

STATE OF THE PROFESSION 2025

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# THE CASE FOR A Mindset Shift



The Institute of  
**Internal Auditors**



WHAT'S ON

# The Agenda



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## STATE OF THE PROFESSION The Case for a Mindset Shift

Internal Audit's Role Has Transformed, Have You?

Building Stronger Risk Partnerships for Better Assurance

Mastering Technology with Continuous Learning

Owning the Future of Internal Audit

# The Case for a Mindset Shift

# How We Get There



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Shift Current Perceptions of Internal Audit



Embrace Technology



Expand Our Scope



Connect Internal Audit with Strategy



Grow Our Talent Pipeline

# Internal Audit's Role Has Transformed, Have You?

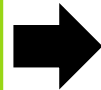
Current mindset: The core emphasis on assurance services establishes a strong basis for compliance, accuracy, and risk mitigation

# The Transition to Strategic Advisor: Expanding Our Impact

Internal audit is evolving from a compliance-focused function to a strategic advisor

## Traditional Role

Compliance  
Financial Controls  
Risk Identification



## Modern Role

Operational Efficiency  
Governance  
Data Analytics  
Cybersecurity



## Future Role – Strategic Advisor

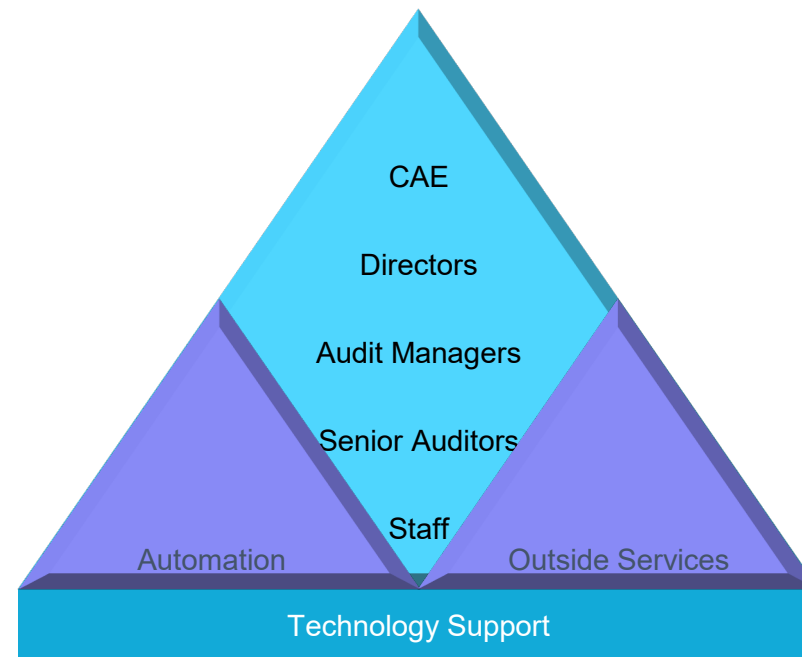
Driving Innovation  
Agile and Adaptability  
Real-Time Risk Monitoring  
Stakeholder Trust  
AI and Predictive Analysis

## Moving to a New Organizational Model

As demand for qualified and experienced internal auditors outpaces supply, CAEs must shift how internal audit departments will conduct daily activities



Traditional Model



New Model

Internal Audit's Role Has Transformed, Have You?

# Top Challenges for CAEs in 2025

# 76%

CAEs rank advancing auditors' use of data and analytics as their top priority

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54%

Aligning methodology and quality assurance practices with the new Global IIA Standards

54%

Right sizing coverage of cybersecurity and cybersecurity-related risks

57%

Building a more effective approach to training auditors on a prioritized set of skills and capabilities

59%

Providing more insightful and actionable analysis of the root causes of issues/control weaknesses to key stakeholders

76%

Advancing auditor's use of data and analytics in their audit engagements

Gartner

# Evolving Work Demands of Internal Auditors

## Top Areas In Audit Scope Now

47%

Information Technology

84%

Regulatory Compliance

64%

Fraud & Enterprise Risk  
Management

55%

Governance & Culture

## Expected to be Increased in Future Audit Scopes

+Cybersecurity

+Sustainability

# Changes in Scope Tend to Align with Rising Risks

## Trends for Top 5 Risks Worldwide

### Last Year's Risk

1 Cybersecurity	73%
2 Human capital	51%
3 Business continuity	47%
4 Regulatory change	39%
5 Digital disruption (including AI)	34%
6 Financial liquidity	32%
7 Market changes/competition	32%
8 Geopolitical uncertainty	30%
9 Governance/corporate reporting	27%
10 Supply chain (including 3 <sup>rd</sup> parties)	26%
11 Organizational culture	26%
12 Fraud	24%
13 Communications/reputation	21%
14 Climate change/environment	19%
15 Health/safety	11%
16 Mergers/acquisitions	6%

### Current Year's Risk

1 Cybersecurity	73%
2 Business continuity	51%
3 Human capital	49%
4 Digital disruption (including AI)	39%
5 Regulatory change	38%
6 Market changes/competition	32%
7 Financial liquidity	31%
8 Geopolitical uncertainty	30%
9 Governance/corporate reporting	25%
10 Organizational culture	24%
11 Fraud	24%
12 Fraud Supply chain (including 3 <sup>rd</sup> parties)	23%
13 Climate change/environment	23%
14 Communications/reputation	20%
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16 Mergers/acquisitions	6%

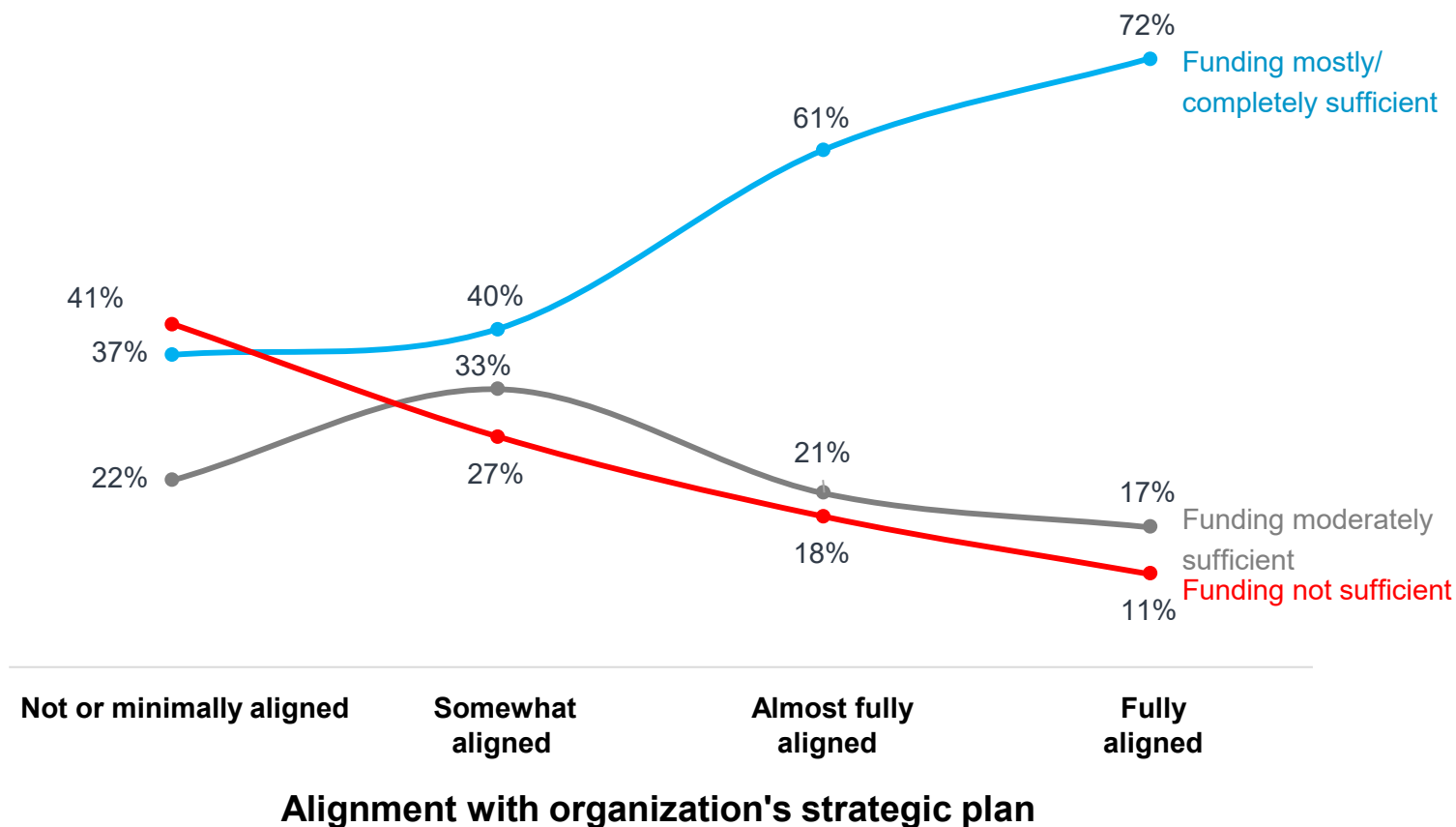
### Risk Expectations in 3 Years

1 Cybersecurity	69%
2 Digital disruption (including AI)	59%
3 Business continuity	47%
3 Human capital	42%
4 Regulatory change	37%
5 Climate change/environment	39%
6 Financial liquidity	31%
7 Market changes/competition	30%
8 Geopolitical uncertainty	25%
9 Governance/corporate reporting	24%
10 Supply chain (including 3 <sup>rd</sup> parties)	22%
11 Organizational culture	21%
12 Fraud	20%
13 Communications/reputation	15%
15 Health/safety	10%
16 Mergers/acquisitions	9%

# The Advantage of Alignment

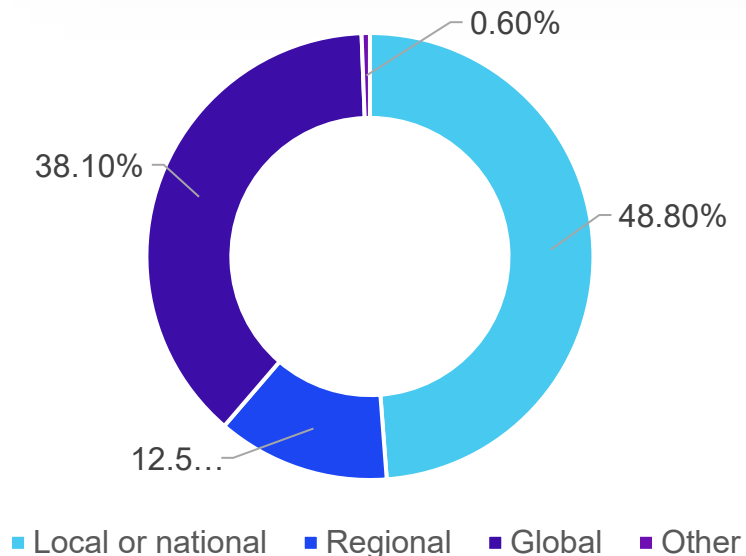
There is a strong correlation between internal audit funding and internal audit alignment with organizational strategy

Funding Sufficiency (Compared to Alignment with Strategic Plan)



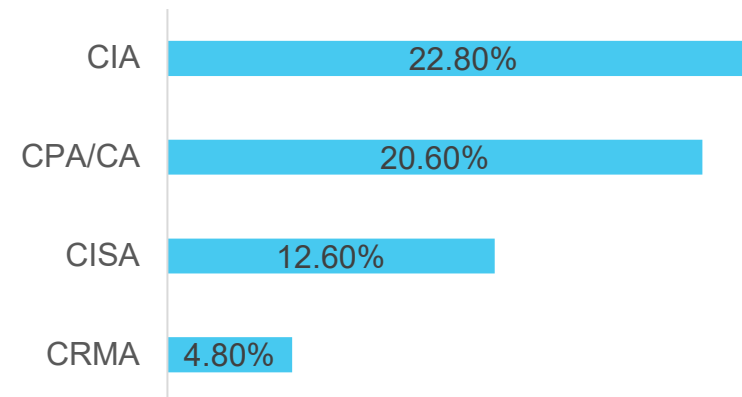
# Benchmarking Success: The IIA's Internal Audit Hub

## Internal Audit Geographic Scope



Assess, measure, compare,  
and align with peers and  
industry leaders

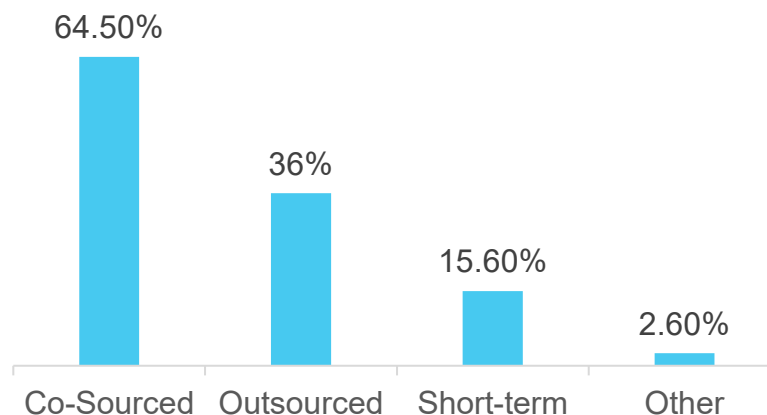
## Average Percentage of IAs Per Function with a Certification



Benchmark by company size,  
assets, region, industry, etc.

Innovative dashboard  
designed to meet  
benchmarking needs

## Types of Sourcing Utilized



Internal Audit's Role Has Transformed, Have You?

## Expanding Impact: Advocating for Internal Audit on the Global Stage



Based on GP4,  
focused on  
developing  
legislative language  
for institutes'  
targeted efforts



Legislation passed  
U.S. House with  
internal audit  
references



Continuous  
collaboration with  
the European  
Commission



Collaborating with  
institutes on African  
model legislation



Developing global  
report on Corporate  
Governance Codes

## IIA PAC: Supporting the Profession on Capitol Hill



Donate today!

- IIA PAC is a unique resource for promoting internal audit on Capitol Hill
- IIA PAC complements The IIA's advocacy in two primary ways:
  - Increases opportunities to engage with key lawmakers
  - Assists lawmakers who are supportive of IIA public policy priorities
- 100% of contributions to IIA PAC directly support The IIA's U.S. advocacy efforts

Internal Audit's Role Has  
Transformed, Have You?

# Making the Shift



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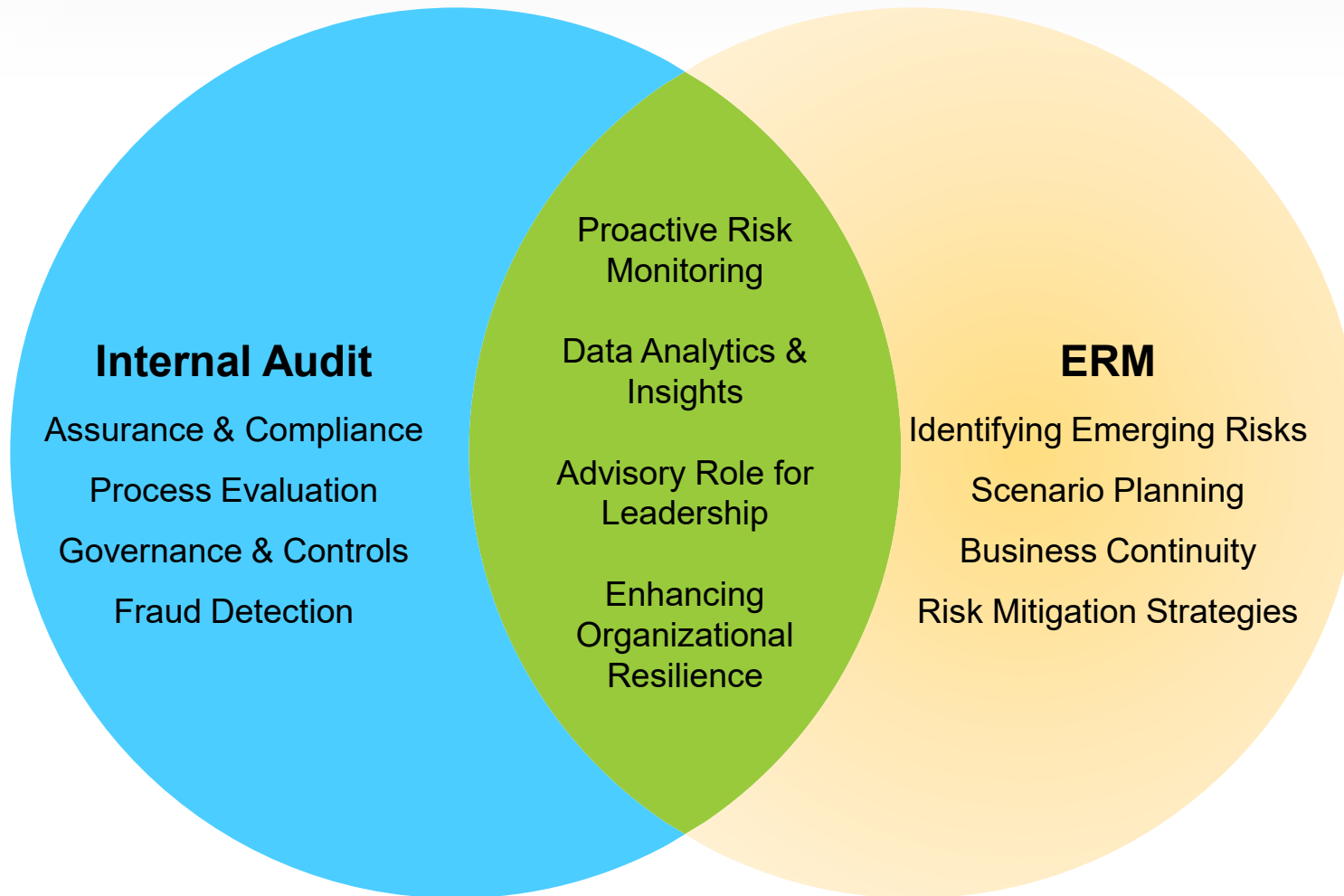
**Automate and adapt:** Stay ahead of emerging risks by making flexibility and technology your allies.

**Be the advisor:** Proactive enterprise risk management fuels smarter business decisions.

# Building Stronger Risk Partnerships for Better Assurance

Current mindset: Internal audit serves a supporting role in enterprise risk management

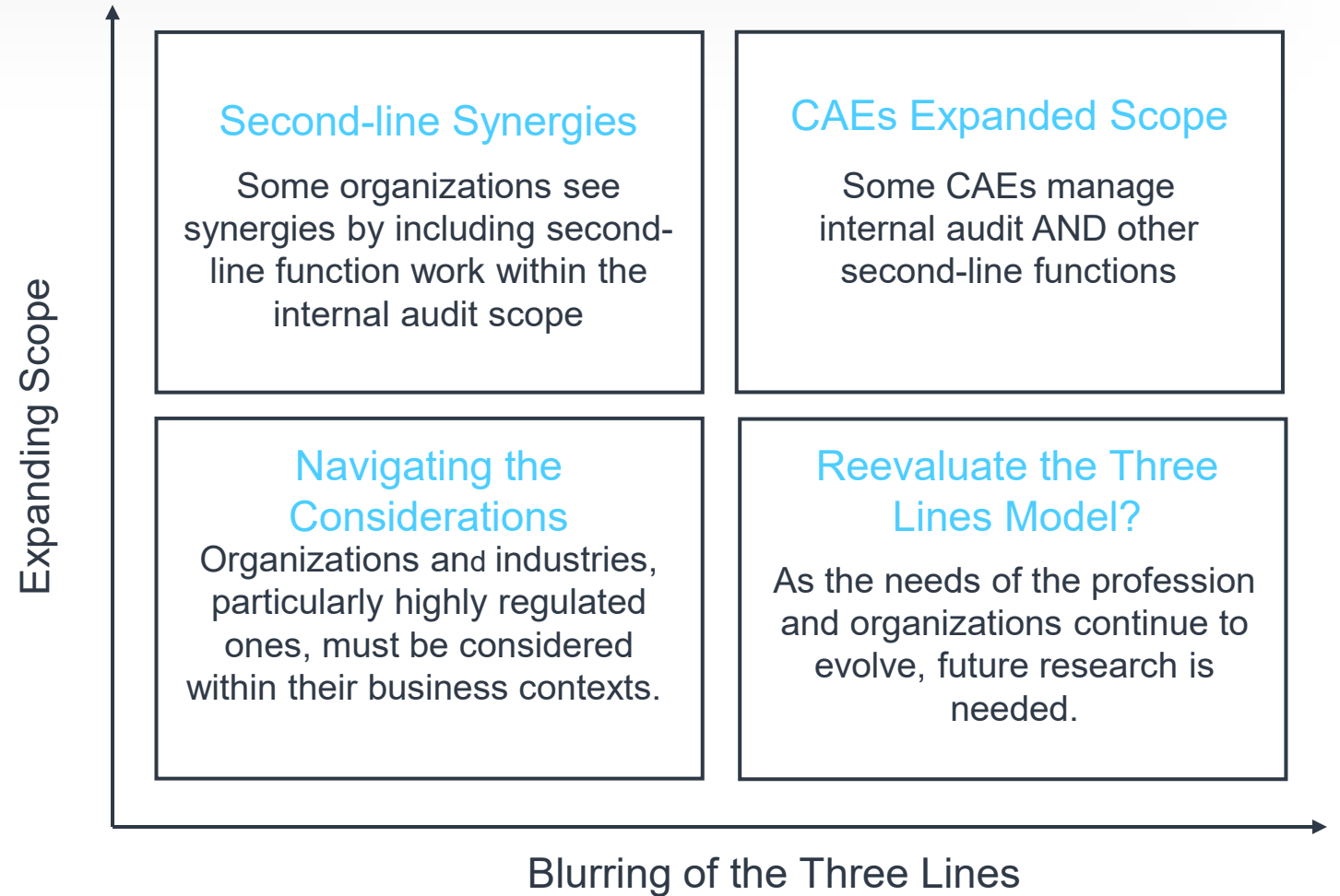
# The Interconnection of Internal Audit and Enterprise Risk Management



Internal audit and enterprise risk management collaborate to strengthen resilience and governance

## The IIA's Three Lines Model

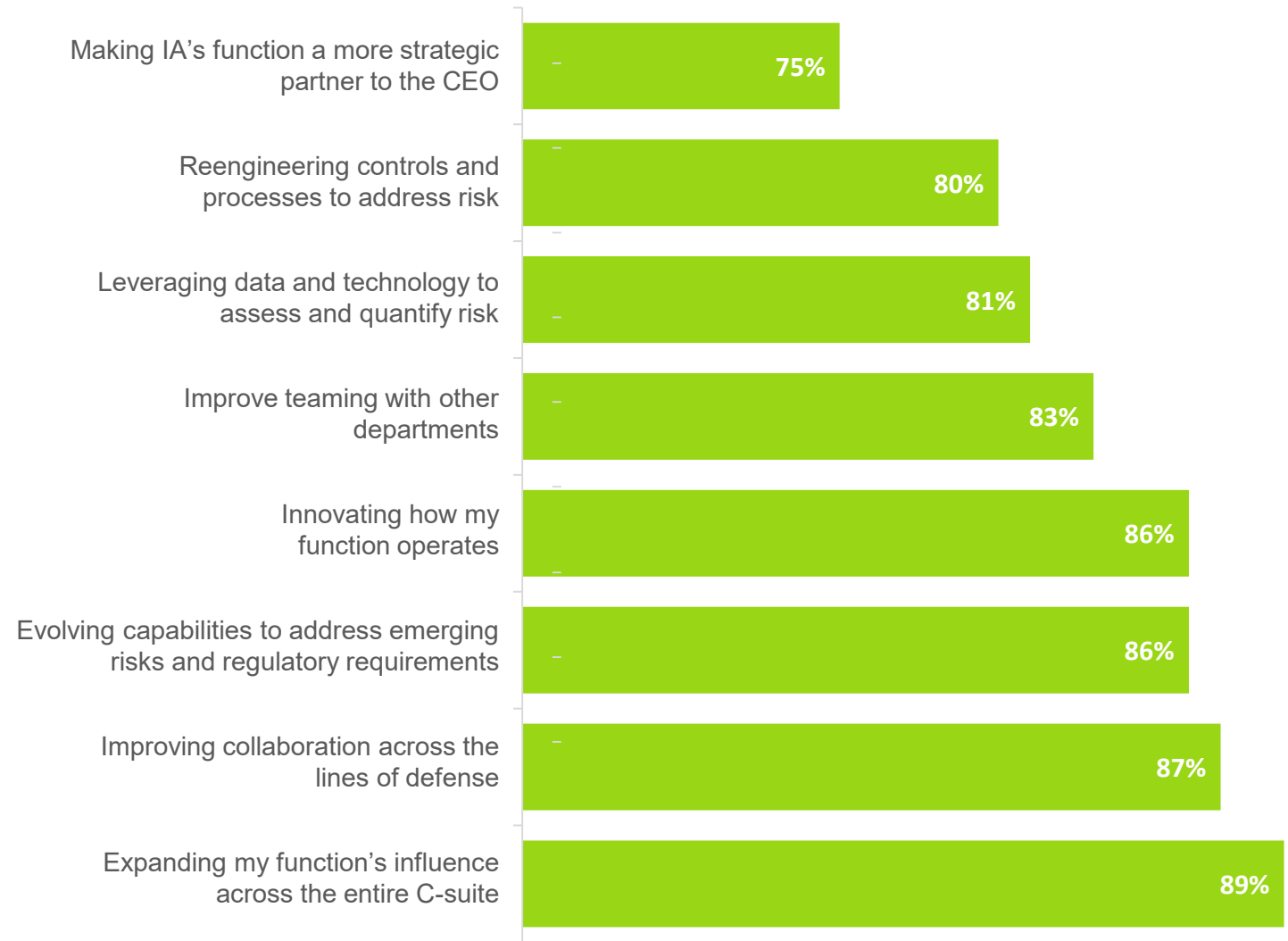
The Three Lines  
are already being  
blurred



When risk leaders align on strategic priorities, we can proactively address external threats, enhance resilience and drive innovation.

When this occurs, we see the following...

## Building Stronger Risk Partnerships for Better Assurance



# Prioritizing Human Capital to Address Risks

CAEs must enhance key competencies on staff to ensure all organizational risks are addressed effectively

Top 5 Areas for Competency Improvement



Building Stronger Risk  
Partnerships for Better  
Assurance

# Making the Shift



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**CAEs must collaborate with ERM:** Better partnerships mean stronger governance and smarter risk mitigation.

**Cybersecurity and talent take priority:** Leverage tools and teamwork to stay resilient.

# Mastering Technology with Continuous Learning

Current mindset: Trust and rely on traditional internal audit methods

# Technology Will Continue Shaping the Evolution of Internal Audit



97%

of respondents agree new technology will increase the volumes of complex data available to analyze and assess.



96%

of respondents agree new technology will enhance an experienced internal auditor's skills to stay relevant.



93%

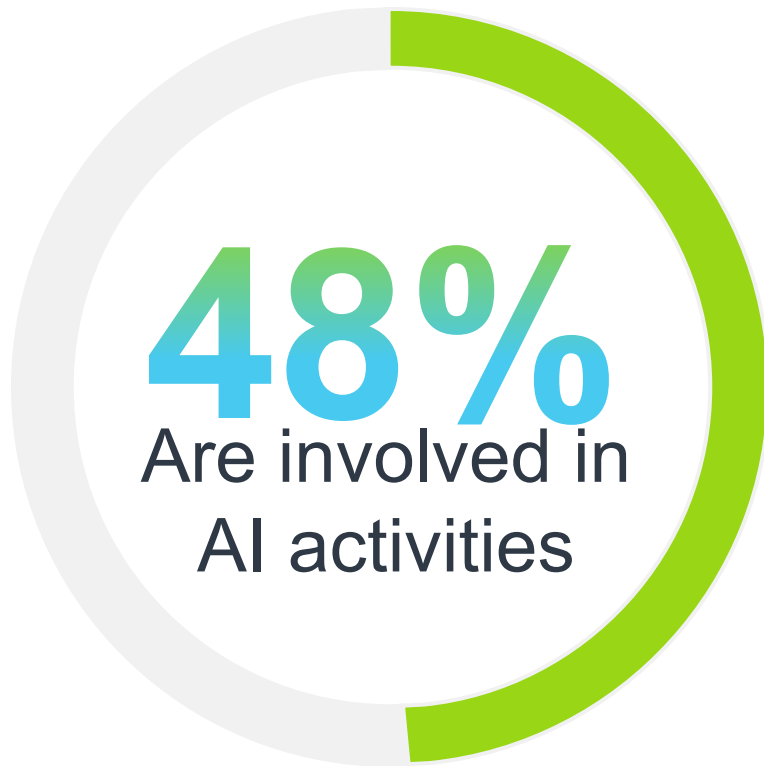
of respondents agree new technology will develop better insights for internal audit recommendations.



92%

of respondents agree new technology is key to helping internal audit add more value to their organization.

# AI in Internal Audit: Optimism vs. Action



Researching future use of artificial Intelligence

22%

Using artificial intelligence for internal audit activities

18%

Auditing use of artificial intelligence in the organization

14%

Providing advisory services for policies related to artificial intelligence

12%

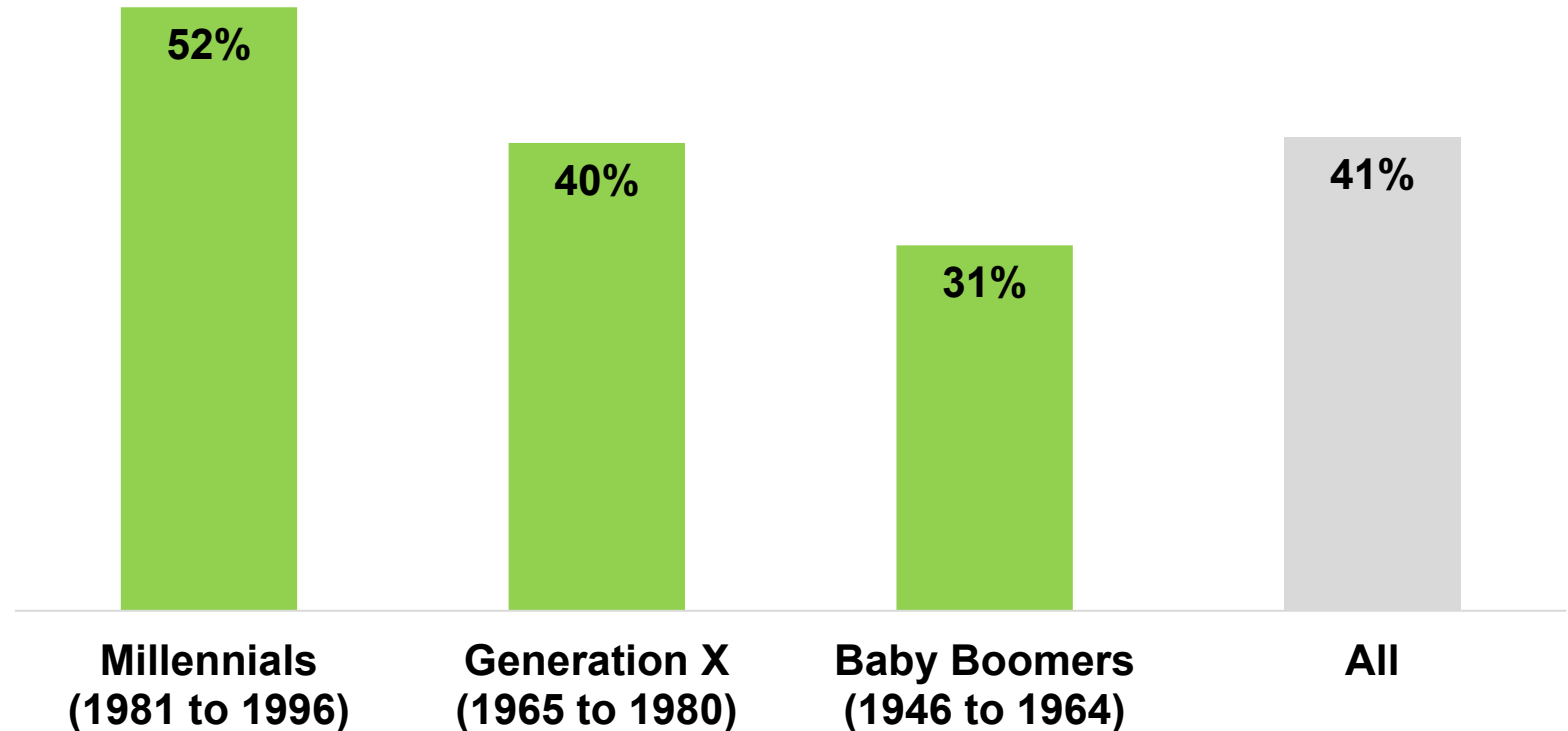
Pre-implementation advisory services on artificial intelligence projects

10%

# Internal Audit and GenAI

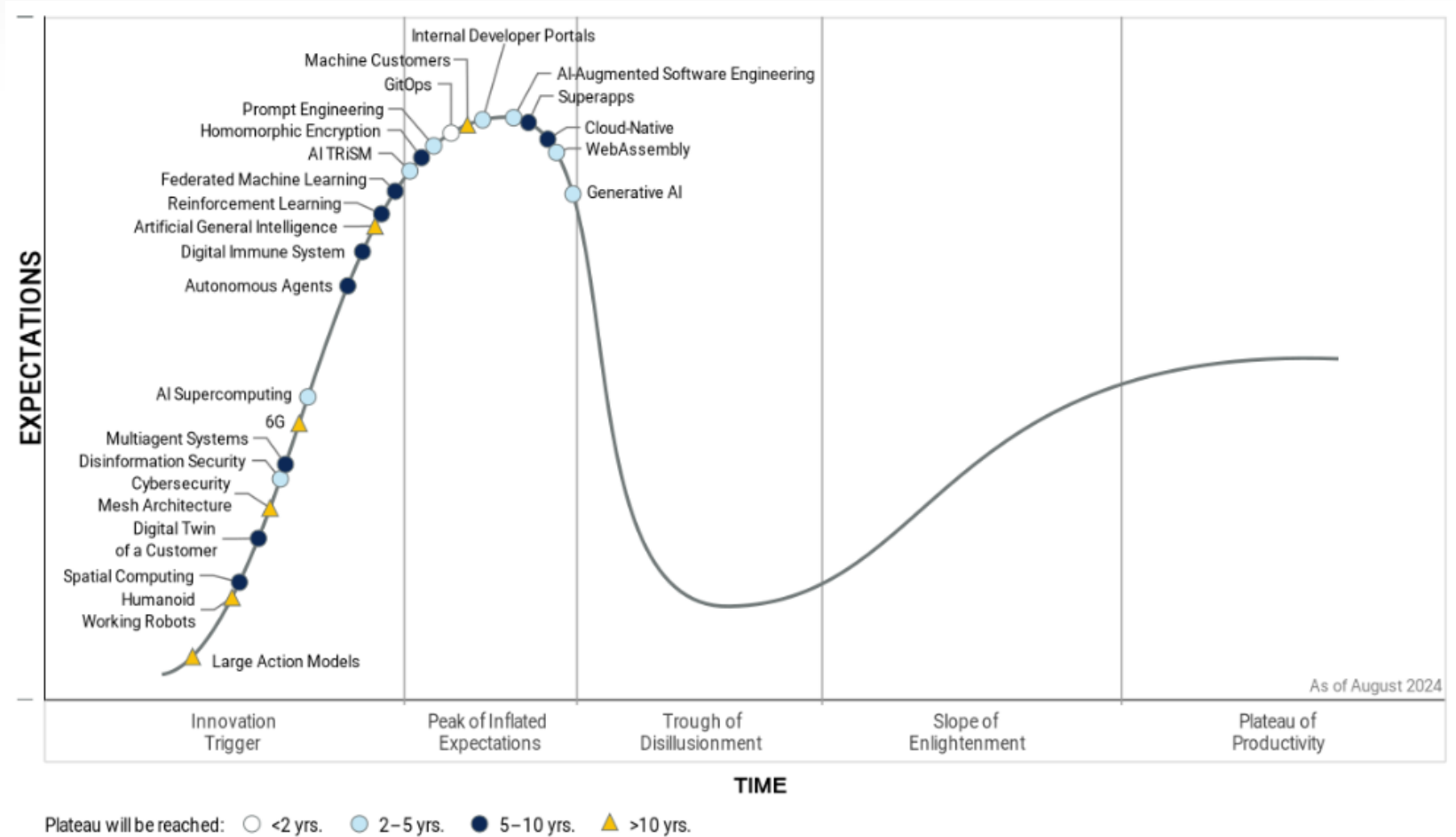
On average, **41% use GenAI for internal activities** – but there is a notable difference between generations

Functions Currently Using GenAI for Internal Audit Activity  
(Compared to CAE's Generation)



# Gartner Hype Cycle for GenAI

These technologies  
have the potential to  
deliver  
transformational  
benefits over the  
next decade



**Data analytics is the most important technology skill for the future, but few functions have advanced implementation**

92%

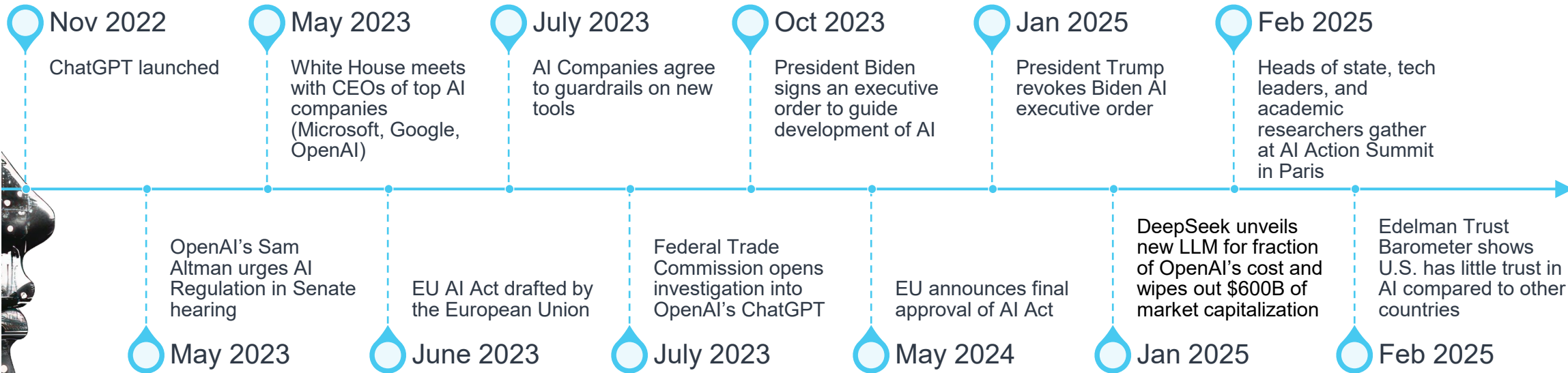
Say data analytics is an extremely/very important technology for the future of the profession

28%

Say their internal audit function uses data analytics at an advanced or high level

Embracing AI as a Catalyst for Change

# Road to AI Regulation

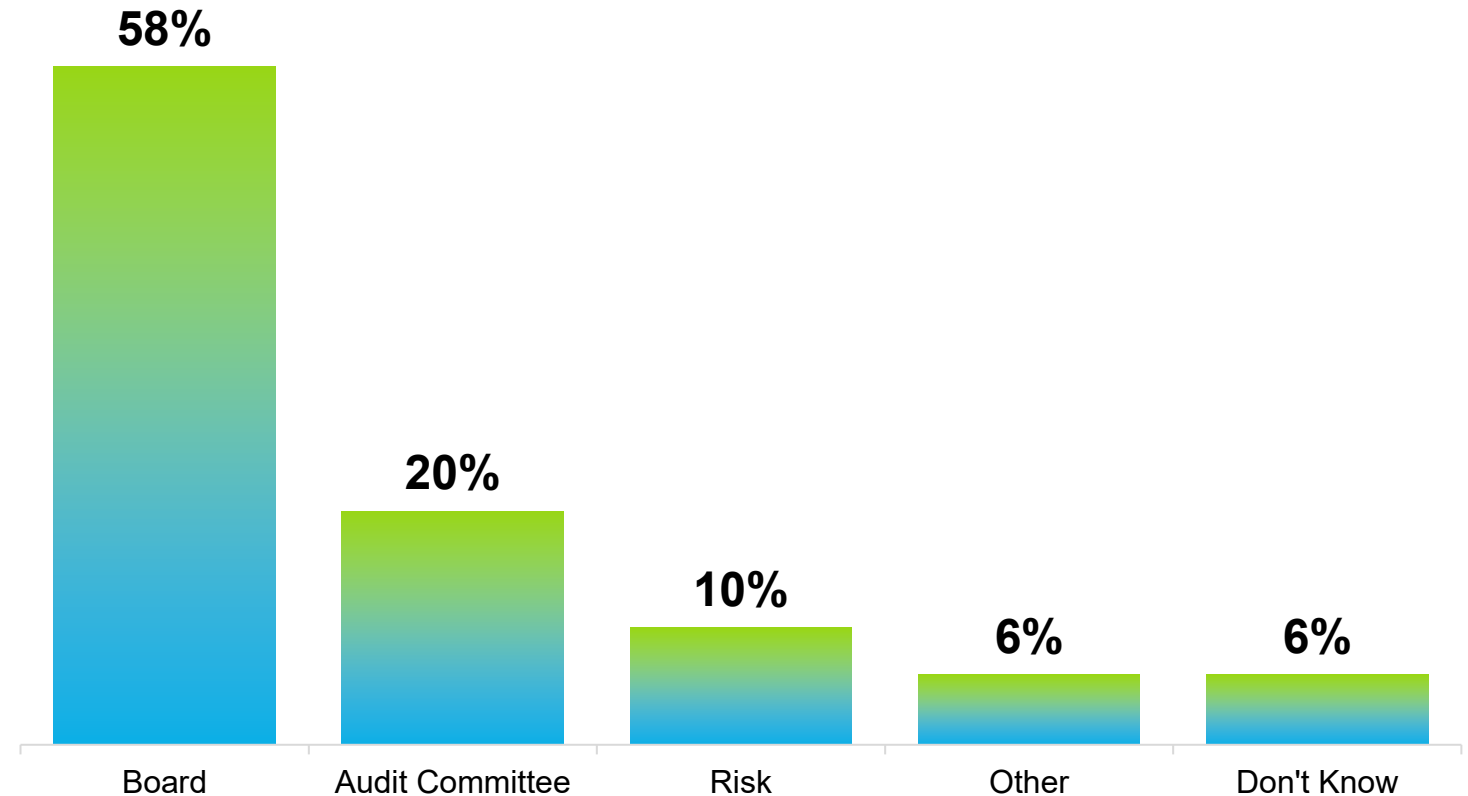


*"We believe that excessive regulation of the AI sector could kill a transformative industry just as it's taking off, and we'll make every effort to encourage pro-growth AI policies." – U.S. Vice President JD Vance*

# AI Governance: A Growing Priority

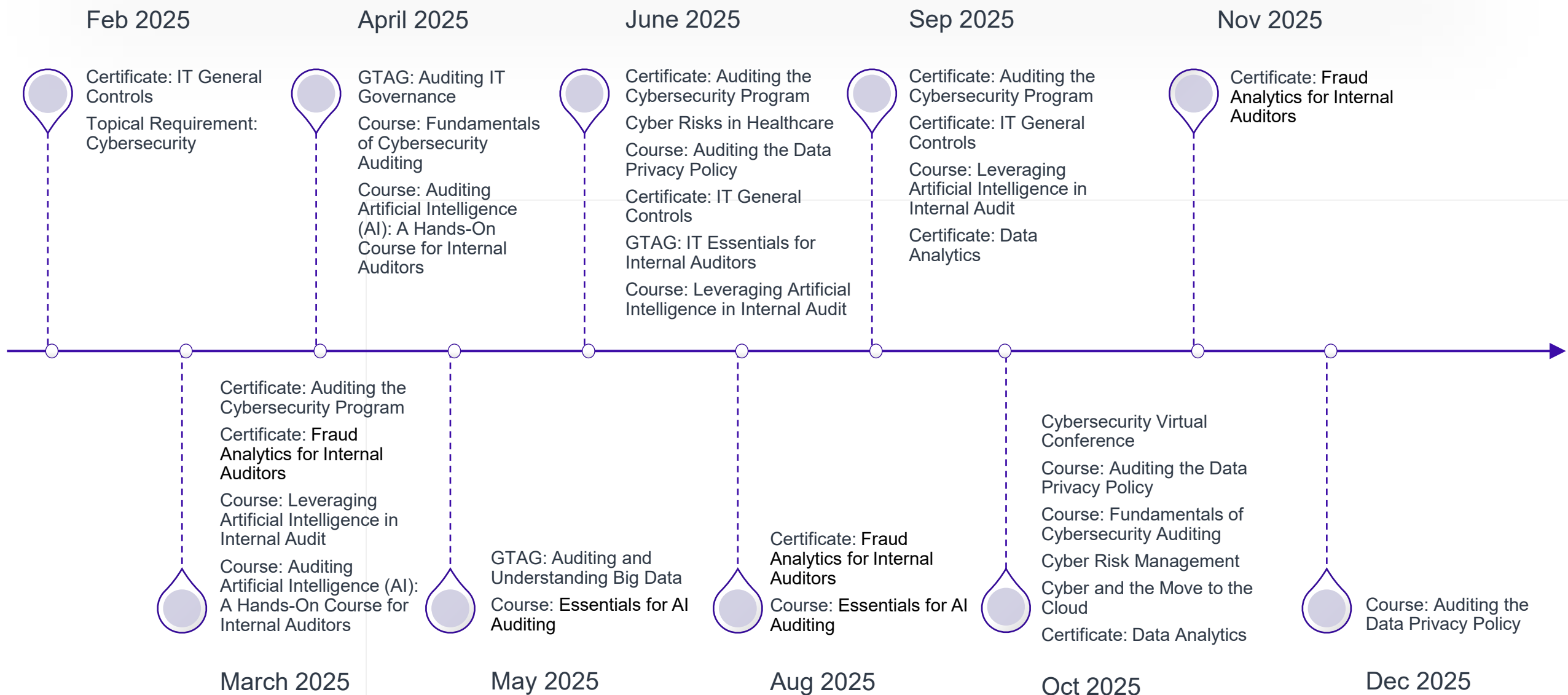
The prioritization of governance is growing among boards and audit committees

## AI Governance



SOURCE: Deloitte's Center for Board Effectiveness and the Center for Audit Quality (CAQ) Audit Committee Practices Report

# Empowering Auditors with Relevant Education and Resources



Mastering Technology with  
Continuous Learning

# Making the Shift



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**AI and data analytics boost audits:** Auditors must invest more to maximize impact.

**AI governance and cybersecurity are top priorities:** Auditors play a key role in managing risk and strategy, and The IIA is providing updated resources and Standards in these areas.

# Owning the Future of Internal Audit

Current mindset: The market will drive the growth of the profession

# New Global Internal Audit Standards™

Aligning with the shifting role of internal auditors by emphasizing:

- Enterprise risk management and governance
- Stakeholder engagement
- Use of technology
- Contribution to strategic objectives
- Focus on continuous improvement



# Addressing the Pervasive Global Risk Areas with Topical Requirements



## Topics Approved by Global Guidance Council

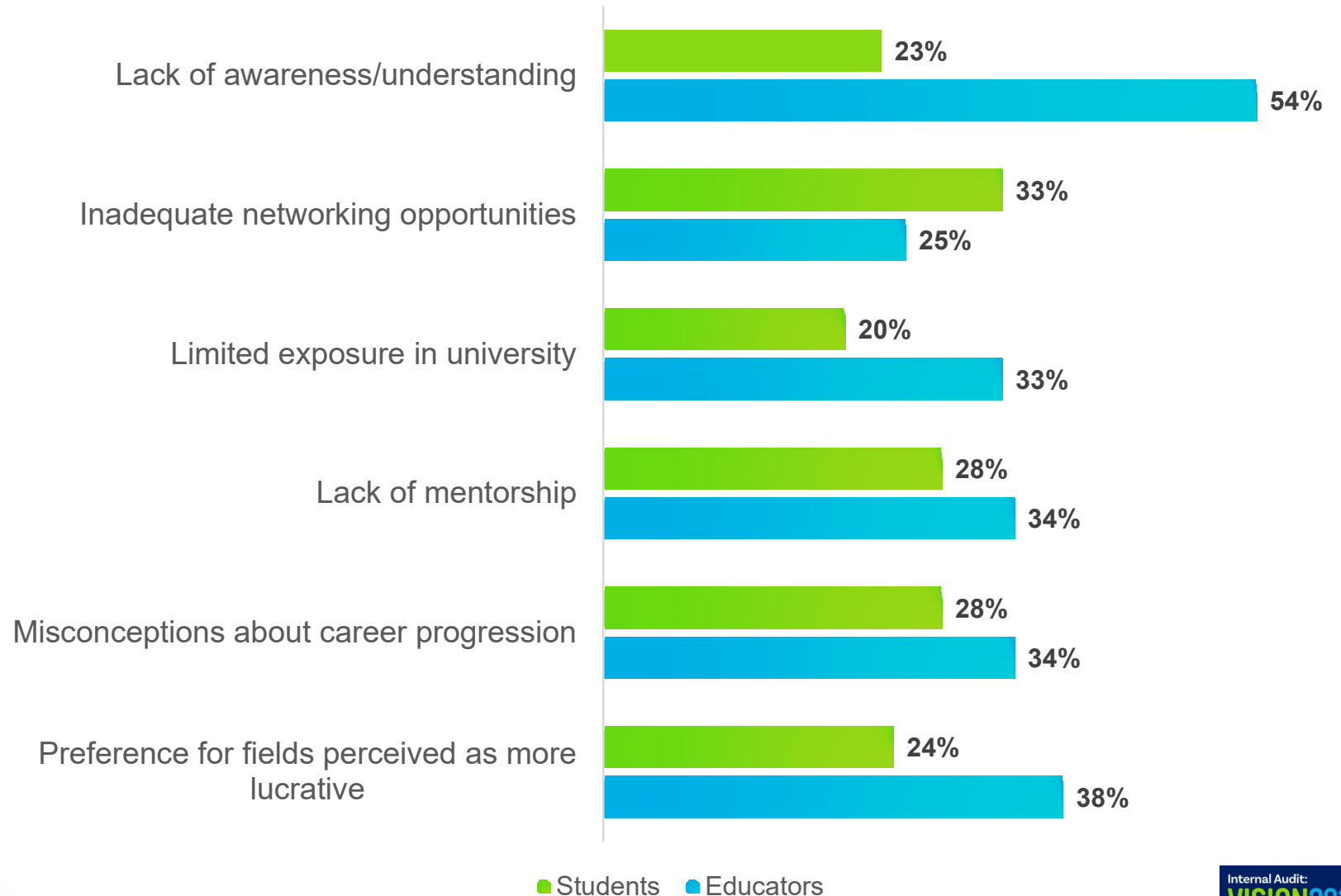
- Cybersecurity
- Third-Party
- Culture
- Business Resiliency

- Anti-Corruption/Bribery
- People Management
- Fraud Risk Management
- Sustainability: ESG

Educators and students have different opinions on what keeps students from pursuing an internal audit career

## Owning the Future of Internal Audit

# The Challenge of Attracting Talent



61%

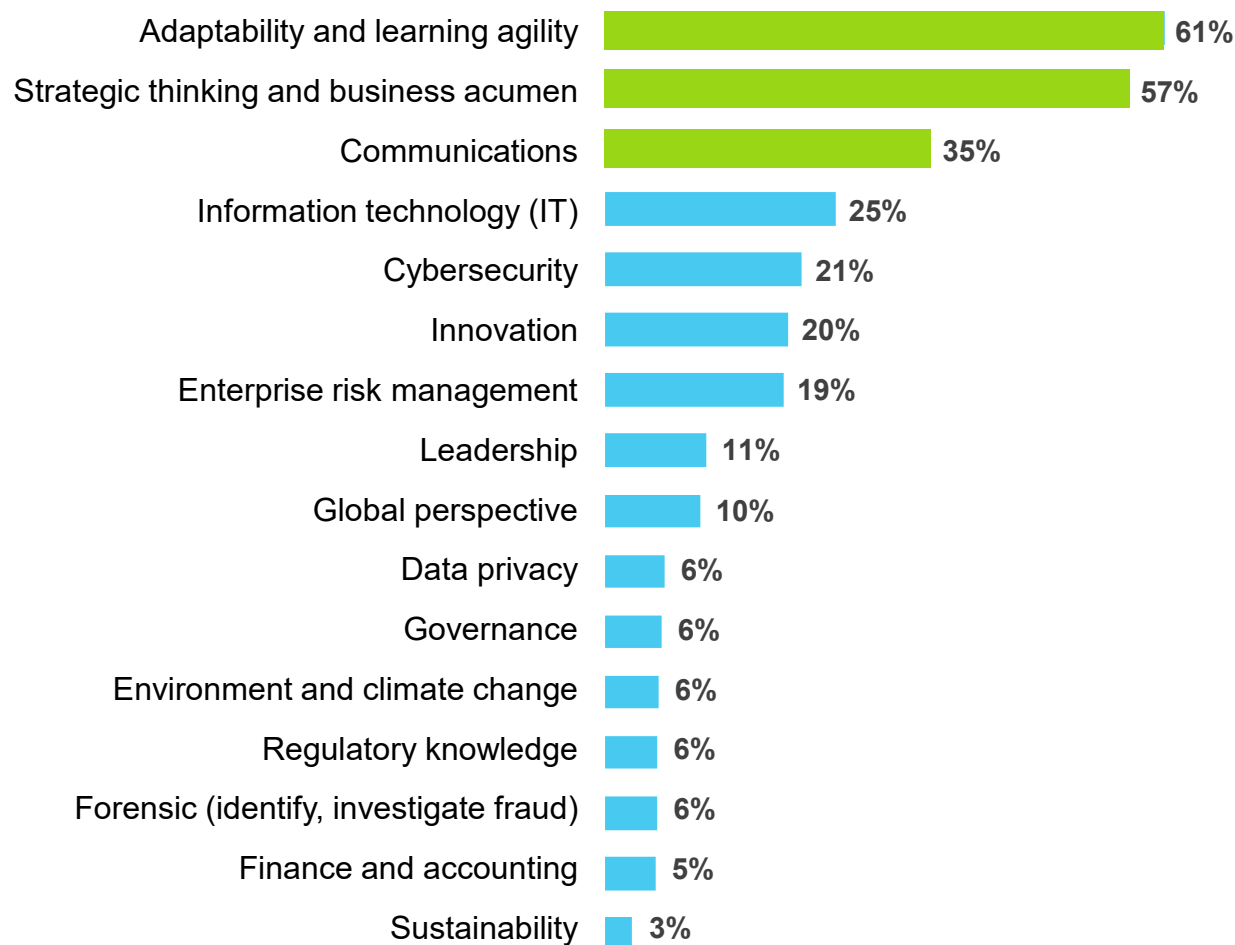
CAEs who rank  
adaptability and learning  
agility as the most critical  
skill for internal auditors  
over the next decade

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Owning the Future of Internal Audit

# Skills for the Future: Adaptability, Strategy, and Business Acumen

## Top 3 Skills Most Critical for Internal Auditors in 10 Years



## Strengthening the Profession's Pipeline

The IIA is hyper-focused on the pipeline – and here is how we aim to grow it over the next decade:



Build  
awareness

Strengthen  
academic  
programs

Establish  
internship  
program

Grow public  
demand

# Level Up: The Next Generation CIA Exam Is Here!



- The current IAP exam will now be Part 1 of the CIA exam
- Up-to-date with the current practice of internal auditing
- Greater alignment between the CIA syllabi and the new Standards
- Reduced duplication and overlap among the three exam parts
- Home in on knowledge, skills, and abilities candidates must have to pass the exam



Learn more

Owning the Future of  
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# Making the Shift



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**Attract top talent by meeting them where they are:** Raise awareness, offer internships, and align with their values.

**Stay agile and keep learning:** Focus on emerging tech and updated certifications like the new CIA exam.

# Propelling the Profession Forward

Key Insights to Advance the Profession

# The New Mindset

**Embrace Technology for Impact:** Invest in AI, data analytics, and automation to stay ahead of emerging risks and enhance audit effectiveness.

**Shift from Reactive to Proactive:** Take an advisory role and collaborate with ERM, driving smarter decision-making and strengthening governance.

**Prioritize Key Risks:** Cybersecurity, AI governance, and human capital must be top priorities, with auditors playing a critical role in managing risk and strategy.

**Build the Future of the Profession** – Attracting top talent requires raising awareness, creating internships, and aligning with younger professionals' values.



embracing change.  
elevating standards.



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CONFERENCE**  
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# THANK YOU!



Mike Varney CIA, CPA  
Past Chairman of the IIA  
North American Board

