

# 2025 ICFR benchmark survey

The next challenge in ICFR:  
Moving toward a fully integrated audit

November 2025





## Executive summary



**Samer Hijazi**

Partner, Head of Financial Services

The United Arab Emirates (UAE) insurance sector has reached a pivotal moment in its Internal Control over Financial Reporting (ICFR) journey. The 2025 ICFR benchmark survey reveals a market that has achieved universal framework implementation, with all respondents confirming adoption.

However, this maturity is accompanied by new challenges and firms must now shift from basic compliance to strategic resilience.

While 93% of firms conduct annual evaluations and 86% update frameworks for regulatory changes, critical gaps remain: 92% rely on spreadsheets, only 61.5% have dedicated ICFR staff, and 43% are yet to remediate qualified opinions. Outsourcing risk management could be strengthened and managed more robustly, as only 29% of organisations obtain System and Organisation Controls (SOC) reports from their service providers.

Finance departments remain the primary owners of ICFR (71%), though some entities have shifted responsibility to internal audit or risk functions. This evolution suggests a growing recognition of ICFR as a cross-functional responsibility.

Annual evaluation processes are now standard (93%), and 86% of firms regularly update their frameworks in response to regulatory changes, compared to 36% back in 2020. This marks a shift towards proactive governance, though the decline in dedicated staff (61.5%) signals a resource gap.

This report provides a comprehensive roadmap for resilience, helping firms move beyond compliance to achieve audit readiness and operational excellence.

**Understanding this data is essential for business leaders seeking to secure their market position and navigate the evolving regulatory landscape.**

# Content

<b>Section</b>	<b>Page</b>
Overview of survey results	1
The integrated audit	2
Critical gaps exposed	3
Evolution of ICFR in the UAE	
Third-party risk	
Evaluation and reporting	
Resource constraints	
Documentation inconsistency	
Remediating the findings	
The three lines of defense in ICFR framework	6
A roadmap to resilience	8
Conclusion	9
How we add value	10
Contact us	11

## Overview of survey results

Based on responses from leading UAE insurers, the 2025 ICFR Benchmark Survey conducted by Grant Thornton UAE offers a data-driven snapshot of how organisations are implementing and managing internal control frameworks, revealing both progress and persistent gaps that shape the future of financial reporting resilience.

**100%**

**have implemented ICFR**

**57%**

**use third-party consultants**

**93%**

**conduct an annual evaluation process**

**61.5%**

**maintain dedicated ICFR staff**

**92%**

**track using spreadsheet**



## The integrated audit

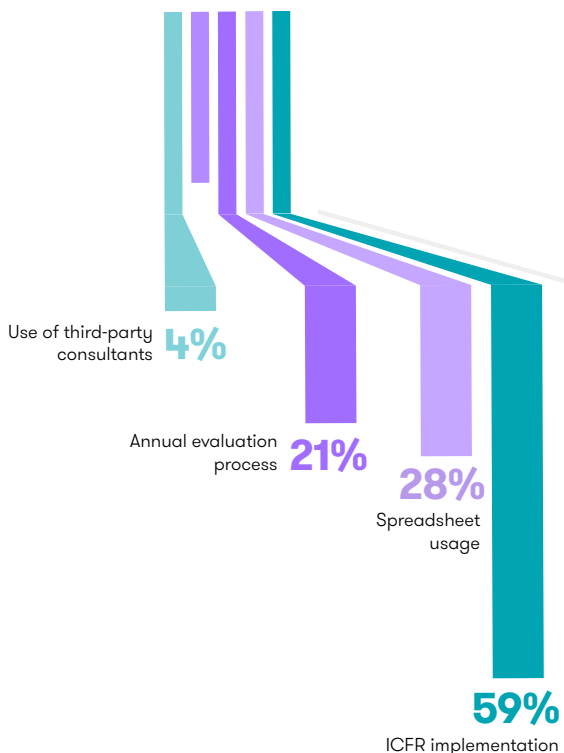
With the government mandate for auditor rotation, incoming auditors will assess ICFR frameworks with fresh eyes, increasing the risk of qualified opinions if deficiencies are found.

Survey data shows that 79% of firms have not received a separate ICFR opinion, and only 14% received it on the same date as their financial statement audit. This misalignment could lead to audit challenges and reputational risks.

**To mitigate these risks, firms must ensure their controls are robust, well-documented, and resilient.**

Preparing for integrated audits is now essential to ensure confidence and avoid surprises.

## Key comparisons from 2020 to 2025



ICFR implementation

**+59%**



Use of third-party consultants

**+4%**



Annual evaluation process

**+21%**



Dedicated ICFR staff

**-4.5%**



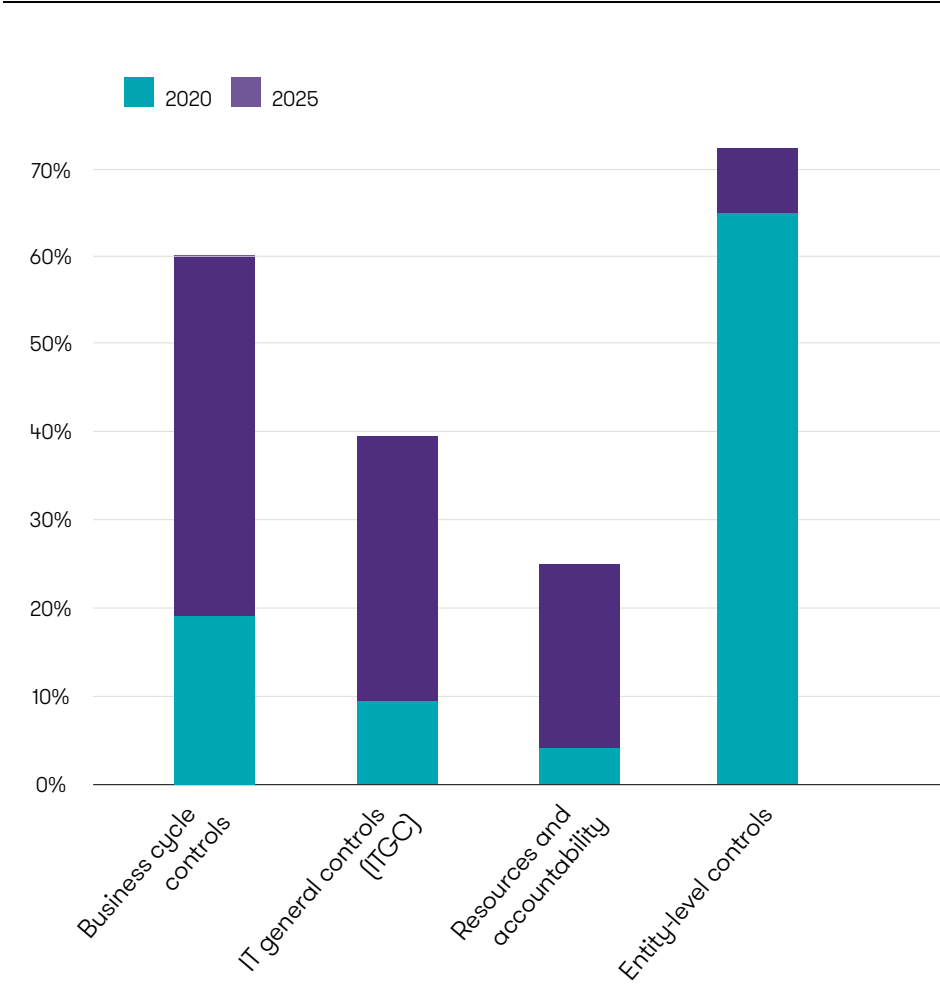
Spreadsheet usage

**+28%**

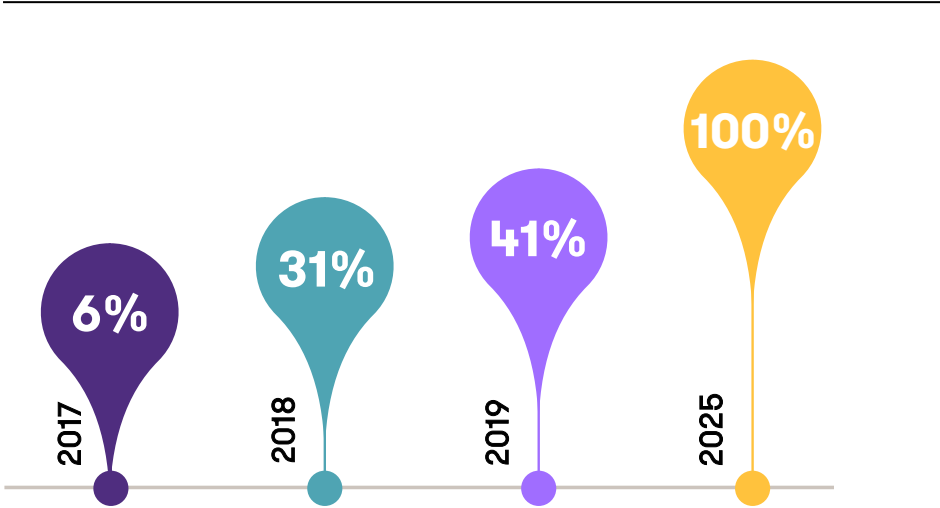


# The critical gaps exposed

In your opinion, which area carries the highest level of risk and challenges when maintaining an ICFR framework?



How many insurance companies had implemented ICFR between 2017 to present day?

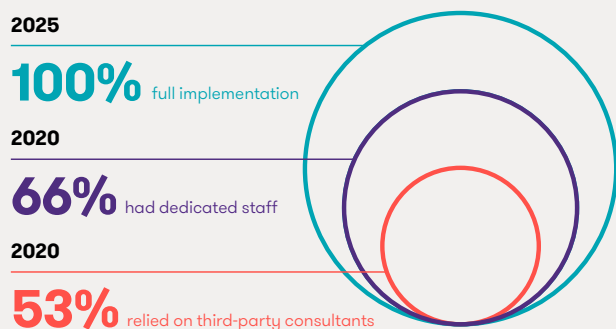


## The evolution of ICFR in the UAE to present day

The journey from 2020 to 2025 reflects a significant transformation in ICFR maturity.

In 2020, many entities were still implementing frameworks, with 53% relying on third-party consultants and 66% having dedicated staff.

By 2025, 100% of surveyed insurance companies had implemented ICFR, most before 2024, indicating a staggered but now universal adoption.



## Outsourcing without adequate oversight

Outsourcing of systems and business processes is common, with 43% of firms reporting some level of outsourcing.

However, only 29% of these firms obtain SOC (System and Organisation Controls) reports from their service providers.

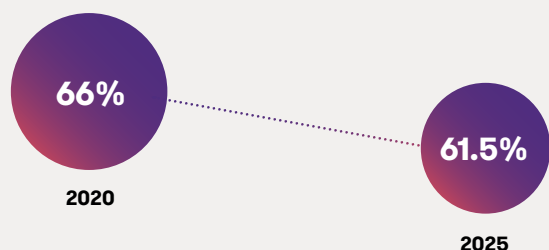
This gap in third-party risk management means that many organisations may not have sufficient assurance over the controls operated by their vendors—potentially leaving them exposed to risks that could impact financial reporting and compliance.



## Resource constraints: Decline in dedicated staff

While the UAE insurance sector has made significant progress in ICFR implementation, the proportion of firms with dedicated ICFR staff has actually declined from 66% in 2020 to just 61.5% in 2025.

This trend indicates a growing reliance on external consultants rather than maintaining in-house expertise. Under increasing regulatory pressure and scrutiny, many organisations are finding it difficult to allocate sufficient knowledgeable resources to manage and oversee their ICFR programmes effectively.



## Gaps in governance and follow-through

Although 93% of firms now conduct annual ICFR evaluations and 86% update their frameworks in response to regulatory changes, the effectiveness of these processes is often undermined by resource gaps and manual approaches.

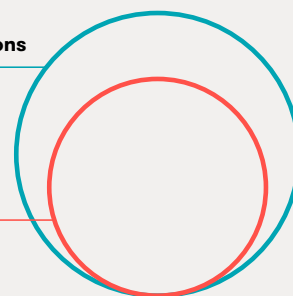
Furthermore, while most firms report ICFR deficiencies to their audit committees, a minority still rely solely on management for this critical oversight function. This lack of formal governance can delay remediation and weaken accountability.

Conduct annual ICFR evaluations

**93%**

Update frameworks to regulatory changes

**86%**



## Spreadsheet dependency: Driving practical progress

In 2025, 92% of respondents reported using spreadsheets as part of their ICFR framework, up from just 22% in 2020. This reflects a clear commitment to documenting and tracking controls where dedicated ICFR systems are not yet in place. Spreadsheet-based risk control matrices, registers, and working papers remain an effective solution, provided updates and version controls are monitored consistently to maintain accuracy and auditability.

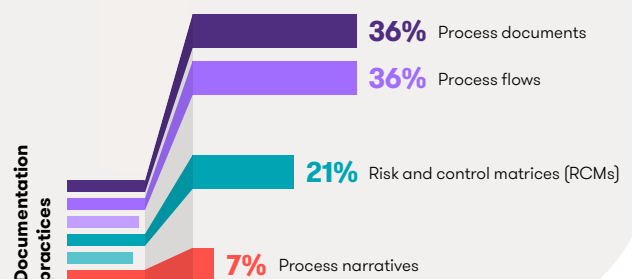
Furthermore, integrating tools like PowerBI can transform static data into interactive dashboards and deliver meaningful insights.



## Documentation practices across the insurance sector

Documentation approaches across the sector vary, with firms using process documents, process flows, risk and control matrices (RCMs), and process narratives. Most documentation currently focuses on financial reporting controls, while operational controls remain underrepresented.

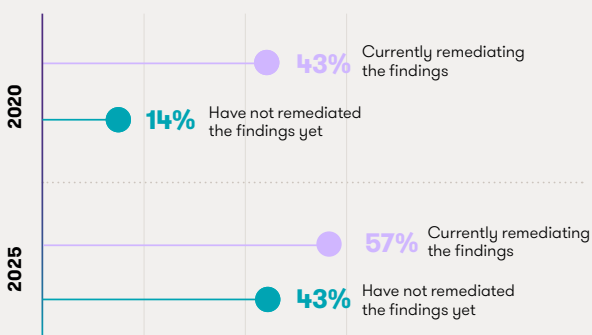
This variation stems from differing resource models—some firms develop documentation in-house, others through holding groups or multinational parents, and some via external consultants. Over time, these practices are expected to evolve and move toward greater standardisation, strengthening auditability.



## Remediating the findings from the integrated audit

The auditor should communicate in writing to the management and those charged with governance significant deficiencies and material weaknesses identified during the integrated audit.

This includes those that were remediated during the integrated audit and those that were previously communicated but have not yet been remediated.



## Conclusion: The auditor will need to revisit findings

As such, the auditor will need to re-visit reported findings on the ICFR framework every year and report to those charged with governance whether these have been remediated or not.

Failure by the organisation to remediate these findings can raise a wider concern about the overall effectiveness of the ICFR framework but it can also lead to a loss of confidence in management by those charged with governance.

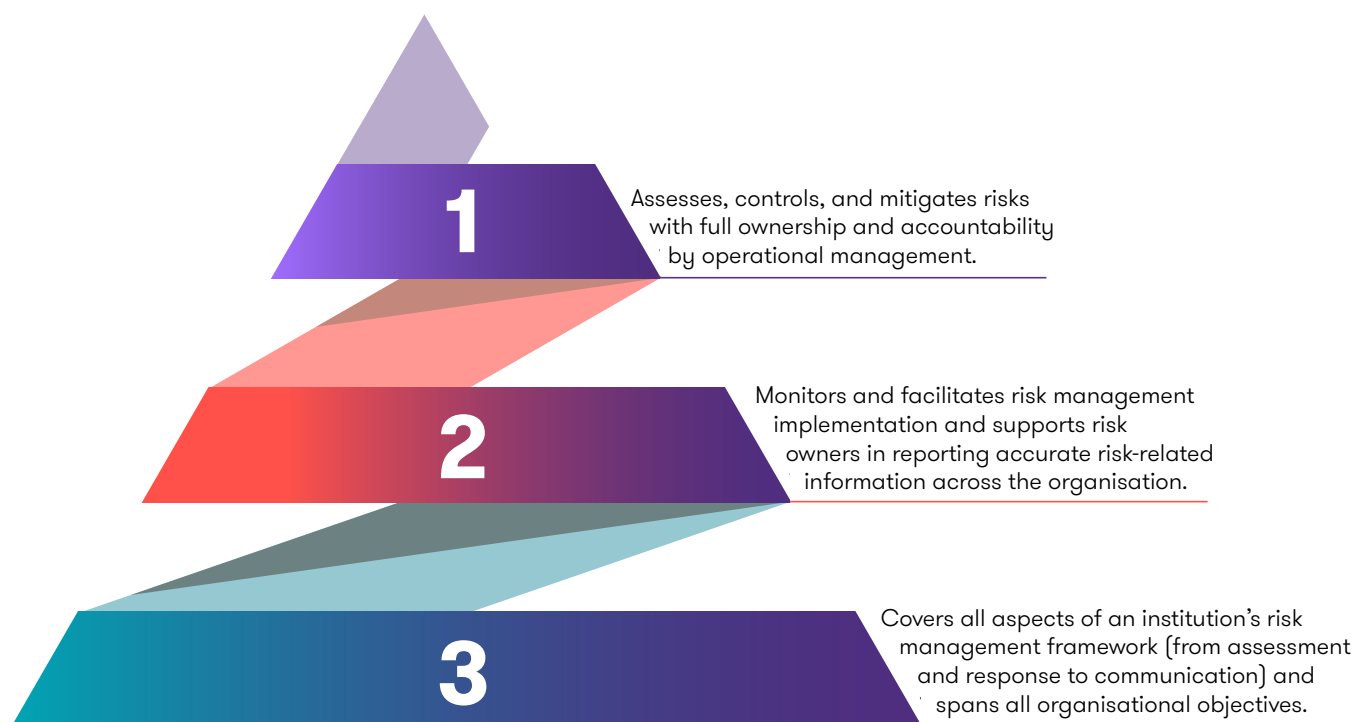
Whether a full-scale project, with a third-party provider, needs to be implemented will depend on the nature, size and complexity of the findings as well as the adequacy of in-house resources to address these findings.

Our view is that engaging with an independent consultant can provide the entity with a fresh view on their ICFR framework as well as insights into market best practice.

# The 3 lines of defence and ICFR

Firstly, let's take a closer look at the roles and responsibility of each line of defence. One of the most common questions we are asked is:

“What is the role of the “three lines of defence” in maintaining an effective ICFR framework, such that all of the components of internal control are present and functioning in an integrated manner?”



## First line of defence

- Under the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

## Second line of defence

- The second line of defence consists of activities covered by several components of internal governance (compliance, risk management, quality, IT and other control departments).
- This line of defence monitors and facilitates the implementation of effective risk management practices by operational management, and assists the risk owners in reporting adequate risk-related information across the organisation.

## Third line of defence

- Internal audit forms the organisation's third line of defence.
- An independent internal audit function will, through a risk-based approach to its work, provide assurance to the organisation's board of directors and senior management.
- This assurance will cover how effectively the organisation assesses and manages its risks, and will include assurance on the effectiveness of the first and second lines of defense.
- The third line of defence encompasses all elements of an institution's risk management framework (from risk identification, risk assessment and response, to communication of risk related information) as well as all categories of organisational objectives: strategic, ethical, operational, reporting and compliance.



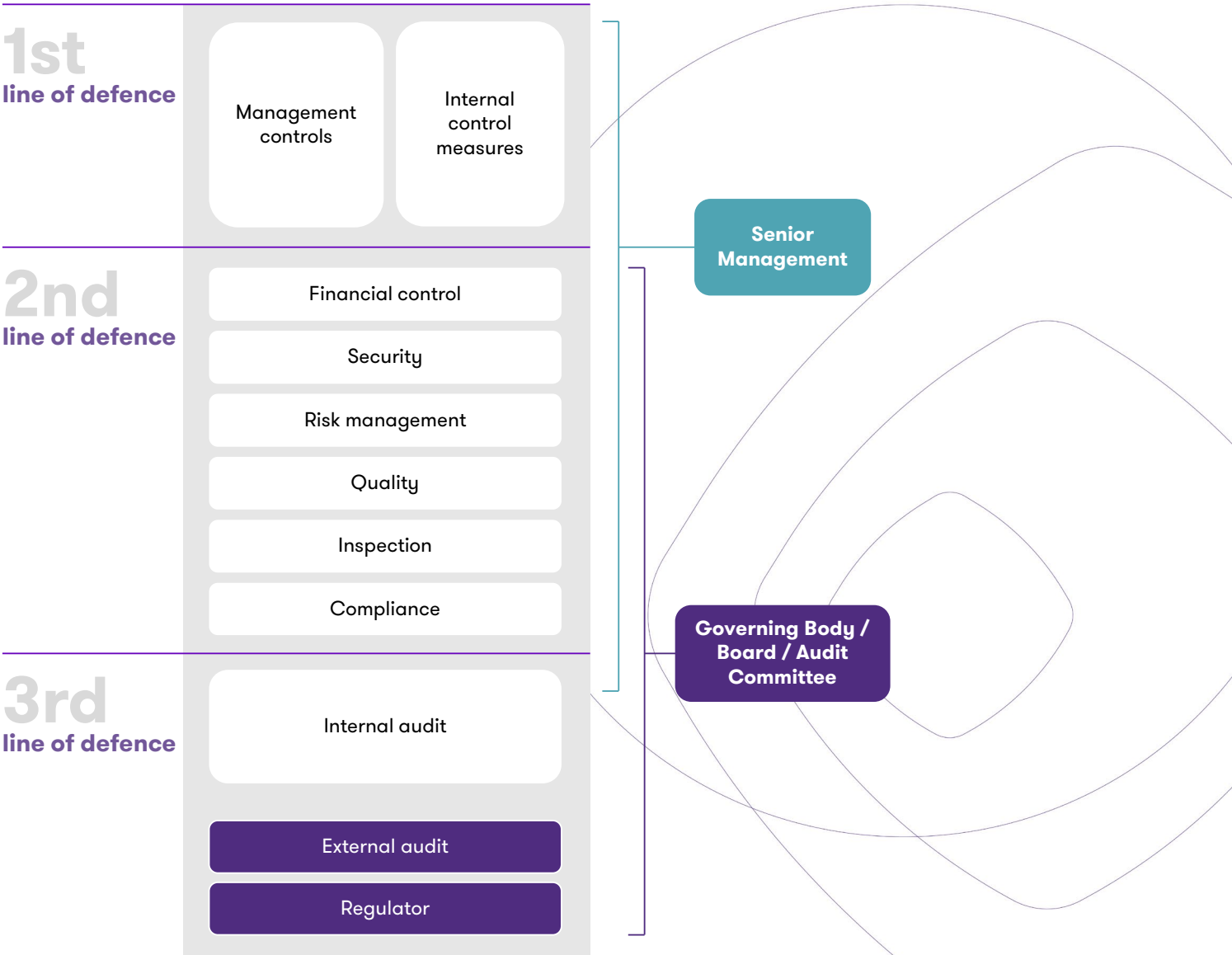
# The 3 lines of defence and ICFR

Internal audit is uniquely positioned within the organisation to provide global assurance to the audit committee and senior management on the effectiveness of internal governance and risk processes.

It is also well-placed to fulfil an advisory role on the coordination of assurance, effective ways of improving existing processes, and assisting management in implementing recommended improvements.

In such a framework, internal audit is the cornerstone of an organisation’s corporate governance.

The use of the 3 lines of defense to understand the systematic role of internal control and risk management should not be regarded as an automatic guarantee of success. All 3 lines need to work effectively with one another as well as with the audit committee in order to create the right conditions.



# A roadmap to resilience

To prepare for auditor rotation and future-proof ICFR frameworks, insurance companies must take decisive action. Automating controls can reduce spreadsheet dependency and improve accuracy.

Building internal capability is essential — upskilling and retaining ICFR staff will reduce reliance on external consultants. Standardising documentation formats and expanding operational control coverage will enhance audit readiness.

Firms should obtain SOC reports for outsourced services and align ICFR reporting structures with best practices. Conducting mock audits and synchronising ICFR with financial statement audits will ensure integrated audit readiness.

## Practical next steps

1

Automate controls: Reduce spreadsheet reliance by investing in integrated control automation solutions.

2

Build internal capability: Upskill and retain dedicated ICFR staff to reduce dependence on external consultants.

3

Enhance documentation: Ensure all processes, controls, and remediation actions are thoroughly documented and regularly updated.

4

Strengthen risk management: Shift focus from high-level governance to operational and IT risks, with targeted controls and monitoring.

5

Prepare for audit scrutiny: Conduct mock audits and gap assessments to identify and remediate weaknesses before auditor rotation.

6

Obtain and review SOC reports: For outsourced systems, maintain oversight and control assurance.

7

Align reporting structures: Ensure audit committees or equivalent bodies evaluate deficiencies.

8

Implement integrated audit readiness: Synchronise ICFR and financial statement audits for efficiency and compliance.

## Conclusion

ICFR is an entity-wide responsibility, yet the insurance sector continues to face a steep learning curve, evidenced by the fact that 43% of firms have not fully remediated their findings. Resource constraints and organisational behaviours that resist change further slow progress. While many controls exist, they often lack auditability due to insufficient documentation, leaving gaps that undermine assurance.

To address these challenges, firms must adopt best practices consistently and strengthen their control environment with clear, auditable processes. Whether remediation requires a full-scale project or targeted interventions will depend on the complexity of findings and the capacity of in-house teams. In many cases, engaging an independent consultant can provide a fresh perspective and benchmark insights to accelerate improvement.

Grant Thornton UAE is committed to partnering with you on this journey, delivering practical solutions and strategic insight to help you secure your market position and achieve sustainable success. Our recommendation? Take proactive steps now to strengthen your ICFR framework and turn compliance into a catalyst for long-term growth.

## Key takeaways

- 1** Universal ICFR adoption is a regulatory success, but new risks are emerging.
- 2** Auditor rotation will intensify scrutiny. Firms must be audit-ready, not just compliant.
- 3** Resource gaps and spreadsheet dependency are growing threats to control effectiveness.
- 4** Grant Thornton UAE offers the expertise and practical support to help clients bridge these gaps and achieve sustainable, resilient ICFR frameworks.

## How we add value

Whether a full-scale project with a third-party provider is needed depends on the nature and complexity of your findings and the resources available in-house.

When additional support is required, we work closely with your team to deliver tailored solutions, combining ICFR expertise, technology enablement, and audit readiness services.

Our deep domain knowledge and proven track record position us as your trusted advisor, helping insurance companies strengthen their ICFR framework and align with market best practices.

## Our services

- ICFR framework design, implementation, and optimisation
- Control automation and technology enablement
- Training and capability building for internal teams
- Mock audits and pre-rotation readiness assessments
- Ongoing advisory to ensure sustained compliance and operational excellence

## Meet our team

By partnering with Grant Thornton UAE, firms can move beyond compliance to achieve operational excellence, secure their market position, and confidently face the challenges of auditor rotation and regulatory scrutiny.

Grant Thornton UAE has a fully certified team to assist you with all your requirements.

To discuss the results of the survey and how we can help, please contact:



**Samer Hijazi**

Partner,  
Head of Financial Services

samer.hijazi@ae.gt.com



**Sameer Abdi**

Partner,  
Head of Advisory

sameer.abdi@ae.gt.com



**Moaied Alnajjar**

Associate Director,  
Business Risk Services

moaied.alnajjar@ae.gt.com



**Haris Saigal**

Director,  
Assurance

haris.saigal@ae.gt.com



**Yusra Hameed**

Senior Manager,  
Business Risk Services

yusra.hameed@ae.gt.com

# We're ready to support you



Scan to connect  
with us on LinkedIn

## Grant Thornton UAE offices

### Abu Dhabi

Unit 2, Level 14  
Sila Tower  
ADGM Square  
Al Maryah Island  
PO Box 41255  
Abu Dhabi, UAE

T +971 2 666 9750  
F +971 2 666 9816

### Dubai

The Offices 5  
Level 3  
Office 303  
One Central, DWTC  
PO Box 1620  
Dubai, UAE

T +971 4 388 9925  
F +971 4 388 9915

### Sharjah

Level 5  
City Gate Tower  
Al Etihad Street  
Al Taawun  
PO Box 1968  
Sharjah, UAE

T +971 6 525 9691  
F +971 6 525 9690



Grant Thornton

[grantthornton.ae](https://grantthornton.ae)

© 2025 Grant Thornton UAE. All rights reserved.

Grant Thornton refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

#### Disclaimer:

The information contained in this document is provided for general information purposes only and should not be construed as advice. It does not take into account specific objectives, circumstances, or needs. Before acting on any information, recipients should seek appropriate professional advice.