

2026

RISK IN FOCUS

Hot topics
for internal
auditors

LATIN AMERICA



Internal Audit
FOUNDATION



Fundación Latinoamericana
de Auditores Internos



ABOUT GLOBAL RISK IN FOCUS

Know Your Risks. Plan Strategically.

Risk in Focus is the Internal Audit's Foundation's premier annual initiative to identify the five most significant risks impacting organizations around the world.

Learn what internal auditors are saying about the:

- Five highest risks in their region
- Five top priorities for internal audit effort
- Key considerations for boards and audit committees

Risk in Focus uses survey results, regional roundtables, and interviews with local experts to reveal key insights about regional risks along with perspective on risks worldwide.

The [Internal Audit Foundation](#) gratefully acknowledges the work of IIA Institutes and IIA regional bodies who make this research possible: African Federation of Institutes of Internal Auditors ([AFIIA](#)), Arab Confederation of Institutes of Internal Auditors (ARABCIIA), Asian Confederation of Institutes of Internal Auditors (ACIIA), European Confederation of Institutes of Internal Auditing ([ECIIA](#)), and Fundación Latinoamericana de Auditing Internos ([FLAI](#)).

Special appreciation goes to the European Institutes Research Group (EIRG), who developed the Risk in Focus research approach in 2016 and continues to publish the report for Europe through the [ECIIA](#).

Reports and board briefings are free to the public for:

- Africa
- Asia Pacific
- Europe
- Latin America
- Middle East
- North America
- Global Summary

Visit the [Risk in Focus Knowledge Center](#) for reports and more information.



Visit the [Risk in Focus Knowledge Center](#) for free reports and board briefings (theiia.org/RiskInFocus).



WORLDWIDE RESEARCH PARTICIPATION

131
countries/
territories

4,073
survey
responses

18
roundtables with
182
participants

24
in-depth
interviews



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EXECUTIVE SUMMARY

Digital Disruption and Geopolitical Risks Surge

Audit leaders across Latin America indicated a dramatic increase in risk levels for digital disruption, driven by elevated cybersecurity risks from artificial intelligence (AI) and fears of falling behind in implementing new technology. Risk ratings for geopolitical uncertainty also rose, as new U.S. trade policies were announced by the Trump administration, sending ripple effects through national economies and individual businesses.

Survey data, along with insights from internal audit leaders at regional roundtables, paint a complex picture of a vexing risk landscape.

Key Points

- New AI tools drove a 17-percentage-point spike in digital disruption risk, now ranked second for the region (Exhibit 3).
- Global trade uncertainty and armed conflicts pushed geopolitical uncertainty risk up 8 percentage points, to fourth place (Exhibit 3).
- Cybersecurity remained the highest risk overall, rated in the Top 5 by 76% of survey respondents (Exhibit 1).
- In response to geopolitical volatility, internal auditors are updating risk assessments and matrices, reviewing contingency planning, and participating in scenario planning.
- In response to AI risks, internal auditors are encouraging their organizations to set up stronger governance processes for selecting, evaluating, and implementing AI products.

Volatility in geopolitics shows little signs of abating in the foreseeable future. Business leaders are concerned about impacts on finances and liquidity, regulations, operations and supply chain, and more. Internal auditors are responding with additional advisory services to help keep leaders informed and position their organizations to proactively avoid or diminish risk impacts.

The adoption of AI by both business and threat actors at an unprecedented pace has changed the nature of commerce in the region. Organizations are scrambling to take advantage of the benefits of AI while raising defenses against the new cyber threats it enables. Latin American organizations face an inadequate digital infrastructure, limited cyber-skilled workforce, and stressed national economies that threaten to hold back progress in this area.

Audit leaders are keenly aware of the complexity of the risk environment and the need to provide value with timely and relevant assurance and advisory services. In addition to survey results from 863 internal auditors in Latin America and more than 4,000 worldwide, the Latin America Risk in Focus 2026 report features practical ways for internal auditors and stakeholders to address their rapidly changing risk environment, based on roundtables and interviews with leaders in the region.

LATIN AMERICA RESEARCH PARTICIPATION

- **863** survey responses
- **18** countries/territories
- **2** roundtables with **26** participants
- **2** interviews



See more details in Acknowledgments.



SECTION 1. LATIN AMERICA'S RISK ENVIRONMENT

Risk Rankings Shuffle as New Threats Rise

Digital disruption vaulted into second place in the risk rankings, with a 17-percentage point jump in CAEs who said it was one of the Top 5 risks facing their organizations (Exhibit 3).

At the same time, new U.S. trade policies launched by the Trump administration in May 2025, pushed geopolitical risk up 8 percentage points, to be ranked fourth. These policy shifts were announced as the survey was in progress, and it is likely that the risk continued to increase in the months that followed.

While geopolitical and digital disruption risks rose, cybersecurity remained at the top of the risk ranking, with 76% of CAEs choosing it as a Top 5 risk.

In this changing risk environment, two risks dropped notably lower in the ratings – business resilience (down 14 percentage points), followed by human capital (down 6 percentage points).

Ultimately, the five highest ranked risks for Latin America were (Exhibit 1):

- Cybersecurity (76%)
- Digital disruption (including AI) (54%)
- Regulatory change (49%)
- Geopolitical uncertainty (45%)
- Human capital (40%)

Industry differences

Appendix C shows the risk ratings per industry, revealing special areas of heightened risk in almost all of them. These are examples of some notably high risks in selected industries:

- **Administrative/support services** – fraud
- **Agriculture/forestry/fishing** – climate change/environment
- **Education** – financial/liquidity and organizational culture
- **Financial services** – financial/liquidity
- **Manufacturing** – business resilience
- **Mining/energy/water** – business resilience and climate change/environment
- **Professional/technical activities** – business resilience
- **Public sector** – human capital and organizational culture
- **Wholesale/retail** – organizational culture and supply chain

While geopolitical and digital disruption risks rose, cybersecurity remained at the top of the risk ranking.



LATIN AMERICA’S RISK ENVIRONMENT

Regional risk compared to global

Geopolitical risk in Latin America was higher than the global average by 7 percentage points. Latin America joined North America and Europe as having the highest geopolitical risk (Appendix D, Exhibit 1). Fraud risk in Latin America also rated higher than the global average (9 percentage points higher) (Exhibit 2). The only region with a higher rating for fraud than Latin America was Africa (Appendix D, Exhibit 1.)

Audit priorities

Survey respondents were asked to indicate the five areas where their internal audit functions spent the most time and effort. The largest increase by far was 10 percentage points for digital disruption (including AI). Even with this large increase, a sizeable gap remains between risk rating (54%) and audit priority (29%) (Exhibit 9).

The next largest shift in audit priority was an increase of 6 percentage points for regulatory change, likely due in part to geopolitical changes. Risk levels and audit priority are closely aligned for regulatory change (Exhibit 9).

Although geopolitical uncertainty was a high-risk area in Latin America (45%), it was quite low for audit priority (16%) (Exhibit 9). Roundtable participants explained that the issue is in the auditability of this area. Geopolitical uncertainty is difficult to audit directly, but high geopolitical

risk drives effort in other areas that are in the Top 5 audit priorities, including regulatory change, financial/liquidity, and governance/corporate reporting.

Audit priority in Latin America is steadily shifting away from business resilience, dropping 13 percentage points since 2023 (Exhibit 7).

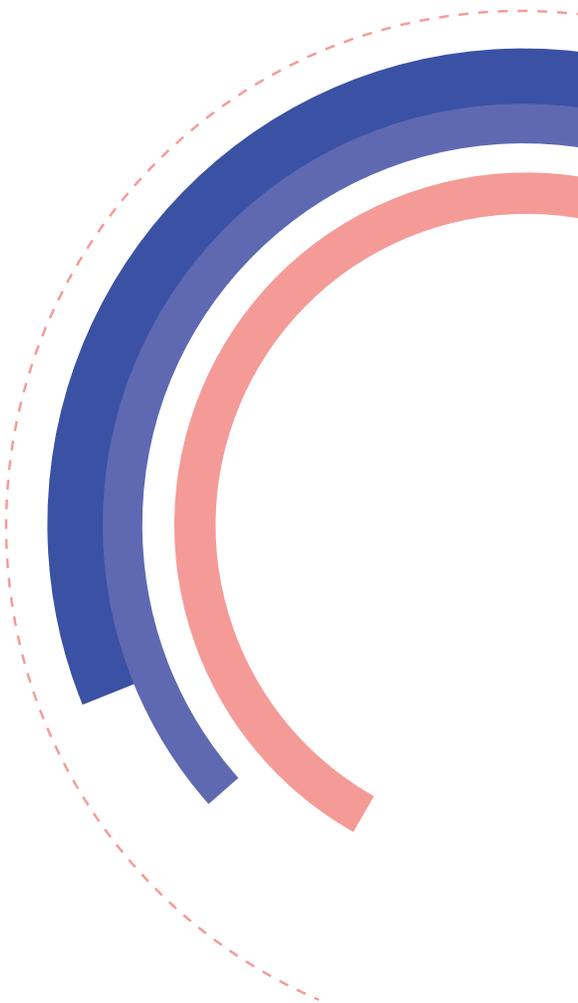
Regional audit priorities compared to global

Latin American CAEs had fairly similar audit priorities as the global average, with 4 out of the Top 5 audit priority areas the same. The biggest difference was for fraud, taking third place in Latin America, while it was sixth for the global average (Exhibit 6). Latin America’s higher audit priority for fraud aligns with the region’s higher risk levels for fraud (compared to the global average). It’s worth noting that Latin America was one of only two regions where business resilience was not one of internal audit’s highest audit priorities (Appendix D, Exhibit 2).

A closer look at urgent risks

Based on survey results and roundtables, the featured topics for this year’s Risk in Focus report for Latin America are geopolitical uncertainty and digital disruption. See Section 5 for insights on how internal audit and their organizations are meeting challenges in these high-risk areas.

Latin America joined North America and Europe as having the highest geopolitical risk among world regions.



SECTION 2. RISK LEVELS

Exhibit 1. Latin America – Highest Risks

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

Latin America – Highest Risks



■ Highest risks

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 863$ for Latin America.



RISK LEVELS

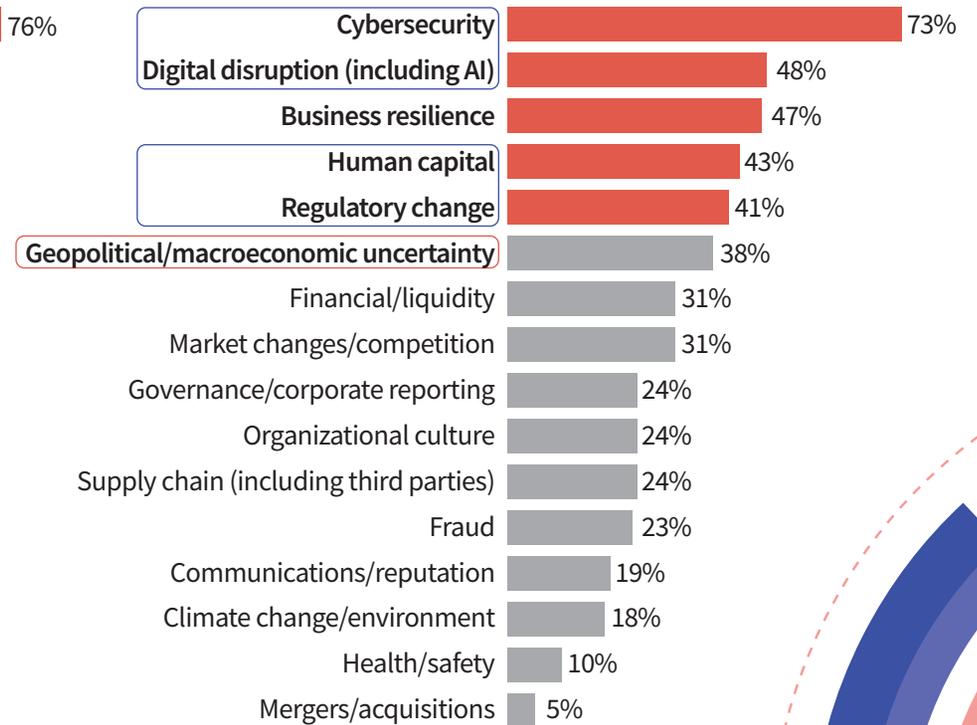
Exhibit 2. Latin America vs. Global – Highest Risks

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

Latin America – Highest Risks



Global – Highest Risks



■ Highest risks
 Areas with high risk levels for both the region and global
Areas with high risk for the region but lower risk for global

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 863 for Latin America. n = 4,073 for global.



RISK LEVELS

Exhibit 3. Latin America – Risk Level Trend

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
75%	74%	76%		+2	Cybersecurity
38%	37%	54%		+17	Digital disruption (including AI)
48%	45%	49%		+4	Regulatory change
42%	37%	45%		+8	Geopolitical/macroeconomic uncertainty
44%	46%	40%		-6	Human capital
47%	49%	35%		-14	Business resilience
33%	33%	32%		-1	Financial/liquidity
30%	32%	32%		0	Fraud
26%	28%	28%		0	Organizational culture
22%	29%	25%		-4	Climate change/environment
26%	26%	24%		-2	Market changes/competition
22%	17%	19%		+2	Communications/reputation
18%	18%	16%		-2	Governance/corporate reporting
16%	17%	15%		-2	Supply chain (including third parties)
8%	9%	6%		-3	Health/safety
3%	4%	5%		+1	Mergers/acquisitions

Increased risk level compared to prior year Decreased risk level compared to prior year

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 863 for Latin America.

Note 2: The orange and blue bars show the difference in risk level ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest risk level rating for 2025. The years indicate the year the survey was conducted.



RISK LEVELS

Exhibit 4. Global – Risk Level Trend

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
73%	71%	73%		+2	Cybersecurity
34%	39%	48%		+9	Digital disruption (including AI)
47%	54%	47%		-7	Business resilience
51%	49%	43%		-6	Human capital
39%	37%	41%		+4	Regulatory change
30%	28%	38%		+10	Geopolitical/macroeconomic uncertainty
32%	32%	31%		-1	Financial/liquidity
32%	32%	31%		-1	Market changes/competition
27%	26%	24%		-2	Governance/corporate reporting
26%	25%	24%		-1	Organizational culture
26%	22%	24%		+2	Supply chain (including third parties)
24%	27%	23%		-4	Fraud
21%	21%	19%		-2	Communications/reputation
19%	21%	18%		-3	Climate change/environment
11%	11%	10%		-1	Health/safety
6%	6%	5%		-1	Mergers/acquisitions

Increased risk level compared to prior year Decreased risk level compared to prior year

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 4,073 for global.

Note 2: The orange and blue bars show the difference in risk level ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest risk level rating for 2025. The years indicate the year the survey was conducted.



SECTION 3. AUDIT PRIORITIES

Exhibit 5: Latin America – Highest Audit Priorities

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Latin America – Highest Audit Priorities



Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 863 for Latin America.

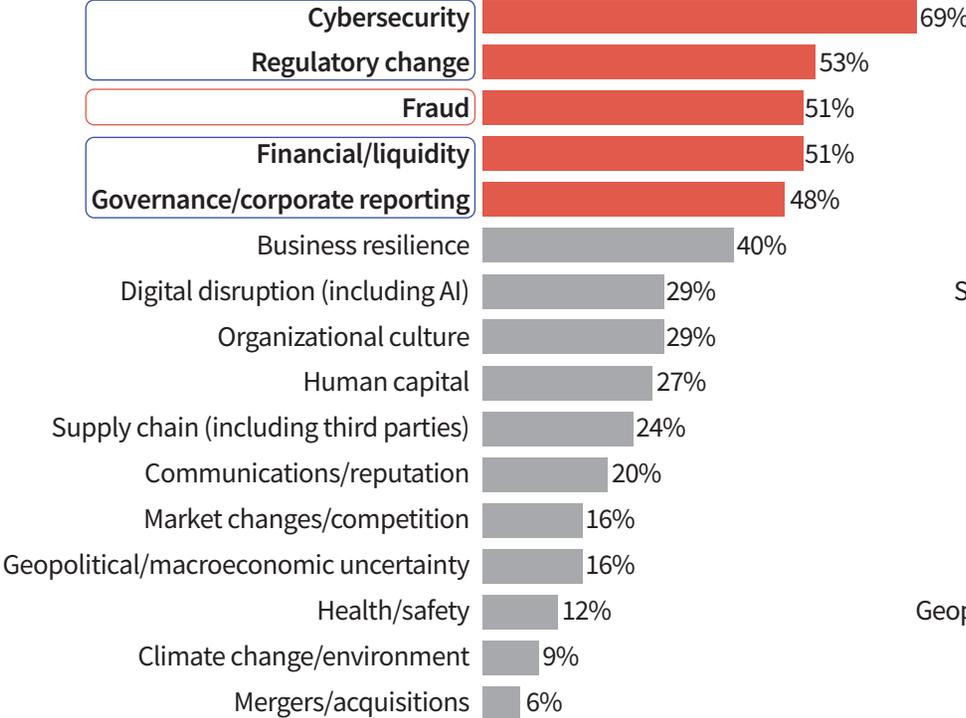


AUDIT PRIORITIES

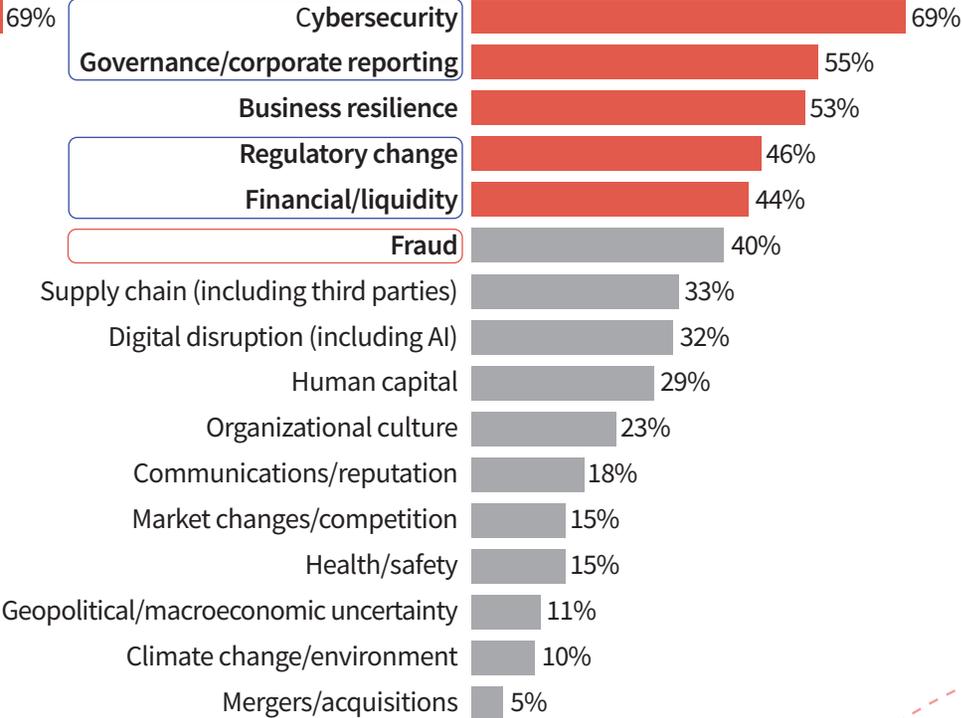
Exhibit 6. Latin America vs. Global – Highest Audit Priorities

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Latin America – Highest Audit Priorities



Global – Highest Audit Priorities



■ Highest audit priorities
 Areas with high audit priority for both the region and global
Areas with high audit priority for the region but lower audit priority for global

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 863 for Latin America. n = 4,073 for global.



AUDIT PRIORITIES

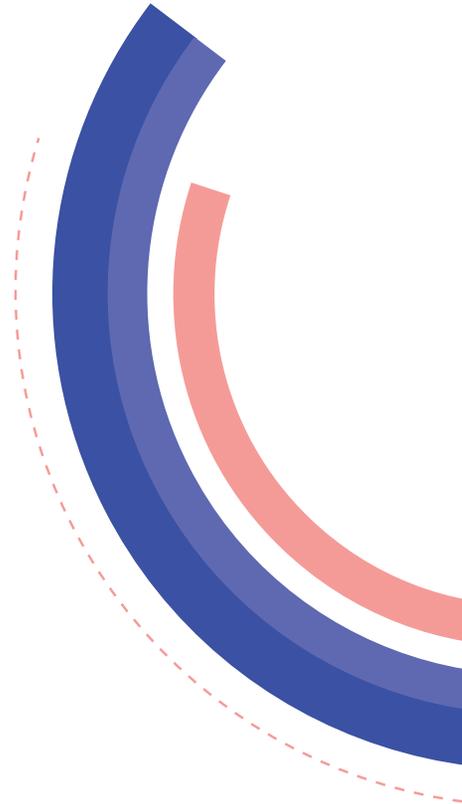
Exhibit 7. Latin America – Audit Priority Trend

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
66%	67%	69%		+2	Cybersecurity
50%	47%	53%		+6	Regulatory change
47%	52%	51%		-1	Fraud
50%	49%	51%		+2	Financial/liquidity
46%	46%	48%		+2	Governance/corporate reporting
53%	49%	40%		-9	Business resilience
24%	19%	29%		+10	Digital disruption (including AI)
29%	30%	29%		-1	Organizational culture
28%	29%	27%		-2	Human capital
28%	29%	24%		-5	Supply chain (including third parties)
23%	22%	20%		-2	Communications/reputation
17%	17%	16%		-1	Market changes/competition
13%	12%	16%		+4	Geopolitical/macroeconomic uncertainty
12%	14%	12%		-2	Health/safety
8%	11%	9%		-2	Climate change/environment
5%	7%	6%		-1	Mergers/acquisitions

Increased audit priority compared to prior year Decreased audit priority compared to prior year

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 863 for Latin America.
 Note 2: The orange and blue bars show the difference in audit priority ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest audit priority rating for 2025. The years indicate the year the survey was conducted.



AUDIT PRIORITIES

Exhibit 8. Global – Audit Priority Trend

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
68%	69%	69%		0	Cybersecurity
55%	56%	55%		-1	Governance/corporate reporting
54%	55%	53%		-2	Business resilience
46%	46%	46%		0	Regulatory change
45%	45%	44%		-1	Financial/liquidity
42%	41%	40%		-1	Fraud
34%	31%	33%		+2	Supply chain (including third parties)
22%	25%	32%		+7	Digital disruption (including AI)
30%	31%	29%		-2	Human capital
24%	23%	23%		0	Organizational culture
20%	20%	18%		-2	Communications/reputation
16%	16%	15%		-1	Market changes/competition
17%	16%	15%		-1	Health/safety
9%	8%	11%		+3	Geopolitical/macroeconomic uncertainty
11%	12%	10%		-2	Climate change/environment
6%	6%	5%		-1	Mergers/acquisitions

■ Increased audit priority compared to prior year ■ Decreased audit priority compared to prior year

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 4,073 for global.
 Note 2: The orange and blue bars show the difference in audit priority ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest audit priority rating for 2025. The years indicate the year the survey was conducted.



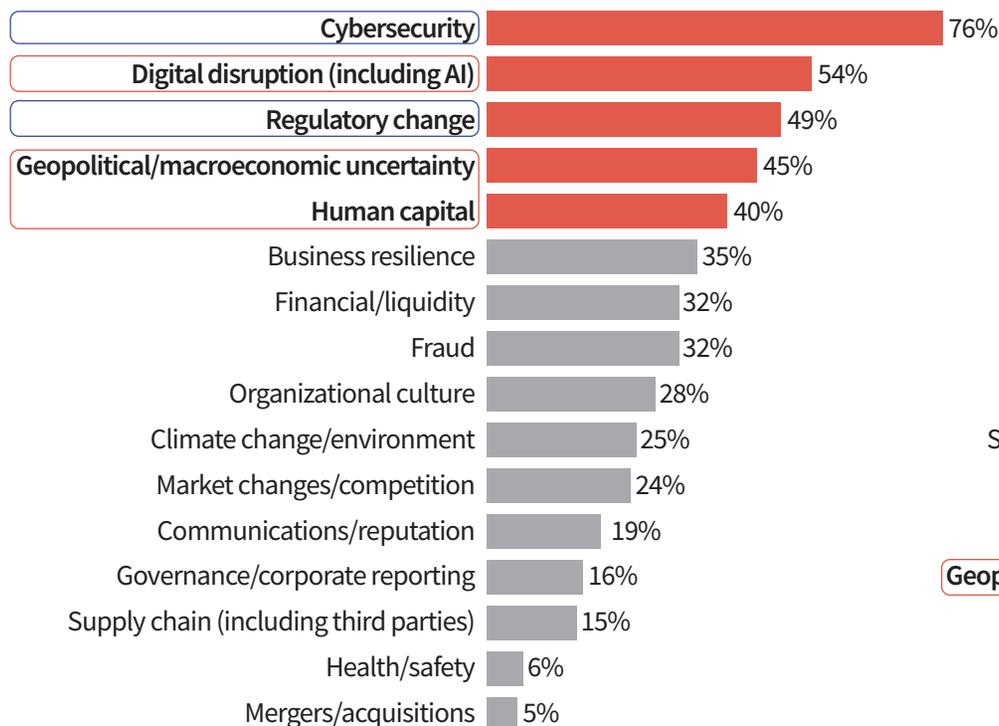
SECTION 4. RISK VS. AUDIT PRIORITIES

Exhibit 9. Latin America – Risk vs. Audit Priorities

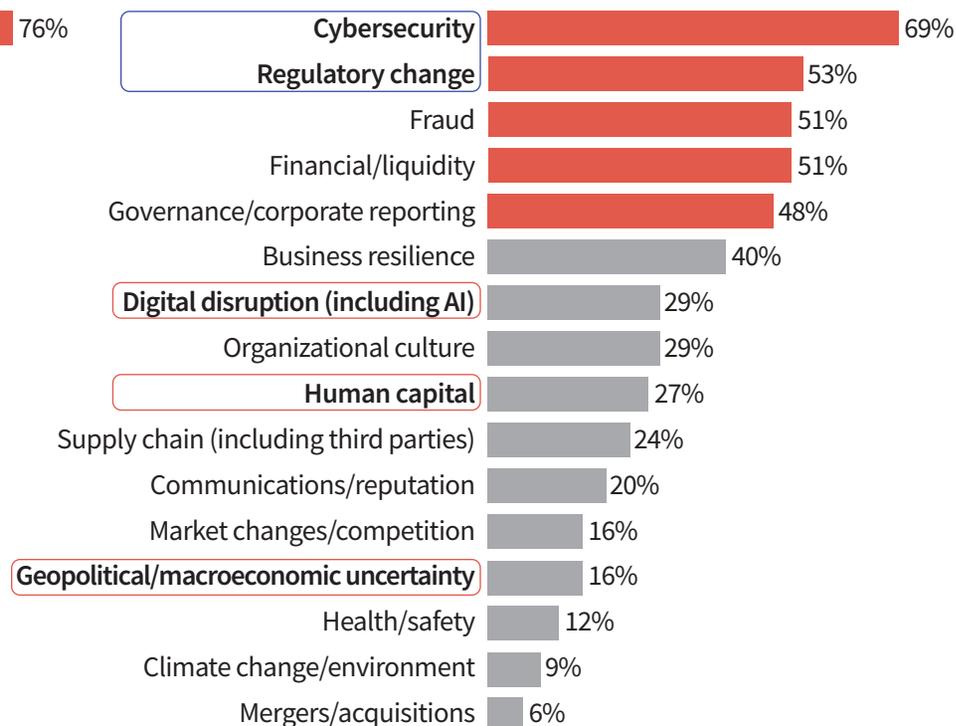
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Latin America – Highest Risks



Latin America – Highest Audit Priorities



■ Highest risks and audit priorities □ Areas with both high risk and high audit priority □ Areas with high risk but lower audit priority

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 863 for Latin America.



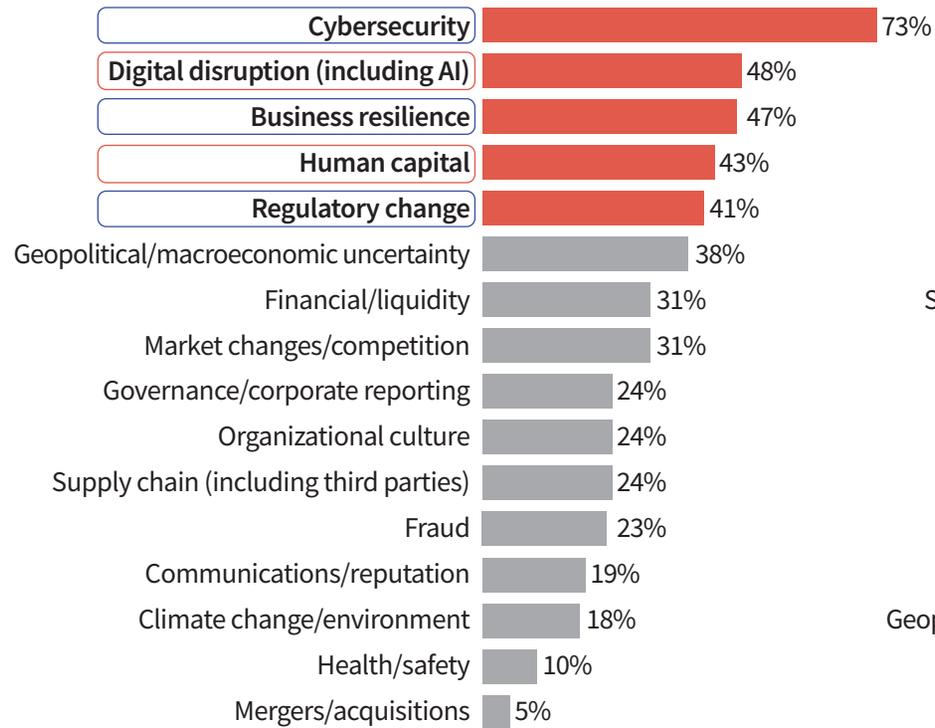
RISK VS. AUDIT PRIORITIES

Exhibit 10. Global – Risk vs. Audit Priorities

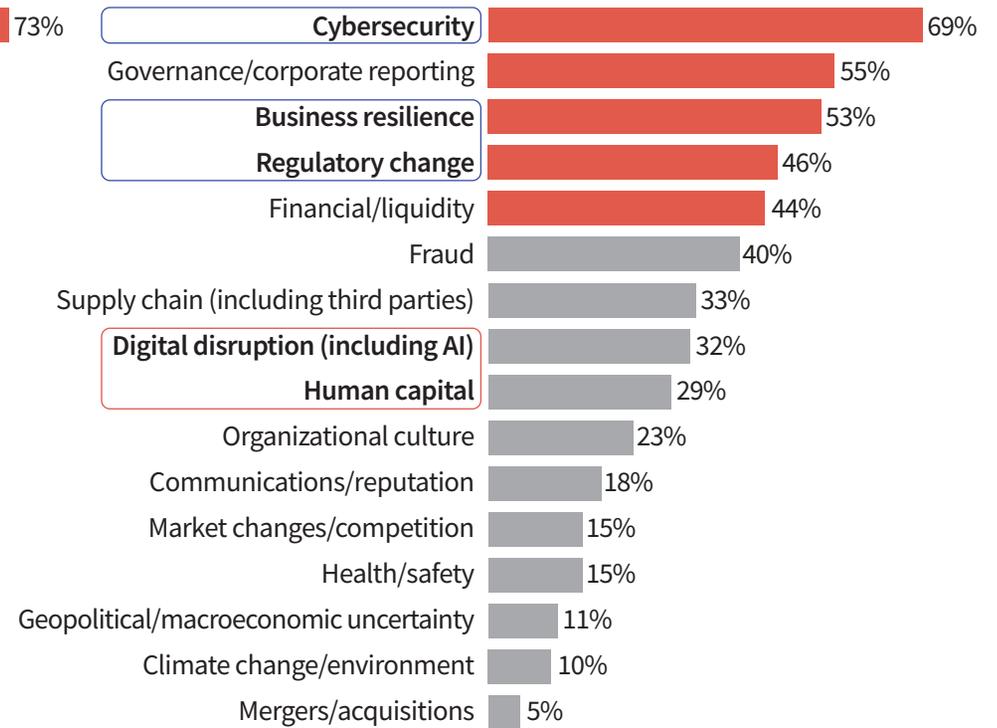
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Global – Highest Risks



Global – Highest Audit Priorities



■ Highest risks and audit priorities
 Areas with both high risk and high audit priority
Areas with high risk but lower audit priority

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 4,073 for global.



SECTION 5. HOT TOPICS

GEOPOLITICAL UNCERTAINTY

U.S. Trade Policies Increase Geopolitical Concerns

A slew of new U.S. tariffs are increasing financial, regulatory, and operational risks, and stoking more geopolitical anxiety in the region. This concern was reflected in a sharp rise in the percentage of Latin American internal audit leaders who listed geopolitical uncertainty as a Top 5 risk in their organizations (Exhibit 3).

The U.S. policy shifts were announced by the Trump administration as the Risk in Focus survey was in progress, making it likely that this risk continued to increase after the survey ended.

“The United States recently had a change in government, and we all know what this has brought,” an internal audit manager for a Nicaraguan retailer said during a roundtable discussion. Business leaders are concerned about how new tariff levels and policies will impact key risk areas for their organizations, such as:

- Finances and liquidity
- Regulations
- Operations and supply chain

These impacts are layered on top of the region’s existing political challenges, which are already causing economies and businesses to struggle.

Internal auditors are supporting their organizations by considering new risks during assurance activities and

providing more advisory services to help keep leaders informed so they can act pre-emptively to diminish impacts.

Financial and liquidity risks

Several roundtable speakers noted the potential negative impacts that geopolitical uncertainty could have on national economies, which could force changes in monetary policy and aggravate sociopolitical conditions.

In Nicaragua, for example, an increasingly authoritarian regime has drawn international condemnation as well as economic sanctions. The country, which has the second-lowest per capita income in the Western Hemisphere, has seen the flight of more than 700,000 residents for political and economic reasons since 2018, according to a [Congress.gov](https://www.congress.gov) briefing. One Nicaragua-based auditor noted the general difficulties of operating a business in such harsh conditions, and worried that the changing geopolitical landscape could aggravate an already tenuous economy, which has been in recession since June 2024.



GEOPOLITICAL UNCERTAINTY

Venezuela is in a similar position where the U.S. and others imposed economic sanctions because of the country's authoritarian leadership. In March, the Trump administration revoked Chevron's license to operate in Venezuela, according to a [Congress.gov](#) briefing. How that action will impact the nation remains to be seen, but it seems likely to worsen its economic crisis.

Internal audit leaders are concerned about other countries in Latin America following in the footsteps of Nicaragua and Venezuela and moving toward authoritarian regimes, especially with elections approaching in 2026 for important countries in the Latin American economy, such as Brazil.

Dollarization

The effectiveness of different monetary strategies in the region is widely debated, particularly [dollarization](#), when a foreign currency (often the U.S. dollar) is used instead of the local currency. The extent of dollarization in a country is often measured by the ratio of foreign currency deposits compared to total bank deposits.

Several factors have led to dollarization in Latin American economies and businesses. Some countries have adopted the U.S. dollar as their trading currency because of its liquidity and stability. Additionally, some Latin American countries have changed currencies several times over the past few decades or turned to dollarization to address runaway inflation. [Argentina](#) recently turned to the dollar to help stabilize inflation, although the country's peso remains the official currency.

A Chile-based financial services audit leader said the lack of dollars in his country's financial system creates significant challenges. "This weighs heavily on business decisions," he said. In contrast, a Costa Rican internal audit leader said that because his country's economy is not fully dollarized, the nation's Central Bank can implement monetary policies to protect its interests.

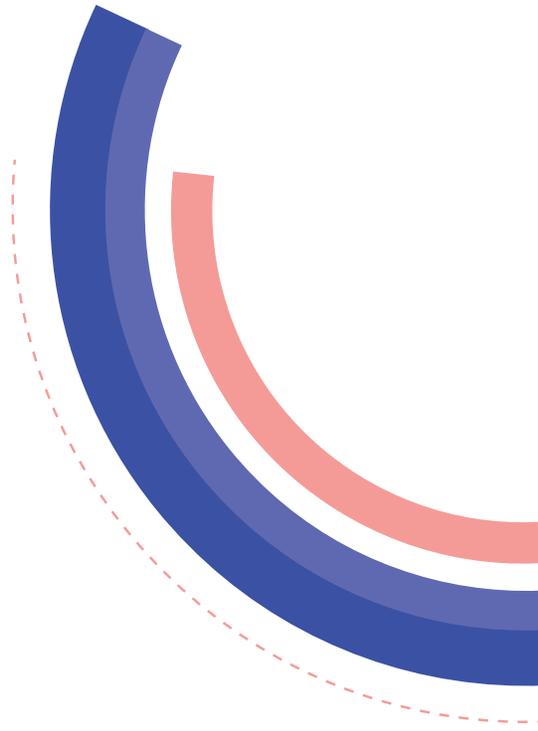
The highest end of the dollarization spectrum is when the U.S. dollar is adopted as the official currency, as in [Panama](#), [Ecuador](#), and [El Salvador](#). These countries have less monetary control, but potentially more financial stability.

Interest rates

Interest rates are another key consideration for financial risks, an internal audit leader in Peru noted. He urged his colleagues to closely monitor interest rates. "Interest rates are definitely a key element for the financial sector," he said. "How can we respond quickly to changes? We have to be very diligent." This, in turn, impacts the areas in which internal audit spends time and effort, he added. "There's a direct relationship in the case of the financial sector between geopolitical and macroeconomic changes and the attitude of the board of directors," he said. "That ultimately determines audit priorities."

Regulatory risks

Internal audit leaders in Latin America increased audit priority ratings for regulatory risks by 6 percentage points over the prior year (Exhibit 7). Weak or ineffective trade policies in some countries create challenges that are compounded by geopolitical uncertainty.



"There's a direct relationship in the case of the financial sector between geopolitical and macroeconomic changes and the attitude of the board of directors."



GEOPOLITICAL UNCERTAINTY

Many challenges for business in Latin America are created wholly or in part by internal political and social disruption, roundtable participants said. As a result, organizations have had to learn to be adaptable, innovative, and resilient. "I believe that in [my country], a broad business and social group resilience has developed," an audit leader at the roundtable observed.

A roundtable participant from a steel processing company said a lack of political direction on tariffs in their country has allowed competing products to flood local markets. Additionally, customs and import management inefficiencies limit the company from operating consistently and hamper effective business management. Internal audit has taken on a strong support role in providing timely information to the audit and risk committees. "We have worked to keep them as informed as possible about the risk situations they must address to ensure that decisions are not improvised, but are as planned as possible in a context that can change overnight," this internal audit leader explained.

Operations and supply chain risks

Jorge Badillo, who served on The IIA's Global Board until July 2025, urged internal audit leaders in Latin America to undertake both assurance and advisory work to update or expand their organizations' contingency plans, taking into account the potential operational impact of new geopolitical and macroeconomic challenges.

Badillo and his internal audit team participated as advisors in a scenario planning exercise conducted at the mining

company where he previously worked. The planning exercise analyzed potential impacts on demand, logistics, transportation, and external suppliers, and generated some key findings. While the company primarily relied on local procurement for materials needed for operations, the exercise examined whether key local suppliers relied on imports that could be affected by tariffs and other challenges.

"In other words, even if I have a contingency plan, I also need to know if my key suppliers have one," Badillo said. Another outcome of this planning exercise was supplier diversification. "If we had only one supplier for a critical good or service, we considered having two. And in some cases of extreme criticality to operational continuity, we tried to have three suppliers, sometimes considering backup suppliers."

Assurance and advisory services

Monitoring risks

Internal auditors are monitoring developments and reassessing risks, updating risk assessments, collaborating with other risk managers within their organizations, and using risk scenario exercises to help their organizations cope with and anticipate the evolving geopolitical risk environment.

However, many still have doubts about how to provide effective assurance for complex risks, such as geopolitical and macroeconomic uncertainty. These risks can be more difficult to address because the factors that drive them



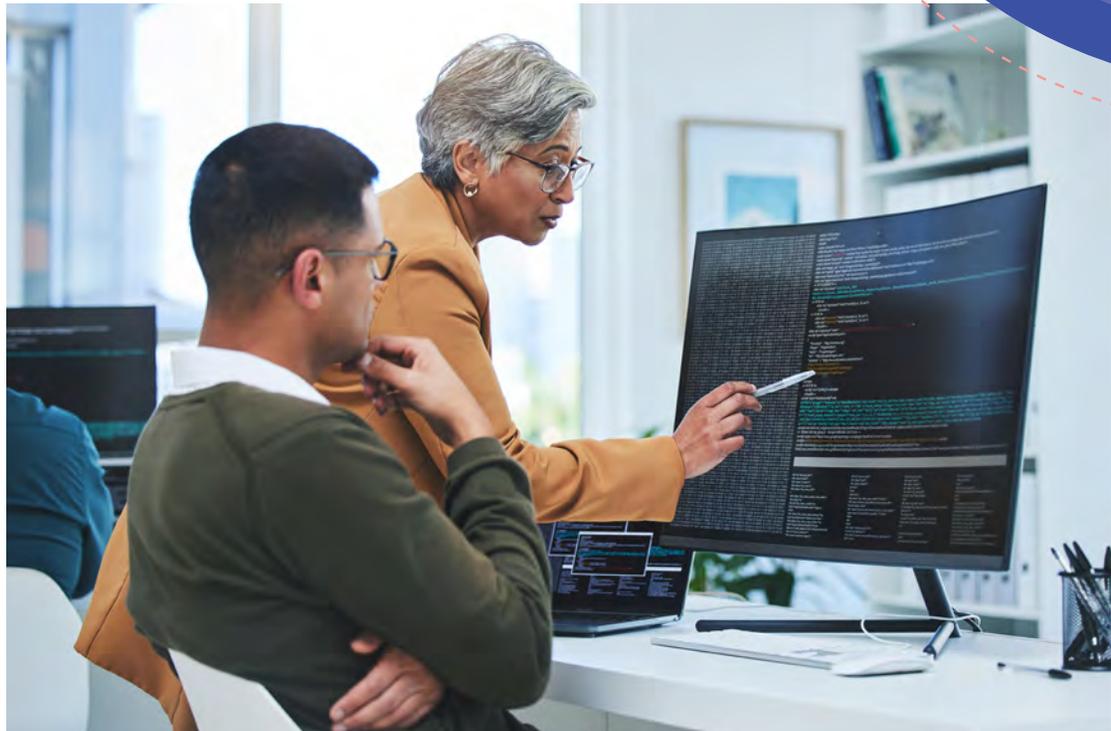
GEOPOLITICAL UNCERTAINTY

are external and indirect, Badillo said. "Geopolitical risk involves, for example, a war on the other side of the world—if not a military war, then perhaps a trade war," Badillo said. "So, from an internal audit perspective, it's not yet that clear. It's not that tangible."

Internal audit leaders can address geopolitical risk based on what they already know and understand about their organizations and translate it into concrete actions, Badillo said. "If you work in a bank, a trading company, a manufacturing company, or any other industry. In my case, a mining company," he explained. "It's essential to reflect: How does geopolitical risk affect my organization's business environment? Perhaps it affects the behavior of my customers or suppliers; perhaps new regulations will be created, or existing ones will be modified; perhaps contingency plans need to be updated accordingly. Then, quickly, we must move from reflection to action. And begin to audit how geopolitical risk is being managed in the organization."

A roundtable participant from Chile echoed Badillo's strategy, noting he breaks down the risk into economic and financial risk implications and translates that into action items. For example, he suggests asking: What are the implications of suppliers located in geographic areas facing complex tariff issues? What are the dependencies on U.S.-based cloud services for data storage and protection? He said, "I think the challenge here is for internal audit to translate this uncertainty into concrete matters that are actionable."

A roundtable participant from an Argentine energy company says his organization faces daunting challenges from geopolitical risk volatility. "Any relevant change that occurs among major global players impacts all organizations in every country because of globalization," she said. "And the speed of change and impact is such that we often face challenges to keep up with reviewing each issue." Her audit strategy focuses on the fundamentals: Monitor the highest-risk processes and inform the board of any risks that are not being adequately addressed. Internal audit at times also acts to broker agreements on how best to manage a particular risk.



GEOPOLITICAL UNCERTAINTY

Constant flow of information

A Venezuelan audit leader who works in the pharmaceutical industry said he has boosted the number of meetings with C-suite executives and other risk leaders at his organization to discuss the evolving geopolitical risk landscape. “We discuss all these issues week by week,” he said. “We receive political and economic summaries that keep us up to date with the situation.”

The flow of constantly updated information allows him to review risk matrices and keep his board informed. “Let’s say we have sole suppliers in countries where they have some provision prohibiting relationships with Venezuela,” he said. “We take action. We look for alternatives because if that risk materializes, it could affect us and shut down operations.”

In addition to updating risk matrices, he monitors any related controls and is prepared to adjust audit plan priorities. This approach is not just applied to the supply chain, he added. “The same goes for the commercial area, sales plans, everything you can imagine,” he said. “We are reinforcing compliance issues. We do due diligence with suppliers, clients, anyone with whom we interact.”

Scenario planning

A roundtable participant from a retail/distribution business in Nicaragua said internal audit at her organization proactively worked on contingency plans ahead of the Trump administration taking office in January 2025.

“When we saw that Trump was likely to win, we carried out a risk assessment exercise to evaluate the potential impact on our business if changes to tariffs were approved in the U.S. We worked closely with the import team to identify critical raw materials that could be affected by those potential tariff changes. In addition, we analyzed the possible impact of export tariffs. We informed both management and the audit committee about the risks and their potential consequences. By the time the event occurred, management was already working on three contingency plans to address the situation.”

Internal auditors must be attuned to how macroeconomic issues can impact their organizations directly and indirectly, a roundtable participant in financial services noted. For example, Costa Rica relies heavily on IT peripherals from China, he said, but Costa Rica also knows that the relationship between the U.S. and China is strained. Costa Rica may consider using other suppliers, but how much will the costs go up and how will this affect the organization’s liquidity? “We have to be extremely careful about the strategies proposed by internal audit, but hopefully they’re aligned with what the board of directors wants,” he said.

Conclusion

With rapid geopolitical changes demanding constant attention, internal auditors are taking proactive, rather than reactionary, measures to support strategic decision-making by executive management and boards.

“We worked closely with the import team to identify critical raw materials that could be affected by those potential tariff changes. In addition, we analyzed the possible impact of export tariffs.”



GEOPOLITICAL UNCERTAINTY

Key Points

Survey findings

- Geopolitical uncertainty risk rose 8 percentage points compared to the prior year, making it the fourth highest ranked risk for Latin America (Exhibit 3).
- Regulatory change risk increased by 4 percentage points to rank third (Exhibit 3).
- Consistent with the shifts in risk, audit priority for regulatory change increased 6 percentage points over the prior year (Exhibit 7).

Internal audit strategies

- Increase meetings with executive management and other risk leaders.
- Update risk assessments and matrices and keep governing bodies updated on changes.
- Break down geopolitical risks into separate components and develop actionable steps.
- Provide advisory services that keep leaders informed and ready to proactively diminish risk impacts.
- Monitor interest rates as a key factor in financial risks.
- Update or broaden contingency plans.
- Use risk scenario exercises to help plan for changing risks.



DIGITAL DISRUPTION

New Cyber Risks From AI

The adoption of artificial intelligence (AI) by both business and threat actors at an unprecedented pace has changed the nature of business operations. In Latin America, organizations face challenges to keep pace technologically while protecting data at their organizations and upskilling staff to take advantage of new technology.

Headwinds relating to inadequate digital infrastructure, a limited cyber-skilled workforce, and stressed national economies threaten to hold back progress in this vital economic arena. However, internal audit leaders say they are making strides in helping their organizations not just manage, but thrive in the digital era.

Risk and opportunity rise

In Latin America, the risk rating for digital disruption (including AI) rose dramatically – up 17 percentage points – to rank second behind cybersecurity (Exhibit 3).

“It is a significant increase associated with issues relating to digital disruption and the influx of artificial intelligence,” said Alan Kato, executive auditor at Inter-American Development Bank, who was a roundtable moderator for Risk in Focus. “In a multidimensional business and risk environment, AI can play a critical role by helping people connect the dots, transforming fragmented data into insights, and enabling more valuable information for decision-making.”

Cyber risk exposure

In their eagerness to take advantage of AI, organizations too often fail to assess the cybersecurity risks that come with new technology. Jorge Badillo, a prior member of The IIA’s Global Board, stressed the importance of processes for selecting, evaluating, and safely implementing AI products. “There are many issues here that we colloquially call ‘playing by ear.’ Someone watches a video or reads a short paper, and there’s a tendency to believe they’re already

In Latin America, the risk rating for digital disruption (including AI) rose dramatically – up 17 percentage points – to rank second behind cybersecurity.



DIGITAL DISRUPTION

experts in artificial intelligence,” he said. “They are already looking for an AI solution to a use case when we haven’t built the foundation.”

According to the [Global Cybersecurity Outlook 2025](#) published by the World Economic Forum (WEF), only 37% of organizations reported having a process in place to assess the security of AI tools prior to deployment.

In Risk in Focus survey results for Latin America, cybersecurity remained the top ranked risk by a wide margin, with 76% of respondents listing it as a Top 5 risk in their organizations. They also list cybersecurity most often as a Top 5 audit priority (69%) (Exhibits 1 and 5). A roundtable participant from Venezuela commented, “We’re observing that a good portion of fraudulent elements stem from attacks related to weaknesses in cybersecurity-related issues.”

Badillo said that maturity or progress of digital transformation within organizations often influences their use of AI and how they mitigate related risks. “I think there are organizations that are already well into digital transformation, for example, banks and credit card companies,” he said. “Those with greater needs, greater resources, and greater regulation are the ones who have had to jump on board the fastest.”

Where organizations are less developed in their digital processes, internal audit functions can provide perspective on best practices. “In our internal audit model, we tend

RESOURCE: The IIA’s Cybersecurity Topical Requirement

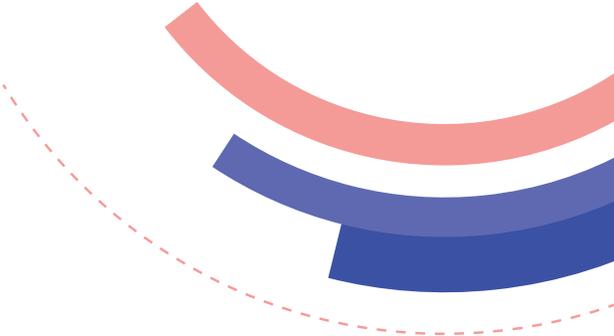
The new [IIA Cybersecurity Topical Requirement](#) (February 2025) provides guidance for internal auditors to follow when auditing cybersecurity. Available free to download from The IIA global headquarters website.

The Cybersecurity Topical Requirement directs those working on cybersecurity audits to assess at minimum:

Governance	Risk Management	Controls
Strategy/objectives	Cyber risk assessment/risk management	Internal/vendor controls
Policies/procedures	RM scope	Talent management controls
Roles/responsibilities	Accountability/responsibility	Monitoring controls
Stakeholder engagement	Escalation process	Lifecycle inclusion
	Risk awareness process	Continuous improvement
	Incident response/recovery	Network controls
		Endpoint communications

[Topical Requirements](#) are available to download for free from The IIA global headquarters website.

to try to intervene promptly in those things that are not very mature in the organization,” said a financial services internal auditor from Venezuela. “We can provide timely recommendations, especially on best practices in terms of governance, responsible AI use, and general data protection.”



DIGITAL DISRUPTION

Infrastructure for AI

The infrastructure for harnessing AI's benefits in Latin America is lagging behind more developed countries, according to the [AI Preparedness Index Dashboard](#) published by the International Monetary Fund (IMF). The index considers readiness in four areas: digital infrastructure, human capital and labor market policies, innovation and economic integration, and regulation. Some leaders in the region are encouraging countries to [create their own AI frameworks and regulations](#) now, rather than depend on frameworks developed outside of the region.

Cyber-skills needed

With the high level of risk related to cybersecurity, it makes sense that nearly 70% of internal auditors in Latin America and worldwide say that cybersecurity is one of the five areas where they devote the most time and effort, according to the Risk in Focus survey. In addition, audit priority ratings in Latin America for digital disruption increased 10 percentage points over the previous year.

Roundtable participants described a wide range of services they provide relating to cybersecurity and AI, from basic support on risk assessment and systems assurance to advanced advisory and audit work using AI. Badillo sees this variability as part of the complex challenge internal audit faces in this arena.

"Regarding digital transformation, internal auditors face a double challenge: understanding it to audit it and understanding it to use it," he stated. "Sometimes, the company already uses new technologies, some that significantly improve something that already existed, and others that completely change what was being done, as is the case with disruptive technologies like artificial intelligence. In internal auditing, we can't fall behind. We have to get up to speed quickly, stay informed, and learn to audit this new digital environment."

Kato said developing skills that leverage new technology is essential. "It is important that everyone understands that technology without people doesn't generate value. It's the sum of the two," he said. "That's why developing new skills is vital for success."

Although cybersecurity effort from internal audit is high, needed skills may be lacking. An audit leader from Argentina said that systems specialists rarely make up the majority of audit teams. "In my interactions with colleagues ... it usually comes up that the internal systems audit team is the smallest in terms of resources compared to other internal accounting audit teams," he said. "In my case, I have fourteen auditors on four audit teams, of which only two are [focused on] cybersecurity systems."

According to the [Global Cybersecurity Outlook 2025](#) report, there is a significant workforce shortage globally in cybersecurity, with shortfall estimates ranging from 2.8 million to 4.8 million.

"Technology without people doesn't generate value. It's the sum of the two. That's why developing new skills is vital for success."



DIGITAL DISRUPTION

Assurance and advisory services

Although organizations in Latin America face many challenges with implementing more technology, internal audit leaders are finding sophisticated and creative ways to audit and leverage new technologies, including AI.

Highly skilled collaboration (Insurance company in Chile)

An audit leader at a Chilean insurance and healthcare company commented that his team began participating in his organization’s digital transformation in 2018. The board of directors requested an internal audit review of early analytics models designed to support patient diagnoses. What auditors found were unsupervised neural networks often operating with unstructured data. This led to an audit of systems that identified gaps and corrective measures. Today, the organization monitors nearly 400 indicators in 14 key process areas to seek out errors and potential fraud.

At the request of his board last year, this CAE’s team developed a real-time risk map that is constantly being updated online and accessible to senior management and the board. “This map provides an account of the macroprocesses and how they are being empirically affected based on the results of both the second line and the third line, and, of course, our external auditors and regulators,” he said. “As an internal audit function, this has helped us tremendously position ourselves as leaders and strengthen our credibility with both senior management and the board of directors.”

This CAE is proud to have a highly trained team. “Everyone on the team I’m proud to lead knows Python. Everyone knows visualization through Power BI. Everyone also knows robotics through web automation. Everyone knows Data Bricks, because we bring the information into a data lake,” he said. “So, it has allowed us to make significant progress in creating chatbots for queries, for learning, and for producing summarized reports through video. In terms of auditing, it’s making our work and productivity much easier, given that, since 2020, we are auditing the entire universe based on the entire system.”

Cybersecurity automation (Service provider in Colombia)

The CEO at a Colombian branch of a global service provider said his organization undertook an ambitious project to automate all monthly reports generated for 23 control categories identified in the NIST Cybersecurity Framework. “Reaching this goal is quite an ambitious and long-term measure,” he said. “The work has become much more efficient, revealing important risks, such as personal data protection or things that aren’t so easy to map, and giving us a significant boost in management support that helps us close control gaps identified through automation.”



At the request of his board last year, a CAE’s team developed a real-time risk map that is constantly being updated online and accessible to senior management and the board.



DIGITAL DISRUPTION

Setting up AI governance (Transportation in Panama)

An audit leader in Panama said her team has been working intensively on digital disruption for more than two years, from working with the organization's IT department to support safe AI governance early on to collaborating closely with an analytics team to perform full database audit queries. Her team is beginning to export AI tools they have developed for clients within the organization. "We're implementing some self-service tools so that managers can use them in real time on a daily basis without waiting for an audit report."

Consolidating critical information (Public sector in Uruguay)

From a public sector perspective, one government auditor in Uruguay described managing an information clearinghouse where internal audit consolidates massive numbers of reports from various government units, all with a staff of just 33 people. "Computer systems, artificial intelligence, and data analytics are fundamental for us to be able to carry out all these tasks," she said, adding that her team provides quick responses to pressing risk areas through alerts to various ministries and public companies. The team also is developing a government risk map.

Developing a chatbot (Retail in Nicaragua)

A Nicaraguan retail auditor described how her internal audit function is helping to develop a chatbot, thanks to alliances she built with the company's sales director and the external digital transformation specialists her company hired. During a group meeting, she suggested to the sales director that the organization should create a chatbot as a pilot project for AI.

"He said, 'Go ahead, do it,' and now they're working on it with me," she said. "This year we've been training and working with a virtual assistant for six months...as an experiment to implement artificial intelligence. I think that sometimes we [in internal audit] can be more proactive if the business is moving slower than we are."

Prioritizing whistleblower tips (Paper manufacturer in Brazil)

An internal audit leader in Brazil described how he used AI to prioritize tips received through his organization's whistleblower hotline. He set up the hotline with a series of prompts to gather specific information from the person providing the tip. Then the system uses AI to analyze the information and to provide a priority classification of low, medium, or high.

"The key is developing a truly effective prompt. By doing so, we can reduce the degree of subjectivity in whistleblower prioritizing, act timelier, save money, and deliver more efficient results to the company," he explained.

RESOURCE: Auditing IT Governance and IT Management

This [Global Technology Audit Guide \(GTAG\)](#) from The IIA helps internal auditors:

- Identify gaps in IT governance
- Evaluate alignment with organizational objectives
- Provide recommendations to bolster IT oversight and resilience

Updated in August 2025 and aligned with the latest IIA Standards, this [GTAG](#) is available to IIA members for free from The IIA global headquarters website.



DIGITAL DISRUPTION

Regional resources for AI use

While larger internal audit functions are able to implement new technology in sophisticated ways, smaller functions can still use AI to increase efficiency and expand their scope and coverage. “It’s important to be brave and dare to explore,” Badillo said. “Of course, always look for a safe zone, but it requires daring to jump on the wagon and explore little by little, starting with pilot projects.”

Badillo encouraged auditors to explore the annual HackAudit competitions put on by the Latin American Congress of Internal Audit (CLAI), an annual event sponsored by the Latin American Foundation of Internal Auditors (FLAI). Now in its second year, the competition provides a platform for organizations to showcase their innovative use of technology to improve internal audit efficiency. Presentations from last year’s finalists are available on the [FLAI website](#). Other Latin American hackathon competitions promote innovation in banking, software development, and science and education.

Another resource is the [Work Trend Index Annual Report](#), published by Microsoft, which describes how organizations can evolve their AI usage starting with Copilot assistant. “That account, that journey, is very applicable to internal audit,” a public sector auditor from Uruguay said.

Conclusion

To benefit from AI and new technology, the key is to focus on creating value while managing risks, a roundtable participant from Chile observed. “We must focus on generating value and have that as our guiding principle, as our main battle sword, and push for integrative action to confront these risks we identify.”



DIGITAL DISRUPTION

Key Points

Survey findings

- Risk related to digital disruption and AI rose dramatically – up 17 percentage points – to rank second behind cybersecurity in Latin America (Exhibit 3).
- Audit priority rankings reflect the growing focus on digital disruption, with a 10-percentage-point increase in Latin America over the prior year (Exhibit 7).
- Digital disruption contributes to cybersecurity risk, which remains the highest-ranked risk and audit priority for Latin America (Exhibits 1 and 5).

Internal audit strategies

- Push for stronger governance processes for selecting, evaluating, and implementing AI products.
- Closely monitor digital disruption effects on cybersecurity and fraud.
- Implement new technologies for audit activities, such as AI, chatbots, automation, and real-time risk maps.
- Increase technology skills on staff through training and hiring.
- Learn from peers, for example, review entries to the annual [HackAudit](#) competition, hosted by the Latin American Congress of Internal Audit (CLAI).



CONCLUSION

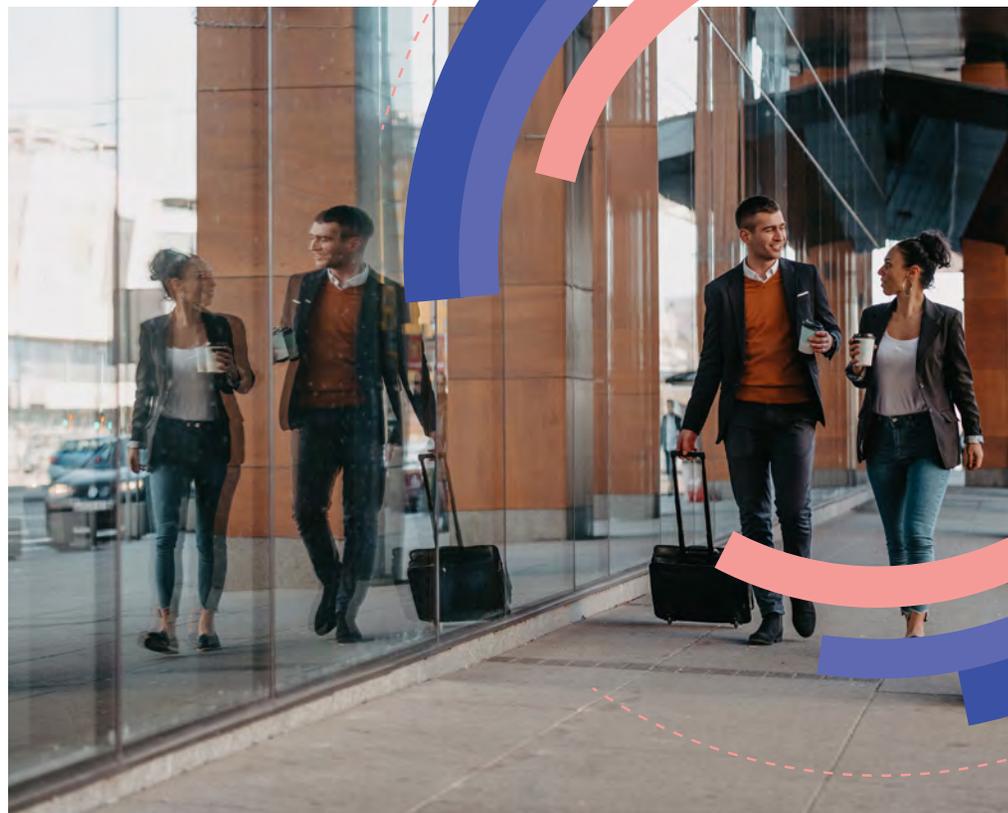
Ingenuity and Resilience

The volatile and dynamic risk landscape for 2026 presents myriad challenges for even the most seasoned internal auditors.

Indeed, the two highest risks – cybersecurity and digital disruption – combined with growing geopolitical and macroeconomic uncertainty, create an environment as difficult as any this century. Those operating in Latin America face additional burdens from stressed national economies, inadequate infrastructure, and technology and skills gaps.

Data from the Risk in Focus survey, along with insights and observations from Latin American internal audit leaders, reflect the region's growing understanding and use of technology to manage these challenges, as well as impressive ingenuity and resilience in overcoming regional difficulties.

Audit leaders are keenly aware of the complexity of the risk environment and growing urgency for them to provide greater value with timely and relevant assurance and advisory services. Developing a proactive mindset for generating that value will be critical to succeeding.



APPENDIX A: METHODOLOGY

Survey, Roundtables, and Interviews

The survey was conducted by the Internal Audit Foundation and the European Institutes Research Group (EIRG) from April 28 to June 6, 2025, and received 4,073 responses. The survey was conducted online through contacts associated with IIA Institutes and regional bodies.

The 16 risk areas used in the survey are shown below. Respondents were asked two key questions related to these areas: What are your five highest risks, and what are the five areas where internal audit spends the most time and effort? The survey research was enhanced by roundtables and interviews with internal audit leaders in each region.

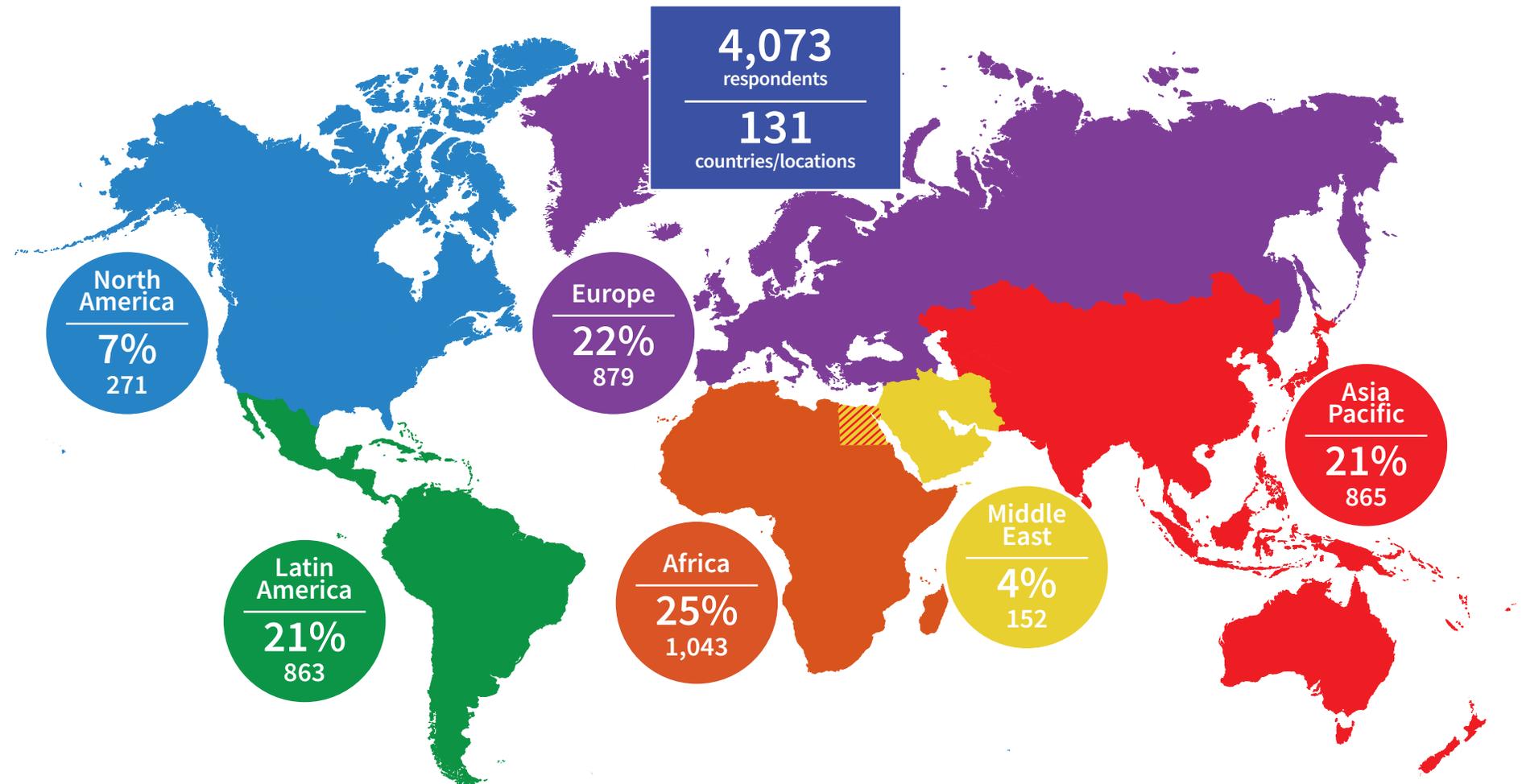
Risk Areas Used in the Survey

Risk Name	Risk Description Used in the Survey
Business resilience	Business continuity, operational resilience, crisis management, and disaster response
Climate change/environment	Climate change, biodiversity, and environmental sustainability
Communications/reputation	Communications, reputation, and stakeholder relationships
Cybersecurity	Cybersecurity and data security
Digital disruption (including AI)	Digital disruption, new technology, and AI (artificial intelligence)
Financial/liquidity	Financial, liquidity, and insolvency risks
Fraud	Fraud, bribery, and the criminal exploitation of disruption
Geopolitical/macroeconomic uncertainty	Macroeconomic, social, and geopolitical uncertainty
Governance/corporate reporting	Organizational governance and corporate reporting
Health/safety	Health, safety, and security
Human capital	Human capital, diversity, and talent management and retention
Market changes/competition	Market changes/competition and customer behavior
Mergers/acquisitions	Mergers/acquisitions
Organizational culture	Organizational culture
Regulatory change	Change in laws and regulations
Supply chain (including third parties)	Supply chain, outsourcing, and 'n th ' party risk



APPENDIX B: DEMOGRAPHICS

Exhibit 1. Global – Response Rate



Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 4,073$.

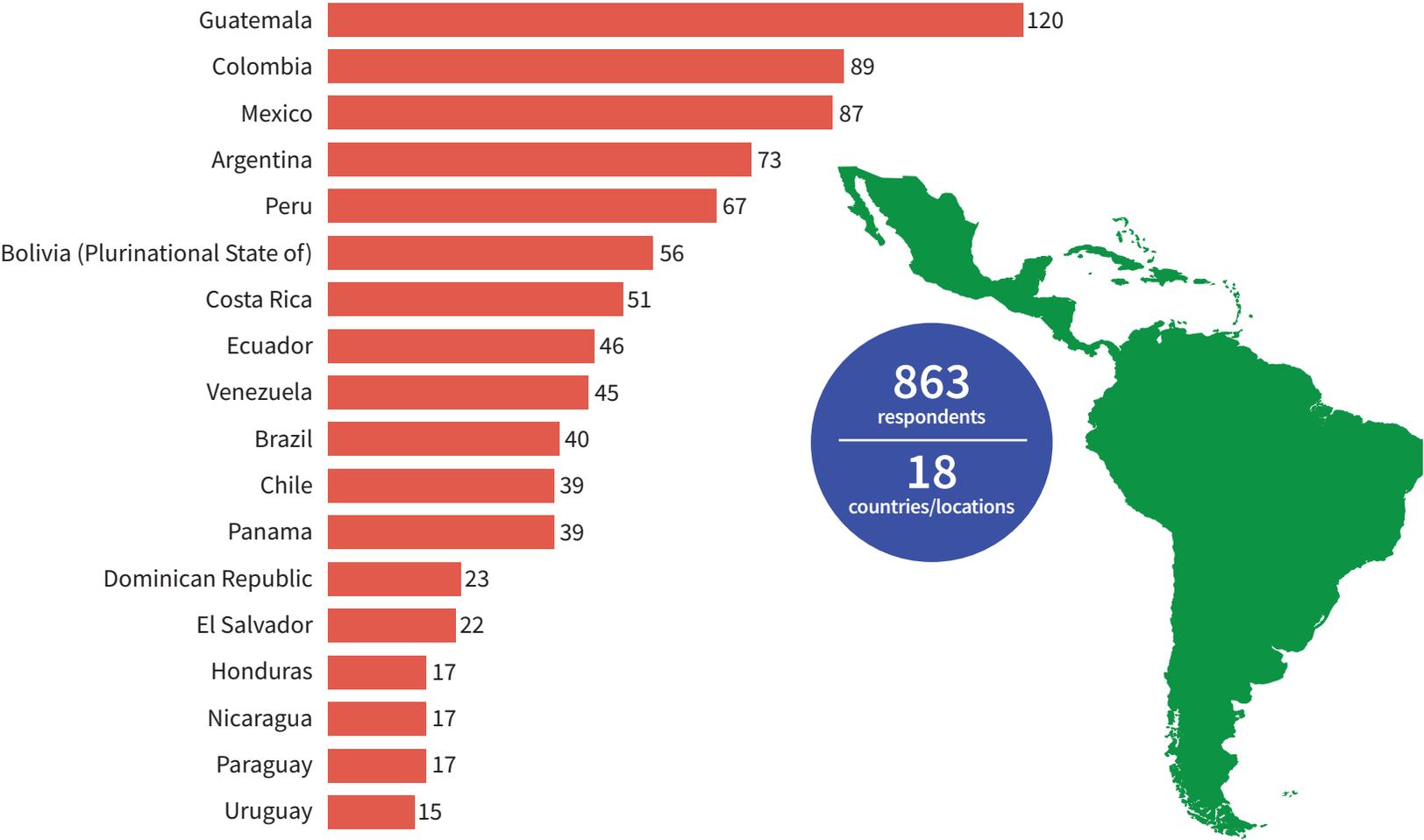
Note 2: The map shows regional groups used by The IIA for operational purposes. The regional groups do not represent any political position for The IIA or IIA Institutes.

Note 3: Egypt is shaded orange and gold to show its respondents are divided between Africa and the Middle East.



DEMOGRAPHICS

Exhibit 2. Latin America – Responses per Country/Location

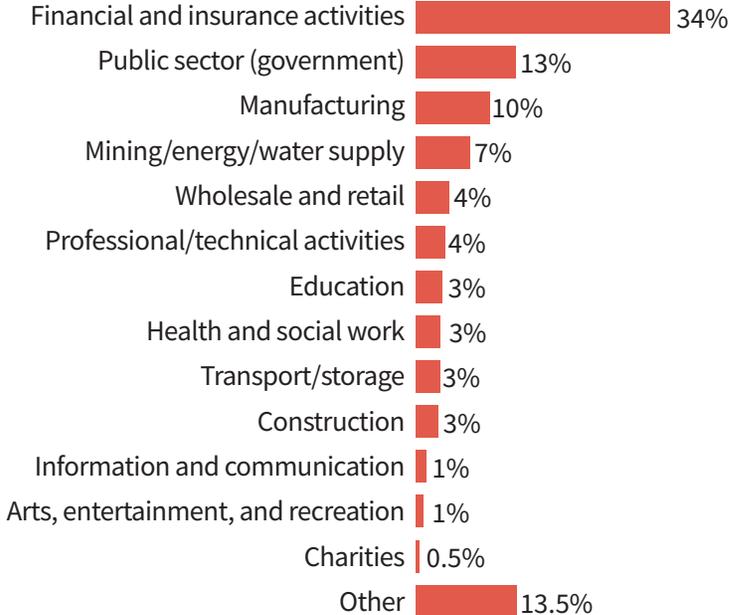


Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 863 for Latin America.
Note 2: Caribbean countries that speak Spanish are included with Latin America.

DEMOGRAPHICS

Industry, Organization Type, Size

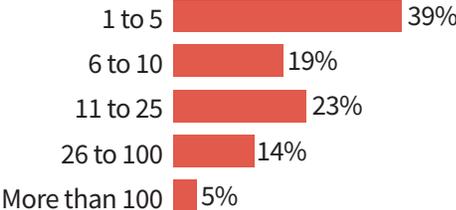
Latin America – Industry



Latin America – Organization Type



Latin America – Function Size



Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 863 for Latin America.



APPENDIX C: LATIN AMERICA INDUSTRY ANALYSIS

Exhibit 1. Latin America – Highest Risks per Industry

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

Risk area	All	Financial services	Public sector (government)	Manufacturing	Mining/energy/water	Agriculture/forestry/fishing	Wholesale and retail	Administrative/support services	Professional/technical	Education	Transport/storage
Cybersecurity	76%	85%	54%	78%	77%	67%	74%	67%	76%	83%	89%
Digital disruption (including AI)	54%	67%	42%	51%	44%	31%	39%	50%	68%	70%	39%
Regulatory change	49%	53%	55%	36%	44%	33%	32%	44%	62%	53%	46%
Geopolitical/macroeconomic uncertainty	45%	50%	29%	46%	40%	49%	47%	36%	32%	57%	43%
Human capital	40%	36%	56%	44%	34%	44%	47%	28%	32%	30%	61%
Business resilience	35%	34%	18%	39%	45%	36%	37%	39%	44%	13%	43%
Financial/liquidity	32%	37%	34%	26%	23%	21%	34%	42%	21%	43%	25%
Fraud	32%	35%	39%	21%	24%	36%	13%	58%	38%	30%	36%
Organizational culture	28%	20%	54%	28%	21%	18%	39%	33%	15%	43%	29%
Climate change/environment	25%	19%	16%	38%	42%	67%	16%	17%	24%	7%	14%
Market changes/competition	24%	27%	9%	33%	11%	26%	32%	14%	26%	37%	21%
Communications/reputation	19%	12%	35%	9%	16%	13%	21%	33%	26%	10%	18%
Governance/corporate reporting	16%	12%	30%	13%	19%	18%	11%	19%	21%	17%	14%
Supply chain (including third parties)	15%	9%	4%	24%	37%	21%	39%	11%	12%	3%	11%
Health/safety	6%	1%	12%	9%	13%	18%	8%	3%	3%	3%	4%
Mergers/acquisitions	5%	3%	9%	6%	10%	5%	11%	6%	0%	0%	7%

- Highest risks per industry
- If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 863 for Latin America.

Note 2: Industries with the highest response rates are shown. The column labeled “All” shows the average of all respondents.



LATIN AMERICA INDUSTRY ANALYSIS

Exhibit 2. Latin America – Highest Audit Priorities per Industry

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Audit area	All	Financial services	Public sector (government)	Manufacturing	Mining/energy/water	Agriculture/forestry/fishing	Wholesale and retail	Administrative/support services	Professional/technical	Education	Transport/storage
Cybersecurity	69%	82%	46%	61%	76%	62%	55%	61%	74%	63%	71%
Regulatory change	53%	65%	60%	47%	32%	31%	45%	44%	56%	63%	36%
Fraud	51%	48%	47%	59%	65%	59%	61%	61%	59%	40%	64%
Financial/liquidity	51%	63%	43%	39%	39%	46%	42%	56%	59%	57%	39%
Governance/corporate reporting	48%	47%	56%	42%	35%	51%	53%	44%	38%	73%	43%
Business resilience	40%	45%	19%	47%	44%	59%	45%	42%	41%	23%	36%
Digital disruption (including AI)	29%	36%	32%	28%	19%	18%	24%	22%	18%	30%	18%
Organizational culture	29%	23%	49%	21%	19%	23%	34%	36%	18%	47%	29%
Human capital	27%	19%	45%	27%	24%	28%	11%	36%	24%	20%	29%
Supply chain (including third parties)	24%	13%	8%	46%	47%	38%	42%	17%	24%	7%	32%
Communications/reputation	20%	15%	34%	13%	13%	5%	29%	25%	29%	33%	32%
Market changes/competition	16%	18%	5%	15%	13%	18%	21%	14%	26%	17%	14%
Geopolitical/macroeconomic uncertainty	16%	14%	26%	13%	18%	18%	8%	8%	18%	10%	11%
Health/safety	12%	2%	12%	20%	27%	15%	21%	11%	9%	10%	25%
Climate change/environment	9%	5%	8%	12%	23%	21%	3%	11%	6%	3%	11%
Mergers/acquisitions	6%	2%	12%	9%	6%	8%	8%	11%	3%	3%	11%

■ Highest audit priorities per industry

■ If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 863$ for Latin America.

Note 2: Industries with the highest response rates are shown. The column labeled “All” shows the average of all respondents.



APPENDIX D: GLOBAL REGION ANALYSIS

Exhibit 1. Highest Risks per Region

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

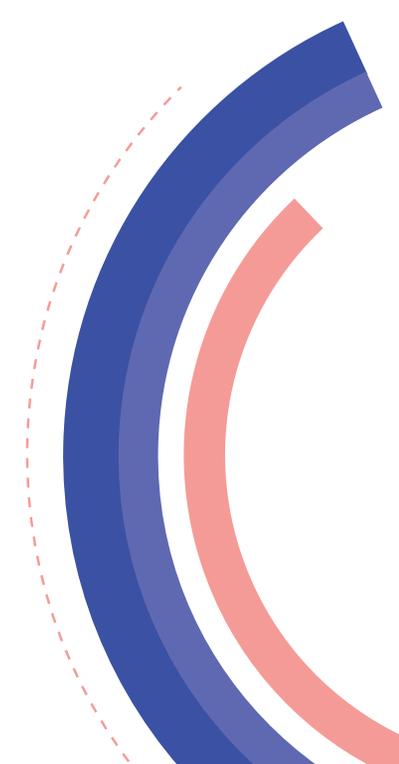
Risk area	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	73%	62%	62%	82%	76%	72%	86%
Digital disruption (including AI)	48%	44%	39%	47%	54%	50%	53%
Business resilience	47%	49%	58%	39%	35%	58%	46%
Human capital	43%	35%	56%	48%	40%	38%	42%
Regulatory change	41%	34%	38%	45%	49%	28%	51%
Geopolitical/macroeconomic uncertainty	38%	27%	35%	45%	45%	29%	45%
Financial/liquidity	31%	43%	19%	27%	32%	38%	27%
Market changes/competition	31%	19%	49%	32%	24%	29%	34%
Governance/corporate reporting	24%	33%	23%	20%	16%	38%	15%
Organizational culture	24%	29%	21%	19%	28%	26%	20%
Supply chain (including third parties)	24%	17%	28%	29%	15%	23%	30%
Fraud	23%	43%	20%	16%	32%	19%	11%
Communications/reputation	19%	25%	19%	12%	19%	19%	18%
Climate change/environment	18%	24%	17%	23%	25%	13%	7%
Health/safety	10%	11%	11%	12%	6%	11%	8%
Mergers/acquisitions	5%	3%	6%	5%	5%	6%	7%

■ Highest risks per region

■ If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: The global average is calculated by summing the average from each region and dividing by the number of regions.

Note 2: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 4,073 for global.



GLOBAL REGION ANALYSIS

Exhibit 2. Highest Audit Priorities per Region

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Risk area	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	69%	60%	63%	72%	69%	69%	83%
Governance/corporate reporting	55%	51%	55%	58%	48%	64%	53%
Business resilience	53%	54%	57%	50%	40%	59%	60%
Regulatory change	46%	37%	58%	49%	53%	30%	50%
Financial/liquidity	44%	47%	30%	43%	51%	47%	44%
Fraud	40%	49%	42%	37%	51%	30%	30%
Supply chain (including third parties)	33%	31%	32%	39%	24%	35%	37%
Digital disruption (including AI)	32%	30%	25%	29%	30%	36%	43%
Human capital	29%	32%	36%	27%	27%	35%	15%
Organizational culture	23%	26%	23%	21%	29%	19%	19%
Communications/reputation	18%	23%	18%	14%	21%	19%	14%
Market changes/competition	15%	13%	19%	13%	16%	14%	13%
Health/safety	15%	13%	17%	17%	12%	14%	15%
Geopolitical/macroeconomic uncertainty	11%	12%	8%	8%	16%	13%	10%
Climate change/environment	10%	14%	10%	16%	9%	8%	4%
Mergers/acquisitions	5%	3%	4%	5%	6%	4%	7%

■ Highest audit priorities per region

■ If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: The global average is calculated by summing the average from each region and dividing by the number of regions.

Note 2: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 4,073$ for global.



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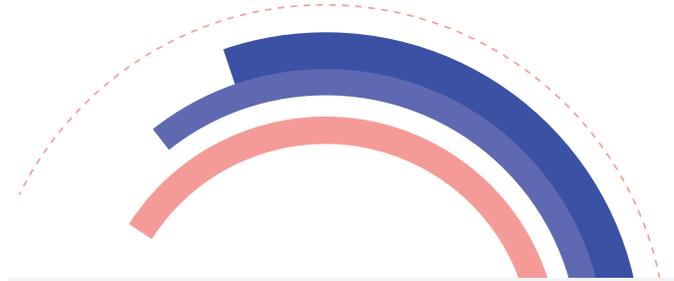
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