professionals view conformance with the UK Corporate Governance Code reforms as a high priority for 2024, with the greatest urgency in the industrial and technology sectors. This broad recognition of the reforms' importance underscores the need for swift action across various industries.

INTERNAL GAPS IN PRIORITISATION AND CONFIDENCE

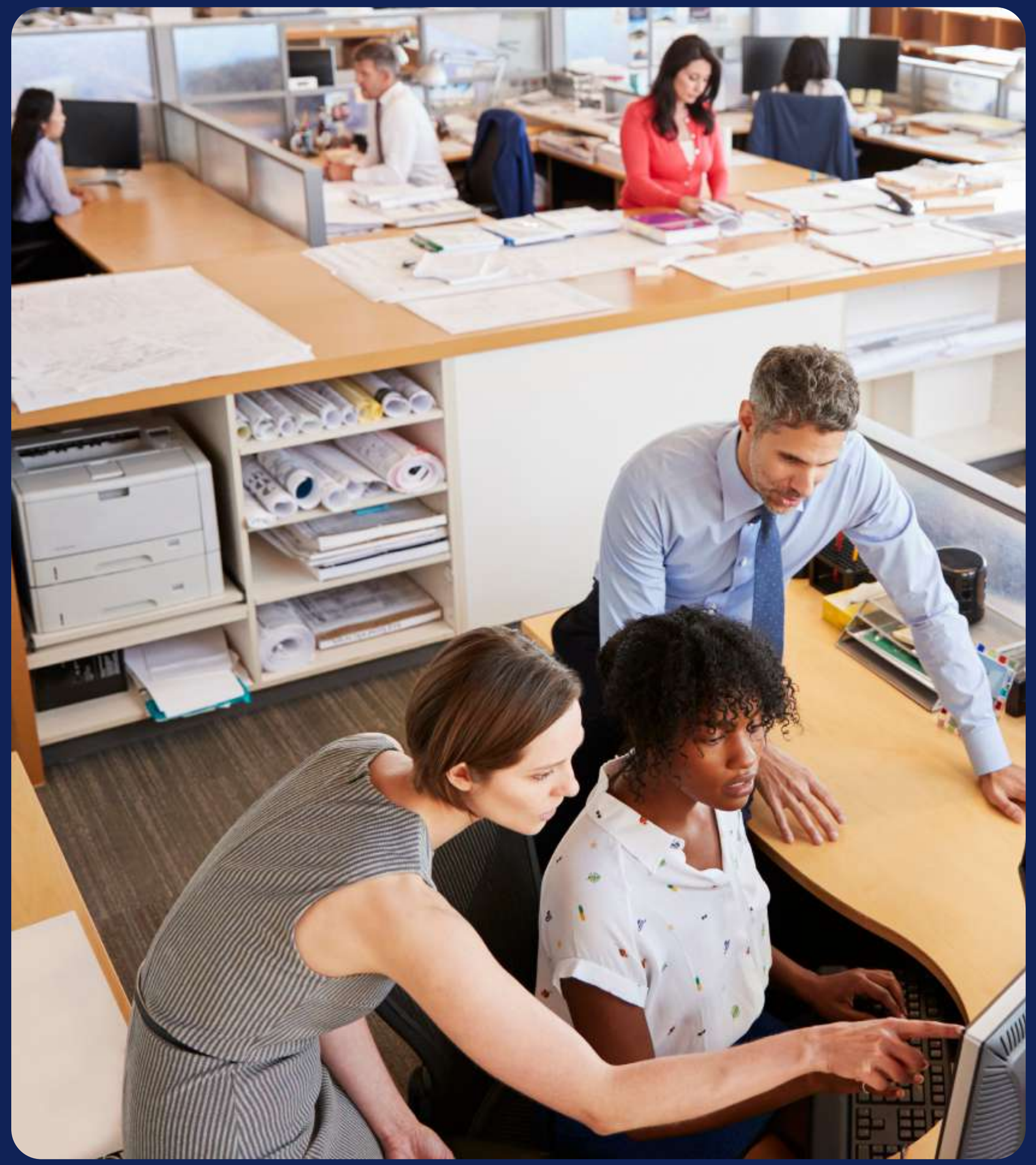
Executives feel more strongly about the importance of conformance than respondents in management roles, revealing a potential disconnect that could hinder effective implementation. Meanwhile, 86% of organisations are confident they will conform by 2026; however, those in regulatory compliance roles are less confident than their ESG and internal controls counterparts.

WIDESPREAD USE OF AI IN GOVERNANCE

Over half of the organisations surveyed already use AI to support their risk and control programmes, particularly for automated control testing and trend insights, illustrating the growing role of technology in governance.

IMPACT ON WORKLOAD AND RESOURCE ALLOCATION

89% of professionals expect an increased workload due to the new governance code reforms, with those already in conformance reporting the most significant burden.



Compliance Is a High Priority Across Industries.

The importance of the Corporate Governance Code reform is widely recognised across all industries. **Nearly nine in ten (88%) professionals surveyed feel that conformance with the reform is a high priority for their organisation in 2024.** Sectors like technology, industrial, and financial, where regulatory scrutiny is particularly intense, are even more likely to feel this urgency, with 94% of industrial and technology professionals and 87% of finance professionals recognising the reform as a high priority.

Early planning and implementation are essential to achieving compliance and unlocking the associated benefits by the 2025 deadline. This aligns with the principles of effective risk management, which advocate for early risk identification and mitigation strategies to avoid last-minute compliance pressures.

Is conformance with Corporate Governance Code reform a high priority for your organisation in 2024?

	Industrial	*Technology*	*Finance*	*Services*	*Public Sector*
Yes	**94%**	**94%**	**87%**	**83%**	**59%**
No	**2%**	**3%**	**3%**	**5%**	**6%**
No, but it will be in 2025	**4%**	**2%**	**5%**	**7%**	**29%**
Not Sure	**0%**	**1%**	**5%**	**5%**	**6%**

Take Action

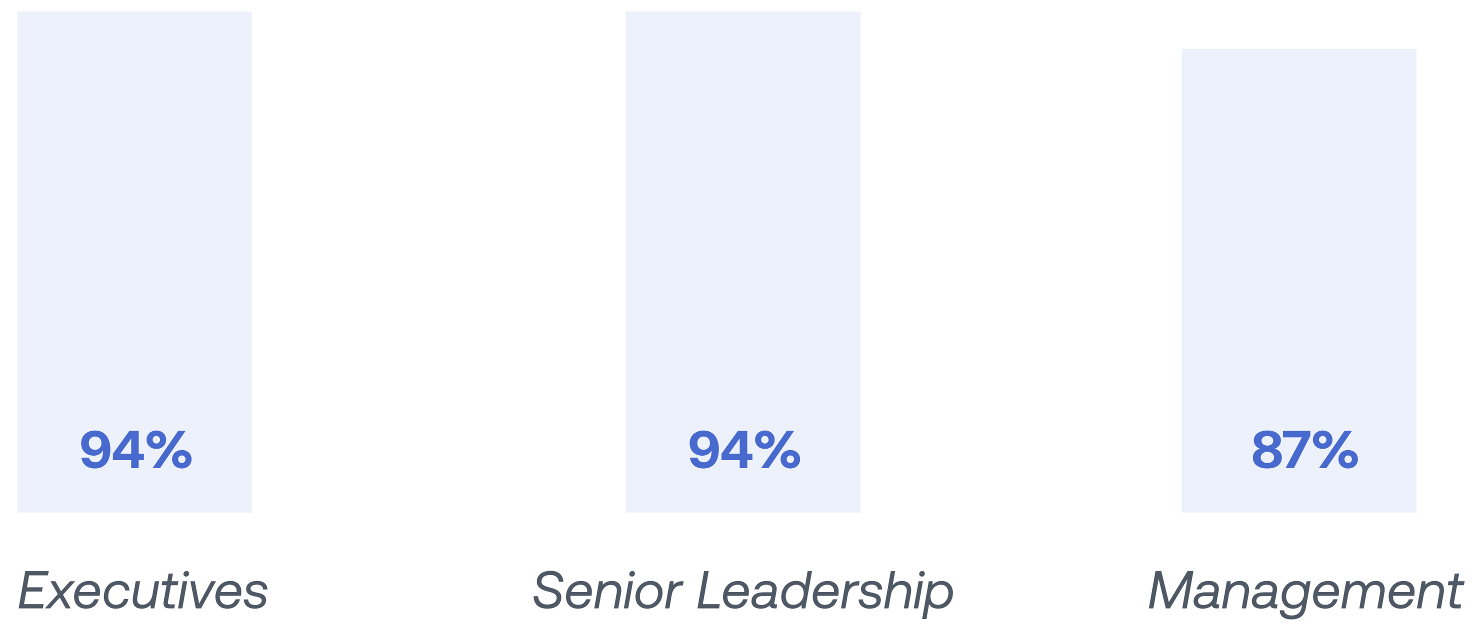
These industry-specific variations necessitate tailored strategies aligned with each sector's risk profile. **Adopting a sector-specific approach enables organisations to manage the complexities of governance reform more effectively.** The FRC's decision to retain the "comply or explain" principle highlights the need for flexible, tailored compliance strategies within a connected risk framework.

Leadership Alignment Is Critical.

Interestingly, executives prioritise the reform significantly more than management professionals. **The disconnect between executive priorities and management perceptions could hinder effective implementation** and highlights the need for more robust communication and integrated alignment across teams, which promotes unified risk management across an organisation.

Ensuring synchronisation of all organisational levels is crucial for successful conformance with governance reforms. The FRC's revisions, which stress the board's role in overseeing internal controls, further emphasise the importance of top-down alignment to meet governance objectives. Best practices underscore the importance of leadership in fostering a culture of risk awareness and driving the alignment necessary for effective governance.

Percent of those who feel that conformance with Corporate Governance Code reform is a high priority in 2024.



Executive Perspective

94% of executives feel conformance is a high priority for their organisation this year, compared to 81% of those in management roles. While the repercussions of failing to adhere to these new reforms may not be as severe as the legal consequences of the Sarbanes-Oxley (SOX) Act, executives are still directly accountable to shareholders, regulators, and the broader market. **This group may be more acutely aware of risks associated with non-compliance**, including reputational damage, market consequences, scrutiny from institutional investors, and exposure to broader regulatory or legal risks.

Timelines to Conform

While 40% of respondents report that their organisations already comply with the Corporate Governance Code reform, another 41% expect to comply by the end of 2024 and 18% expect to conform in 2025 or 2026.

Timelines for conformance vary by industry, with some sectors expecting to meet the 2024 deadline, while others, particularly in the public sector, foresee delays until 2025 or 2026. This reflects differing levels of regulatory pressure and organisational readiness.

Which best describes your timeline for conformance with governance code reforms?

40%	*Already conforming*
41%	*Expect to conform in 2024*
17%	*Expect to conform in 2025*
1%	*Expect to conform in 2026 or later*
1%	*Not planned because we do not need to comply with the code.*

Organisations already compliant with the SOX Act are better positioned for conformance with the UK Corporate Governance Code reforms due to their established risk management frameworks.

Percent of those already conforming or expecting to conform in 2024 to the UK Corporate Governance Code reforms.

SOX Compliant	*All Others*
84%	65%

Take Action

Leveraging these frameworks can facilitate timely compliance and ensure that internal controls remain robust. The FRC's focus on internal controls and the 2026 requirement for board declarations further underscore the importance of an integrated approach encompassing all risk management aspects.

Confidence in Compliance Varies by Role

While 86% of organisations are highly confident that they will conform by January 2026, this confidence level varies by job responsibility. **Those with regulatory compliance oversight are significantly less confident than their ESG and internal controls counterparts.** This disparity in confidence levels highlights potential gaps in preparedness across various functions, particularly in roles critical to compliance. Alignment in conformance efforts is essential to ensure that all departments are equally equipped to meet new standards.

How confident are you that your organisation will conform to the updated controls requirements of corporate governance reform by January 2026?

	Internal Controls	*Risk*	*Audit*	*Regulatory Compliance*	*InfoSec*	*ESG*
Extremely confident: We are already in conformance	**38%**	**36%**	**40%**	**30%**	**42%**	**48%**
High confidence: We are on track for conformance by 2026	**52%**	**50%**	**46%**	**52%**	**48%**	**43%**
Moderate confidence: We have plans but might not be in conformance by 2026	**7%**	**11%**	**11%**	**14%**	**9%**	**7%**
Low confidence: We have done little to no planning and don't expect to conform by 2026	**0%**	**2%**	**0%**	**3%**	**0%**	**2%**
We do not need to conform	**1%**	**0%**	**1%**	**1%**	**0%**	**0%**
Don't know/unsure	**1%**	**2%**	**1%**	**0%**	**1%**	**0%**

Take Action

The FRC's revisions, which extend specific deadlines, allow organisations to strengthen their risk management frameworks and close any gaps in readiness. **Coordinating risk management efforts across all functions ensures each department is aligned with the organisation's governance strategy.**

Implementing a comprehensive approach that includes non-financial risks, such as ESG factors, within the governance framework can also help mitigate these disparities in confidence. The FRC's emphasis on board oversight of non-financial controls reinforces the need for organisations to integrate all risk areas into a cohesive management strategy.

2.2

Top Challenges

Lack of alignment on priorities across teams is the most commonly reported challenge among professionals regarding conformance with new governance code reforms, and by a wide margin. **Resource constraints and the inability to obtain stakeholder buy-in are also key challenges.**

These challenges indicated that organisational silos could significantly hinder effective governance, highlighting the need for a coordinated risk management approach. Breaking down silos by ensuring that risk management activities are integrated across the organisation can foster alignment and improve resource efficiency.

> The FRC's decision to maintain flexibility in the Code, particularly regarding the board's discretion in defining material controls, further emphasises the importance of internal alignment to meet governance expectations.

What are your organisation's greatest challenges in conforming with the new governance code reforms?

49%	*Competing priorities across teams*
32%	*Lack of staffing resources*
31%	*Obtaining stakeholder buy-in*
30%	*Lack of clarity on who owns conformance responsibilities*
29%	*Lack of expertise/knowledge*
25%	*Lack of budget*
23%	*Inadequate technology*
15%	*No major sponsor in the organisation*

2.3

Impact on Workload

Nine out of ten (89%) professionals expect an increased workload due to the new governance code reforms. Increased workloads can strain resources, driving organisations to prioritise resource optimisation and workload management. Those already in conformance report the most significant burden.

To what extent will conforming to corporate governance code reforms add to your workload?

	Already in conformance	*Expect to conform in 2024*	*Expect to conform in 2025 or 2026*
To a great extent	**40%**	**34%**	**23%**
To some extent	**50%**	**55%**	**63%**
Very little	**9%**	**9%**	**14%**
Not at all	**1%**	**1%**	**0%**
Unsure	**0%**	**1%**	**0%**

Take Action

Assessing organisational resources needed to achieve transformation.

A lack of alignment and staffing resources (49% and 32%, respectively) are significant challenges as organisations work to conform with the new governance code reforms. These steps address these challenges by ensuring adequate resources are allocated and responsibilities are clearly defined.

1. Evaluate Current Resource Allocation: Conduct a comprehensive assessment of current resources, including internal audit, risk, compliance, and infosec teams, to determine whether they have the capacity and expertise to manage the required controls transformation. Consider hiring additional personnel or engaging external consultants if necessary.
2. Establish Dedicated Controls Teams: Given the significant transformation required, especially for large organisations, setting up dedicated control teams separate from internal audit functions may be necessary. These teams would be responsible for designing, implementing, testing, and reporting on controls.

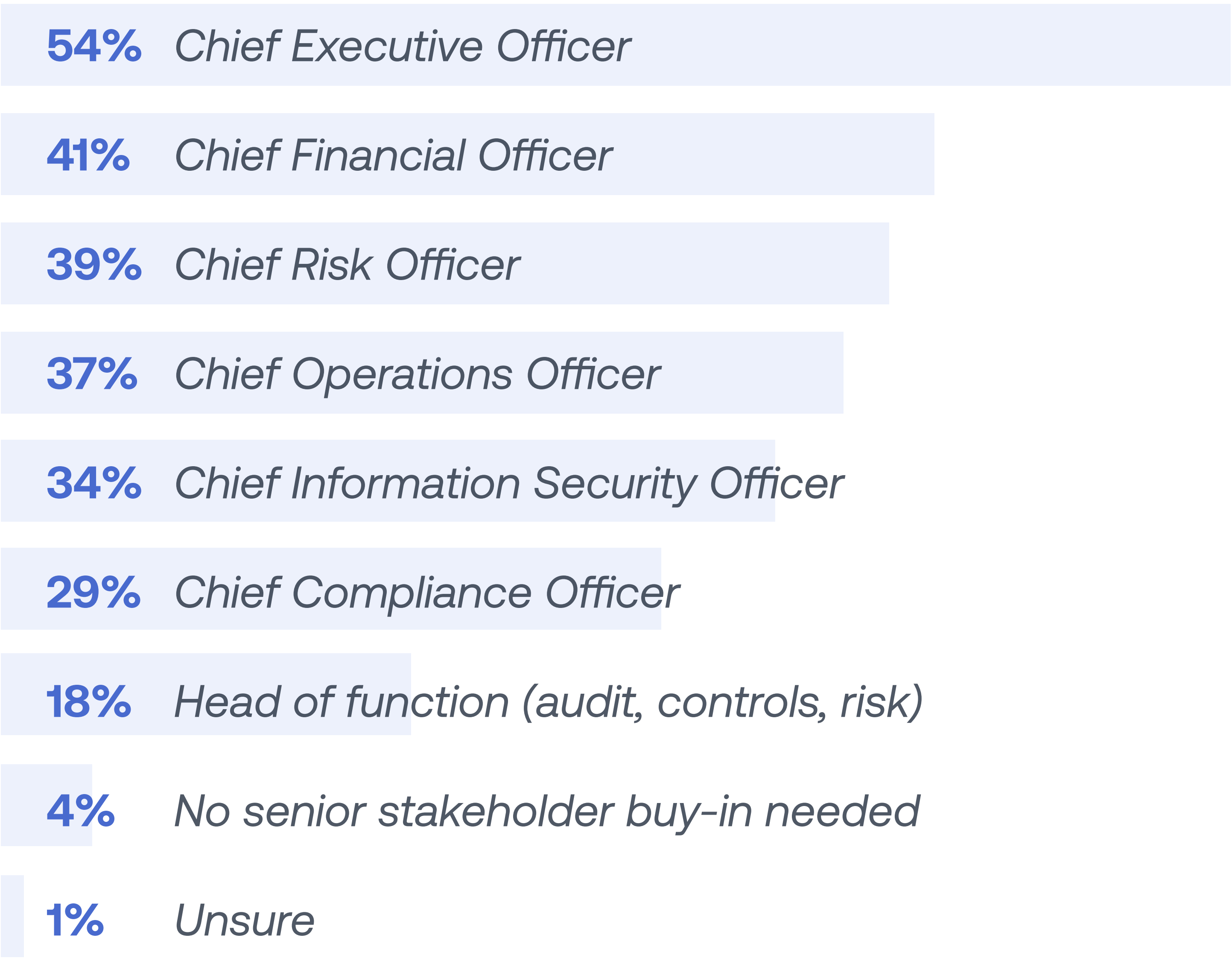
Importance of Senior Leadership Buy-In

Senior leadership, especially the CEO and CFO, are critical to the success of conformance efforts and are the most commonly reported senior stakeholders needed for buy-in of risk and controls programmes, according to those surveyed. This highlights the need for strong, top-down support to drive governance reforms effectively.

Leadership buy-in is essential for embedding governance principles throughout the organisation. The FRC's revisions, which reinforce the board's central role in governance, make leadership involvement even more crucial for aligning teams and resources with governance objectives.

> Technology companies are significantly more likely to require buy-in from their organisation's Chief InfoSec Officer (CISO). CISOs may have more influence in the technology industry as many tech companies, especially B2Bs, may already have a compliance programme that falls under a CISO, giving that role more pull.

From which of the following senior stakeholders do you need buy-in for your risk and controls programme?



3.1

Responsibility for Implementation

The compliance team implements conformance efforts for about one-quarter of the organisations surveyed. The risk and audit teams are responsible for 18% and 17% of organisations, respectively. **The varied responsibility for implementing conformance efforts signals that there is no clear ownership in many cases which could lead to inefficiencies and gaps in compliance initiatives.**

Clear ownership and defined roles are crucial for effective governance. Establishing clear lines of responsibility and accountability across the organisation is critical, ensuring that all governance activities are aligned and coordinated. The FRC's revised Code, which places greater onus on boards to ensure proper control management, underscores the importance of clarity in achieving effective governance.

To what extent will conforming to corporate governance code reforms add to your workload?

24%	*Compliance team*
18%	*Risk team*
17%	*Audit team*
15%	*Internal controls team*
11%	*Finance team*
11%	*Information security team*
5%	*ESG/Sustainability team*

A need for clarity, any way you slice it.

Industrial and public sector organisations rely more heavily on audit teams to implement conformance efforts. Over one-third (36%) of those in the service industry report relying on a compliance team, while 20% of technology organisations say that infosec teams are responsible. Finance industry professionals report having a risk team responsible for implementing conformance efforts.

For organisations with under 1,000 employees, internal controls (25%) and audit teams (17%) are more likely to be responsible for implementing conformance efforts compared to larger organisations. Larger organisations (with 10,000 or more employees) are most likely to rely on compliance (27%) and risk (21%) teams to own conformance implementation.

Impact of Conformance on First-Line Ownership of Controls

Nine out of ten (91%) professionals expect the updated corporate governance reform code to enhance first-line control ownership. The Board's role has also evolved under the new code; previously responsible only for ensuring the existence of a risk and controls program, they are now accountable for its effectiveness, with a vested interest in its outcomes. 41% of organisations still need to identify control owners. A lack of ownership over controls can lead to inefficiency in conformance efforts, non-compliance risks, and board accountability issues.

Executive Perspective

A significant majority of those surveyed (92%) believe that first-line control owners will be effective in executing conformance, with 42% expecting them to be very effective. However, **60% of executives are confident that first-line control owners will be very effective, but only 38% of senior leadership and 27% of management professionals share this optimism.**

While executives are highly confident in the effectiveness of front-line control owners, those closer to the day-to-day operations are less certain. This disconnect suggests that while executives prioritise these efforts, the management team, who are more in tune with the practical challenges, may need greater attention and resources to ensure successful execution.

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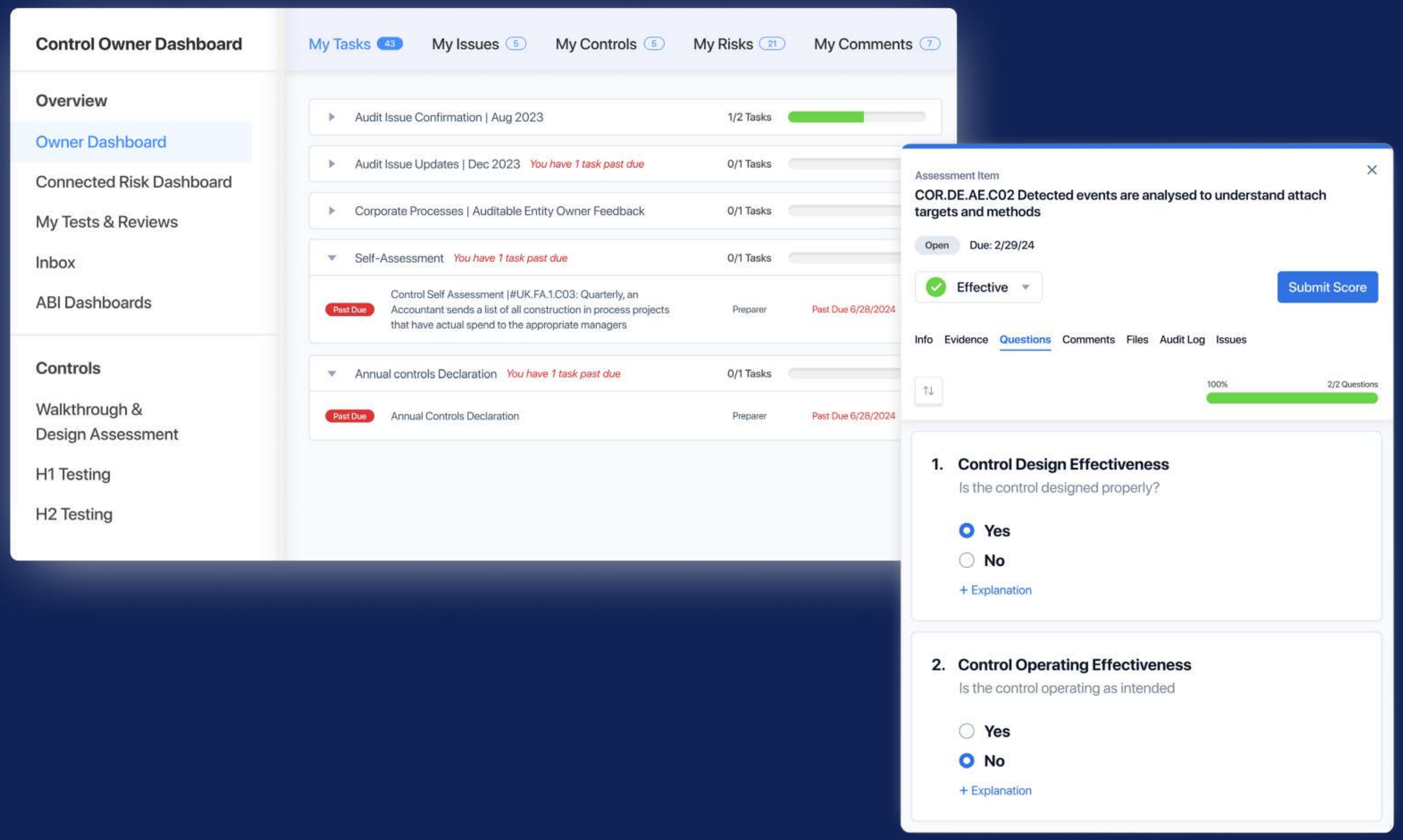


Automation capabilities, such as AuditBoard's control performance attestations, control owner self-assessments, and control owner dashboards, can help drive first-line ownership of controls. From a top-level perspective, AuditBoard's reporting dashboards provide real-time insights on these activities which can be used for analysis and reporting to the Board. Automating the process of assessing and reviewing controls to identify anomalies in real-time can expedite the prioritisation of controls for internal auditing, a more cost-effective approach than relying solely on external auditors to test controls.

Learn more about how AuditBoard can help streamline your internal controls programme.

3.3

Risk Register Centralisation

A 71% majority of organisations have a centralised risk register that is regularly updated, which is a positive sign. Another 25% have a centralised risk register that is not updated on a regular basis.

However, only 28% report that they map control requirements across frameworks, indicating that significant work still needs to be done in integrating governance processes. Centralised risk registers provide a comprehensive view of the organisation's risk landscape. The gap in mapping controls across frameworks suggests that organisations must integrate their governance processes further, leveraging the centralised risk register to achieve greater consistency and alignment. The FRC's focus on comprehensive internal controls reinforces the importance of this integration.

Which of the following is TRUE of your controls library?

59%	*We have identified ownership of controls*
57%	*Our controls are operational*
48%	*We test and report on the effectiveness of controls*
28%	*We have formal non financial controls*
28%	*We map control requirements across frameworks for testing efficiency*
9%	*We do not have a controls library*

Centralised, regularly updated risk registers enable visibility into data across job levels. 57% of those with centralised, regularly updated registers report that their senior leadership and management currently have high visibility into the overall efficiency and effectiveness of risk and controls management, compared to just 21% of those without.

Take Action

Materiality and right-sizing controls are crucial, given that only 28% of respondents have advanced their risk and control programmes to map control requirements across frameworks. More focused efforts in defining and implementing material controls are necessary.

1. <u>Define Materiality Thresholds:</u> Define what constitutes "material controls" for your organisation, including financial and non-financial controls, based on the company's size, industry, and risk profile.

2. <u>Prioritise High-Risk Areas:</u> Focus on implementing controls in areas posing the most significant risk to your business, ensuring that resources are not wasted on low-risk areas and allowing for more efficient allocation of effort.

Preparing for Risk Assessment

In response to the UK Corporate Governance Code reform, **many organisations are prioritising self-assessments as a key step for the risk assessment process, with 60% reporting that they conduct self-assessments of their controls**. Additionally, 56% gather a comprehensive list of controls to ensure thoroughness. However, only 28% perform materiality calculations, which suggests that while foundational tasks are prioritised, more nuanced aspects like materiality are less frequently addressed.

Interestingly, nearly half of organisations begin their process by contacting control or process owners, while others define controls centrally, a strategy that tends to vary by industry. In highly regulated sectors where compliance is critical, controls are often centrally defined and must be strictly adhered to. Conversely, more entrepreneurial industries allow control owners more flexibility in defining their own controls. This trend highlights **the importance of self-assessment tools in helping organisations align with the reform, especially for those seeking to enhance their risk management practices without relying solely on external consultants**.

How do you typically prepare for your risk assessment process?

60% *We conduct self-assessments of our controls to prepare*

56% *We gather a list of controls*

43% *We begin by contacting the control or process owner*

35% *We hire an external consultant*

28% *We perform materiality calculations*

Take Action

The survey data suggests that organisations are uncertain about the appropriate testing methodology. **A standardised testing methodology could benefit many organisations, providing consistency across the board.**

1. Select Proportionate Testing Approaches: Determine the appropriate level of testing for each control, considering the risk and significance. Depending on the control's risk profile, this may involve a mix of methods, such as inquiry, observation, inspection, and reperformance.
2. Avoid Over-Testing: For some controls, especially those deemed lower risk, a less intensive testing method may suffice, saving significant time and resources while still assuring control effectiveness.

3.5

Implementing Centralised Risk and Controls Technology

Two-thirds (66%) of organisations report having implemented centralised risk and controls management technology to support conformance. Another 25% of those surveyed plan to implement this type of technology in the coming year.

Organisations with centralised risk technology are better prepared for risk assessments, conducting more self-assessments and materiality calculations. This underscores the importance of investing in technology to meet governance requirements. By centralising risk management technology, organisations can enhance their ability to conduct thorough and timely risk assessments, ensuring that they are well-prepared to meet the demands of the updated UK Corporate Governance Code. The FRC's expectations for rigorous internal controls further emphasise the value of technology in achieving governance objectives.

How do you typically prepare for your risk assessment process? (Centralised Risk Technology Use)

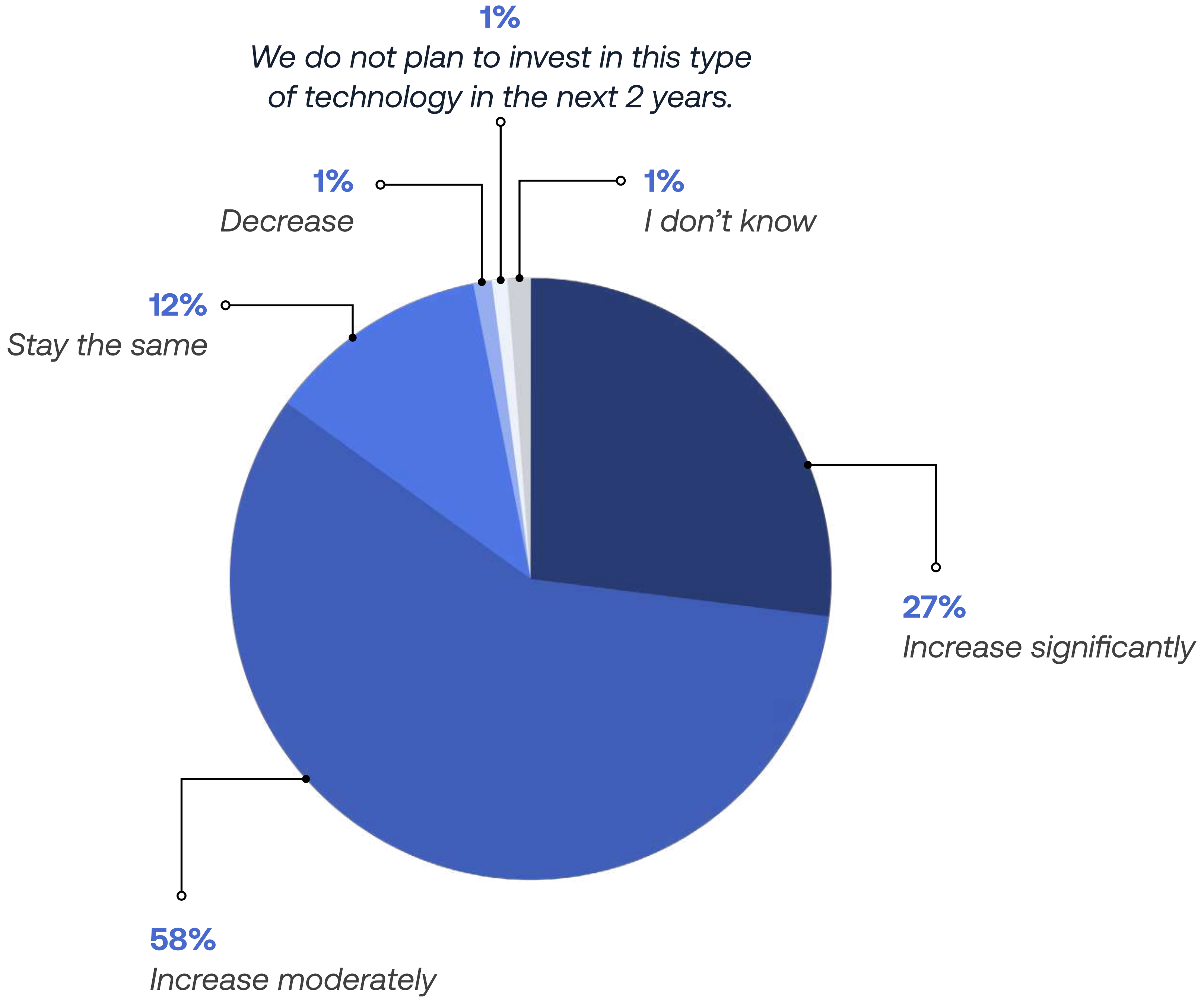
	Implemented Centralised Risk Technology	*All Others*
We conduct self-assessments of our controls to prepare	**67%**	**46%**
We begin by contacting the control or process owner	**59%**	**51%**
We gather a list of controls	**41%**	**48%**
We hire an external consultant	**37%**	**30%**
We perform materiality calculations	**35%**	**14%**
We do not currently perform risk assessments	**0%**	**0%**

Investment in Risk and Controls Technology

A significant majority (85%) of organisations expect their investment in risk and controls management technology to increase in the next two years. This expected increase underscores the growing recognition of the need for robust systems to support governance efforts.

Investing in technology enables organisations to develop cohesive risk management systems that provide a holistic view of risks, facilitating more informed decision-making and enhancing overall governance capabilities. **The upcoming UK Corporate Governance Code changes will increase reporting and monitoring demands and further justify this investment in advanced technology.**

In the next 2 years, how do you expect your investment in risk and controls management technology to change?



Executives are more likely than non-executives to expect significant increases; 40% of executives expect a significant increase in this type of technology in the next two years, compared to 22% of senior leadership and 17% of management.

Technology and finance organisations expect the most increase when compared to other industries. 33% of technology and finance companies expect significant increases compared to 22% of industrial, 14% of services, and 18% of public sector organisations.

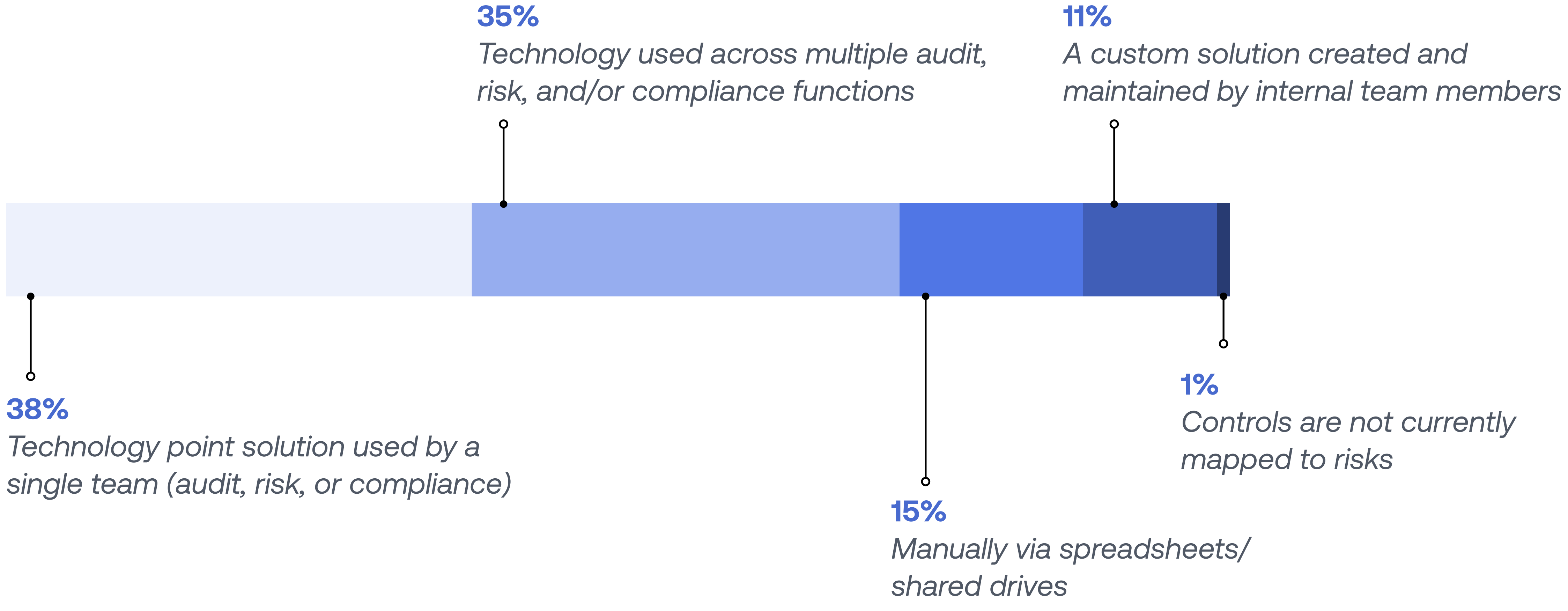
Mapping Controls With Technology

38% of organisations use a technology point solution for mapping controls, with another 35% using technology across multiple functions, but over one-quarter are not using formal or sophisticated technology. This highlights the importance of integrated systems in managing risk and controls.

Using centralised GRC technology solutions is a cornerstone of effective governance. **Organisations can achieve greater consistency and reliability in their governance processes by centralising and automating control mapping.** The FRC's revisions suggest that organisations with centralised and integrated systems will be better equipped to meet the new governance requirements, reinforcing the need for a technology-driven approach to GRC.

Industrial and tech companies are more likely to use technology across multiple audit, risk, and compliance functions to map their controls to risks today. Finance, services, and public sector companies are more likely to be using a technology point solution used by a single team.

How are you mapping your controls to your risks today?



Take Action

The importance of technology's role in achieving compliance and improving risk management cannot be understated. Two ways organisations can leverage technology to enhance risk management processes include:

1. Implement Centralised GRC Technology: Use technology to centralise and automate risk management processes. This includes maintaining a single repository of risks, controls, and action plans, which can be regularly updated and reviewed.
2. Utilise AI and Automation: Leverage AI to support automated control testing and trend analysis and to assist in drafting policies and control language. This can significantly improve efficiency and provide real-time insights crucial for decision-making.

4.2

Use of AI in Risk and Controls Programmes

Overall, 52% of organisations currently use AI in their risk and controls programme, and another 34% say they plan to use AI in the next 12 months. With over half of organisations already using AI to support their risk and control programmes, there is a clear trend toward leveraging technology to meet governance requirements. This aligns with the UK Code's focus on maintaining robust internal control systems.

Integrating AI and advanced technology into risk management is a crucial tenet of modern GRC. These tools enhance the organisation's ability to manage risk in real-time, improving governance processes' efficiency and effectiveness. The FRC's continued emphasis on internal control effectiveness highlights the value of incorporating technology to ensure comprehensive and proactive risk management.

Does your organisation currently use artificial intelligence in your risk and controls programme?

52%	*Currently use*
34%	*Do not use but plan to use in next 12 months*
13%	*Do not use and do not plan to use.*
1%	*Unsure*

Technology and finance industry organisations are most likely to be using AI already as a part of their risk and controls programme. Nearly two-thirds (63%) of the tech industry is currently using AI, with another 29% reporting planned use in the next 12 months. 59% of financial industry organisations are already using AI and 32% plan to in the next year.

Technology as a Driver of Success

A staggering 93% of professionals surveyed believe that artificial intelligence can potentially improve their risk and control program management in the future.

Organisations that leverage AI and centralised GRC technology are better prepared and more confident in conforming to the new Code. This underscores the role of digital tools in streamlining governance processes and enhancing control effectiveness, as highlighted by the FRC. Centralised GRC technology ensures that risk management processes are efficient and comprehensive, providing real-time insights critical for decision-making.

How confident are you that your organisation will conform to the updated controls requirements of corporate governance reform by January 2026?

	Currently use AI	*Do not use AI*
Extremely confident: We are already in conformance	49%	26%
High confidence: We are on track for conformance by 2026	46%	52%
Moderate confidence: We have plans but might not be in conformance by 2026	4%	17%
Low confidence: We have done little to no planning and don't expect to conform by 2026	0%	3%
We do not need to conform/unsure	1%	2%

4.3

Where to Apply AI

Over half (52%) of organisations surveyed already use AI to support their risk and controls programme. Of this group, 55% use or plan to use AI for automated control testing. Nearly half use or plan to use AI for trend insights, research and initial drafting of control language and policies, and building formulas and workflows.

The growing role of technology in governance offers a forward-looking perspective on how AI is transforming risk management and corporate governance practices. **The integration of AI, as emphasised by the FRC's revisions focusing on internal controls, could be a crucial enabler for organisations striving to meet these new standards efficiently.**

In what ways does your organisation use or plan to use artificial intelligence in your risk and controls programme?

55%	*Automated control testing*
48%	*Trend insights (e.g., control failure, risk escalation)*
47%	*Research and initial drafting (e.g., control language, policies)*
41%	*Building formulas and workflows*
39%	*Drafting executive summaries of audits, risk tolerance, and compliance status*
36%	*Scoping effort of adding new frameworks based on control mapping*
35%	*Identify redundant work*

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Generative AI solutions, such as AuditBoard's native AI capabilities, can drive efficiency in building out a risk register and controls library. GenAI can help draft initial risk and control descriptions, as well as initial findings and remediation descriptions. AuditBoard AI's Intelligent Recommendations can also accelerate the development of your risk and control programme by suggesting compliance frameworks based on risk and control input, as well as identifying where similar issues have already occurred in an audit or controls assessment.

AuditBoard Analytics' out-of-the-box control tests can help reduce manual testing efforts by automating controls that need to be tested on a cyclical basis, empowering organisations with near real-time insights around their risks and controls.

AuditBoard AI Customer Results*:

- For every 100 GenAI responses accepted, customers are saving 10 hours.
- For every 100 Intelligent Recommendations accepted, customers are saving 5 hours.

**Based on three months of data for tasks including: writing control/issue descriptions, issue/risk recommendations, and automated control mapping.*

From Conformance to Strategic Advantage

By proactively embracing the UK Corporate Governance Code, organisations can transform compliance into a strategic advantage. The anticipated benefits, including improved risk and control management and enhanced reputation, illustrate how aligning with these reforms can strengthen not only governance but also overall business performance, and organisations recognize the strategic value of conformance beyond mere compliance. These benefits can help organisations build resilience and differentiate themselves in the marketplace, leveraging compliance as a driver of broader operational improvements and greater business success.

As the UK Corporate Governance Code deadline draws near, companies should view the updated Code as more than a checklist item. It's a chance to improve their internal control systems, enhance strategic decision-making, and build a more resilient organisation. **By adopting a standardised, centrally-led, and technology-enabled approach to risk and control management, businesses can satisfy regulatory requirements and position themselves for competitive advantage** and long-term success in an increasingly complex and competitive environment. The FRC's revisions highlight the need for early and comprehensive planning to meet these new challenges head-on.

What additional benefits do you expect to see from governance code conformance efforts?

- **51%** *Improving risk and controls for organisation*
- **46%** *Improving reputation and visibility of risk and controls*
- **44%** *Improving the culture of compliance*
- **40%** *Improved risk visibility for stakeholders*
- **39%** *Driving digital transformation*
- **34%** *Improving control ownership*
- **4%** *None of the above*

Ready to centralise your internal control records, drive control ownership, and proactively reduce risk? To learn how AuditBoard can help your organisation streamline your internal controls programme to support conformance with the UK Corporate Governance Code, visit auditboard.com to request a tailored demo.

Methodology and Participants

Methodology

AuditBoard, in partnership with Ascend2 Research, developed a custom online questionnaire to survey 264 internal audit professionals and organisational leaders working for enterprise organisations with over $25M in revenue across varying industries in the United Kingdom. All survey participants were in managerial roles or above and represented various departments in their organisations. The survey was fielded in July 2024.

Participants

N = 265 internal audit professionals and organisational leadership

Industry

INDUSTRIAL 19%
(e.g., *manufacturing, utilities, mining/quarrying/oil and gas extraction, construction, transportation/warehousing, waste management/remediation services*)

TECHNOLOGY 34%
(e.g., *communications equipment, IT services, software, technology hardware*)

FINANCE AND INSURANCE 23%
(e.g., *financial institutions, insurance, asset management, broker-dealers*)

SERVICES 17%
(e.g., *healthcare, retail trade, real estate, hospitality, wholesale trade, entertainment, information, professional, agriculture*)

PUBLIC SECTOR AND EDUCATION 16%
(e.g., *public administration, educational services*)

OTHER 1%

Company Size

1 - 999 EMPLOYEES	28%
1,000 - 9,999 EMPLOYEES	52%
10,000 OR MORE EMPLOYEES	20%

Company Holding

PUBLIC	24%
PRIVATE	71%
NOT-FOR-PROFIT	1%
PUBLIC SECTOR	4%

Job Level

EXECUTIVE	35%
SENIOR LEADERSHIP	33%
MANAGEMENT	32%

Areas of Focus
(Participants could select up to two)

INTERNAL CONTROLS	28%
RISK	35%
AUDIT	26%
REGULATORY COMPLIANCE	36%
INFORMATION SECURITY AND CYBER	43%
ESG/SUSTAINABILITY	17%
OTHER	4%

About the Authors

Jason Sechrist
Director of Product Solutions (EMEA)
AuditBoard

Jason Sechrist, CIA, CISA, is the EMEA Director of Product Solutions at AuditBoard where he works with various internal audit and compliance teams to help automate the administrative tasks of audit, risk and compliance activities. He previously was the Global Head of Internal Audit at Rackspace Managed Cloud Company where his responsibilities included developing and executing on a risk-based audit plan for the company's global footprint of data centres and office locations across the Americas, Europe and Asia. Jason started his auditing career with PwC in Silicon Valley, working primarily with software and cloud service providers where he advised CTOs, CISOs, compliance managers, and system engineers. Prior to becoming an auditor, he led user testing and development for global aviation weather visualisation software as a service while serving on active duty for the United States Air Force.

Chris Sudlow
Product Solutions Manager (EMEA)
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Chris Sudlow, CIA, currently works as a Product Solutions Manager (EMEA) at AuditBoard, working with internal audit, risk, and compliance teams to explore tailor-made product solutions that fit their needs. Prior to joining AuditBoard, Chris held a multifunctional role at global high-end electronics manufacturer discoverIE Group, where he was responsible for risk management, internal audit, and compliance activities as part of a small head office function. Chris started his career at Amazon, where he specialised in counter-fraud, compliance, and third party management, and subsequently joined the award-winning internal audit team at Lidl GB.

Adam Rajah
Implementation Manager (EMEA)
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Adam Rajah, ACA, is an Implementation Manager (EMEA) at AuditBoard, where he works with internal audit and internal control teams to implement AuditBoard at their organisations. He specialises in obtaining a detailed understanding of client's current environments to provide recommendations on optimising their use cases during software implementation. Previously a Manager at EY UK, Adam has significant experience in controls implementations and SOX testing.

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