

2026

RISK IN FOCUS

Hot topics
for internal
auditors

MIDDLE EAST



Internal Audit
FOUNDATION



ARABCIIA

الاتحاد العربي لجمعيات المراجعين الداخليين
Arab Confederation for Institutes of Internal Auditors

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 Auditores 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

Striving for Digital Advantage in Uncertain Times

Efforts to create markets and revenue streams by adopting new technologies are vital for a region dependent on fossil fuels. But the constant reality of geopolitical uncertainty has put many organizations in crisis mode.

Geopolitical/macroeconomic uncertainty risk ranked as the seventh highest risk for the Middle East (Exhibit 1), but escalating tensions after the survey ended may have affected the ranking, according to roundtable participants.

As geopolitical uncertainty and conflicts escalate, organizations have focused more effort on improving their business resilience processes, with a particular emphasis on speeding up strategic decision-making systems to make management more proactive.

Dynamic resilience plans created by multidisciplinary teams are supported by internal audit functions that integrate real-time trends into their audit planning processes. CAEs in the Middle East rated business resilience risk considerably higher than the global average (58% vs. 47%) (Exhibit 2).

While cybersecurity remains the highest risk for the Middle East, digital disruption (including AI) was the fastest rising risk. Digital disruption rose 12 percentage points compared with the prior year, with 50% of CAEs now citing it as a Top 5 risk (Exhibit 3).

Middle East CAEs say that new technology, such as AI, is considered high risk and high opportunity for their organizations. Technology investment in the region is

high, including at the government level, as exemplified by [Saudi Arabia's Vision 2030](#) and UAE's [Digital Government Strategy 2025](#). At the same time, levels of risk maturity and awareness vary across the region, along with data quality.

In fact, because digital adoption is outpacing cybersecurity readiness, companies must work harder to embed proper controls into their new systems, platforms, and applications as they are being developed. CAEs are playing a leading role in advising on such projects.

In addition to annual survey results, the Middle East Risk in Focus 2026 report features practical ways to address the Middle East's unique risk environment, using insights from roundtables and interviews conducted with internal audit leaders in the region.

Key Points

- Cybersecurity was the highest risk in the region, with digital disruption risk (including AI) increasing the most compared to the prior year (Exhibit 3).
- Business resilience is a high priority in the Middle East, with a higher risk rating and audit priority than the global average (Exhibits 2 and 6).
- Internal auditors are key players in business resilience planning on multidisciplinary teams.
- Organizations are exposed to new risks when digital adoption (such as AI) outpaces cybersecurity readiness and governance processes.

MIDDLE EAST RESEARCH PARTICIPATION

- **152**
survey responses
- **14**
countries/territories
- **2**
roundtables with
10
participants
- **2**
interviews



SECTION 1.

MIDDLE EAST'S RISK ENVIRONMENT

Geopolitics and New Technology Are Most Dynamic Threats

As the top risks group closer together and become more interconnected, organizations are focusing on business resilience and reviewing their risk strategies.

Cybersecurity and business resilience lead risk list

Cybersecurity strengthened its place as the biggest threat to organizations in the Middle East, with 72% of CAEs ranking it as one of their five highest risks, compared to 66% in 2024 (Exhibit 3). The result was in line with the global average, where cybersecurity was also the highest risk, with 73% ranking it as one of their Top 5 (Exhibit 2).

In the Middle East, business resilience was the second-highest rated risk, with a notably higher percentage than the global average (58% compared to 47%) (Exhibit 2). On the other hand, geopolitical risk was noticeably lower for the Middle East (29%) than the global average (38%) (Exhibit 2).

In terms of risk level trend, the fastest rising risks for the Middle East compared to the prior year were digital disruption (including AI), which climbed by 12 percentage points, followed by cybersecurity, which rose 6 percentage points (Exhibit 3).

Unique audit priorities in Middle East

Cybersecurity was the highest audit priority, with 69% of CAEs saying it was one of the Top 5 areas for internal audit time and effort. Governance/corporate reporting (64%) and business resilience (59%) followed closely behind (Exhibit 5).



MIDDLE EAST'S RISK ENVIRONMENT

Compared to the global average, governance/corporate reporting was about 10 percentage points higher for audit priority (Exhibit 6). The drivers for this effort came from multiple fronts. In addition to the threat of U.S. tariffs, new rules on financial crime, and war-related sanctions, an increasing number of governments in the region were promoting the use of [ESG reporting frameworks](#). In some jurisdictions, [European CSRD-mandated reports](#) also came into effect in 2025, raising compliance requirements for listed companies and those wishing to access markets.

To understand the unique challenges facing organizations, leading practitioners across the Middle East gathered online at two regional roundtable events. Discussing the survey results for governance, CAEs said that medium-sized businesses were traditionally reluctant to invest in global governance frameworks. That was because better oversight committees and control systems come with increased compliance costs. But as the pressure to invest in cash-rich projects such as digital transformation grew, more enterprises had to meet those costs to satisfy stock market investors.

Business resilience is a strategic need

One change that surprised CAEs at the roundtables was the drop in the perceived risk level of business resilience. While it still ranked as the region's second most pressing threat at 58%, the percentage of CAEs saying it was a Top 5 threat had dropped 5 percentage points from last year (Exhibit 3).

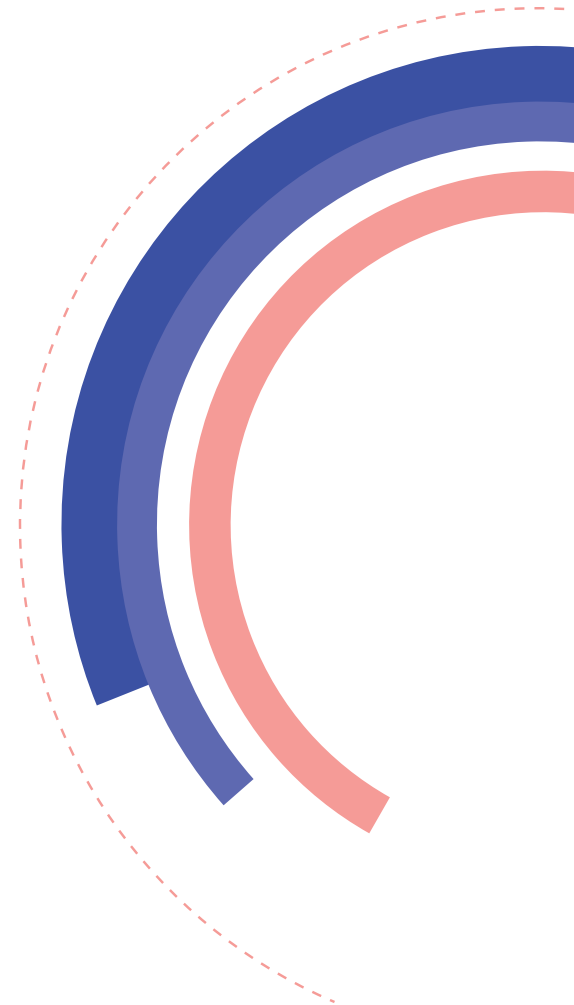
"With the new risks that entities are facing, those who do not have operational resilience and businesses resilience will not survive in the coming years," said one CAE at the event. Given the speed of change, organizations have to be quick to change direction if necessary. "Decisions needs to be made on the ground, and management needs to have options already in place," he added.

Khaled Alzuhair, CAE at STC Channels in the Kingdom of Saudi Arabia, said that business resilience plans must be developed with risk appetite in mind. It can be difficult to make the financial case for business resilience and business continuity planning when funds are needed for investment in growth and innovative technologies, Alzuhair said. That is why such plans must be in line with an organization's risk appetite and decided on by the chief executive officer of the business with oversight from the board.

In today's dynamic risk environment, organizations need to review both their risk appetite and resilience plans at least annually, Alzuhair suggested. CAEs should either consult with management to ensure management understands the need for business continuity and resilience planning, or, in more mature organizations, provide assurance that the right processes and plans were in place.

Remote work and AI ease human capital risk

Survey respondents in the region rated human capital risk lower than the global average (38% compared with 43%) (Exhibit 2). At a roundtable event, a CAE from a financial



MIDDLE EAST'S RISK ENVIRONMENT

services firm in Qatar said that technological innovation, coupled with changes to working practices during the pandemic, had helped to reduce staffing pressure on some businesses. Staff who were supported by AI could work faster and more productively, he said, and online communication had drastically cut the need to travel between geographically separate parts of the organization. In addition, online communication also made it easier to find and work with the right talent globally. "I'm not limited to the talent that is available in my country or in my city," he said. "Although it's still a challenge, there are now more options that entities can explore."

While some countries benefit from remote work options, other Middle East countries may not have access to this human capital option, due to infrastructure and regulatory differences.

Strong alignment between risk and audit priority

Alignment between the organization's key risks and internal audit's focus was strong in the region. For example, all of the key risks that CAEs ranked as Top 5 threats were also in the Top 5 areas of focus (Exhibit 9). In contrast, at a global level, only three of the five highest risks were among the five highest priorities (Exhibit 10).

In particular, the Middle East was able to address human capital and digital disruption risks at a much higher level of audit priority than the global average (Exhibits 9 and 10).

Human capital and digital disruption were rated as Top 5 risks for both the Middle East and globally, but only the Middle East also kept them as Top 5 for audit priority. At a global level, these risks dropped to eighth and ninth for audit priority (Exhibit 10).

CAEs in the Middle East say they make sure that boards and audit committees understand the importance of investing in assurance for the organization's highest risks. "Where this is a risk, there is a cost associated with giving assurance on this risk," a CAE at a retail conglomerate said at one roundtable. "Once the board and committees understand that they are not going to address this risk without investment – and yet will remain responsible to their owners for this risk – they usually respond."

Alignment between the organization's key risks and internal audit's focus was strong in the region.

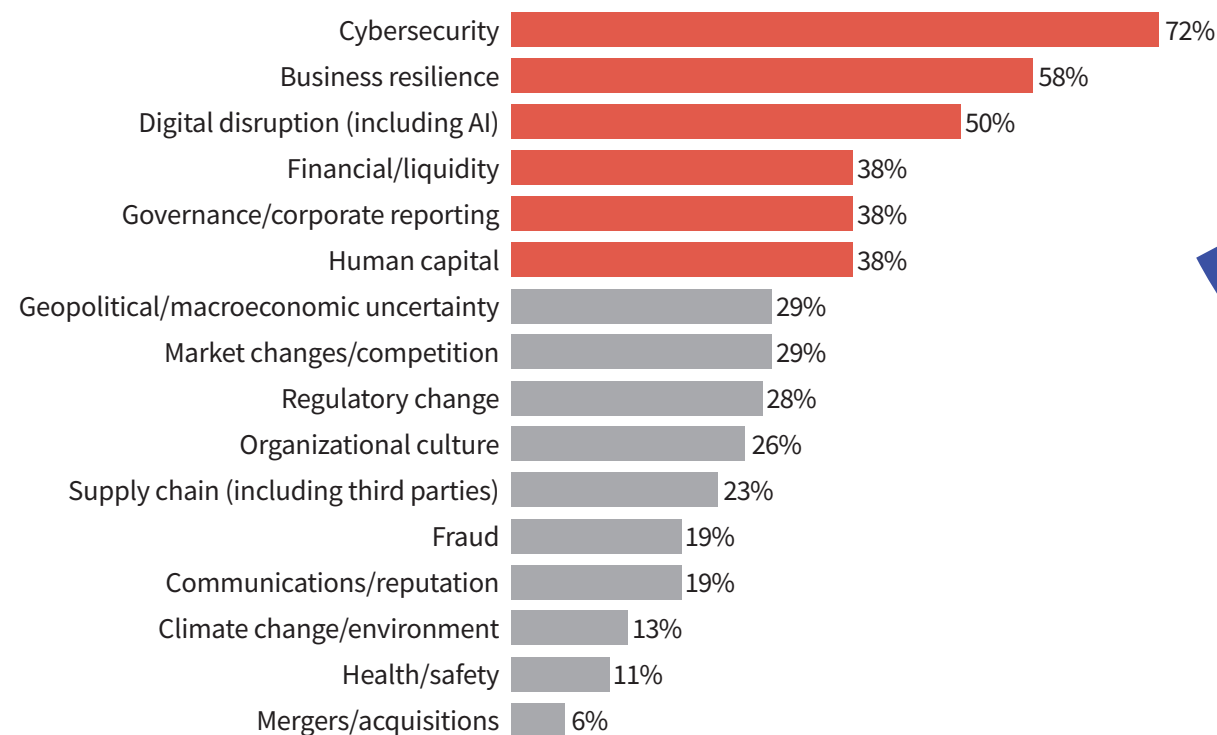


SECTION 2. RISK LEVELS

Exhibit 1. Middle East – Highest Risks

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

Middle East – 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. $n = 152$ for Middle East.

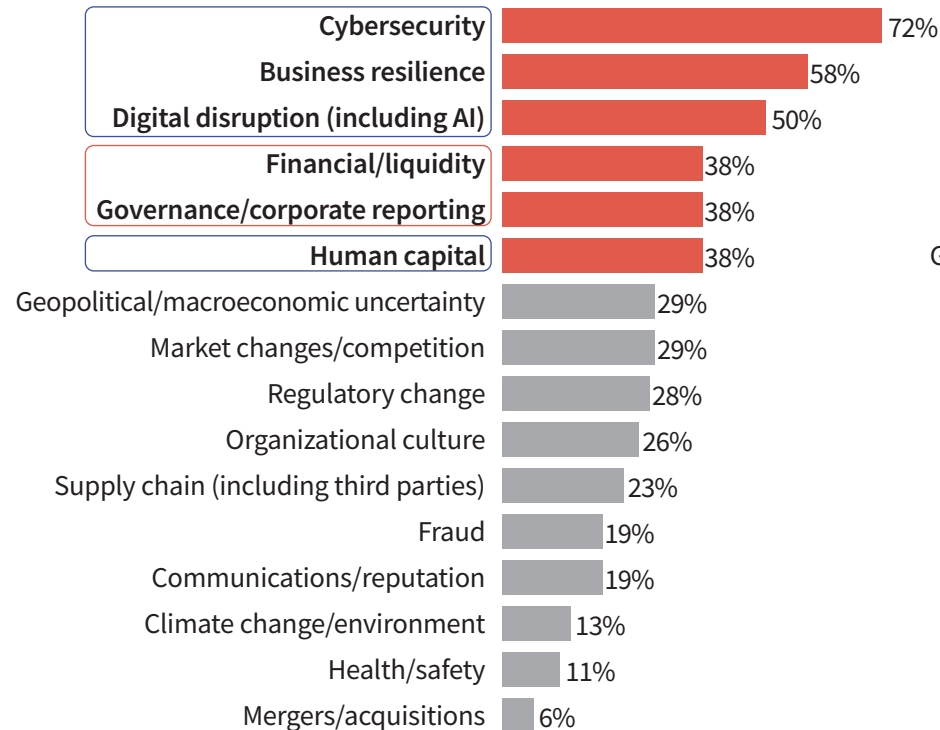


RISK LEVELS

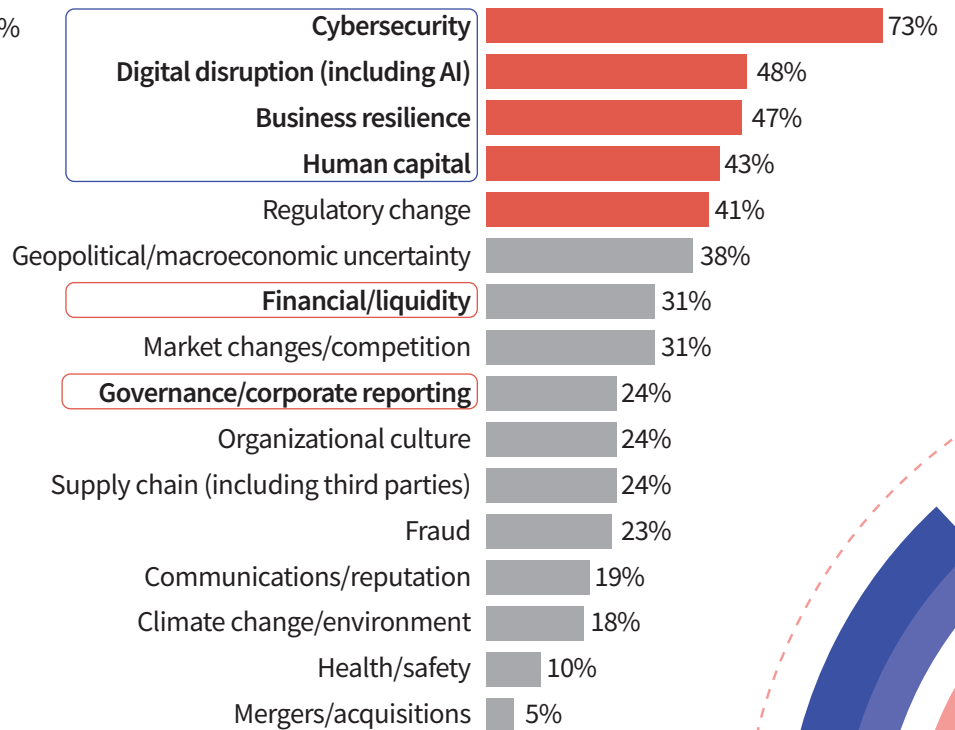
Exhibit 2. Middle East vs. Global – Highest Risks

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

Middle East – 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* = 152 for Middle East. *n* = 4,073 for global.



RISK LEVELS

Exhibit 3. Middle East – 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
70%	66%	72%		+6	Cybersecurity
53%	63%	58%		-5	Business resilience
32%	38%	50%		+12	Digital disruption (including AI)
45%	41%	38%		-3	Governance/corporate reporting
38%	38%	38%		0	Financial/liquidity
46%	43%	38%		-5	Human capital
16%	27%	29%		+2	Geopolitical/macroeconomic uncertainty
27%	29%	29%		0	Market changes/competition
33%	27%	28%		+1	Regulatory change
30%	21%	26%		+5	Organizational culture
28%	26%	23%		-3	Supply chain (including third parties)
28%	21%	19%		-2	Communications/reputation
27%	27%	19%		-8	Fraud
10%	12%	13%		+1	Climate change/environment
9%	12%	11%		-1	Health/safety
10%	8%	6%		-2	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. $n = 152$ for Middle East.





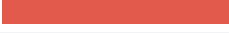









Note 2: The orange and blue bars show the difference in risk level ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest risk level rating for 2025. The years indicate the year the survey was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

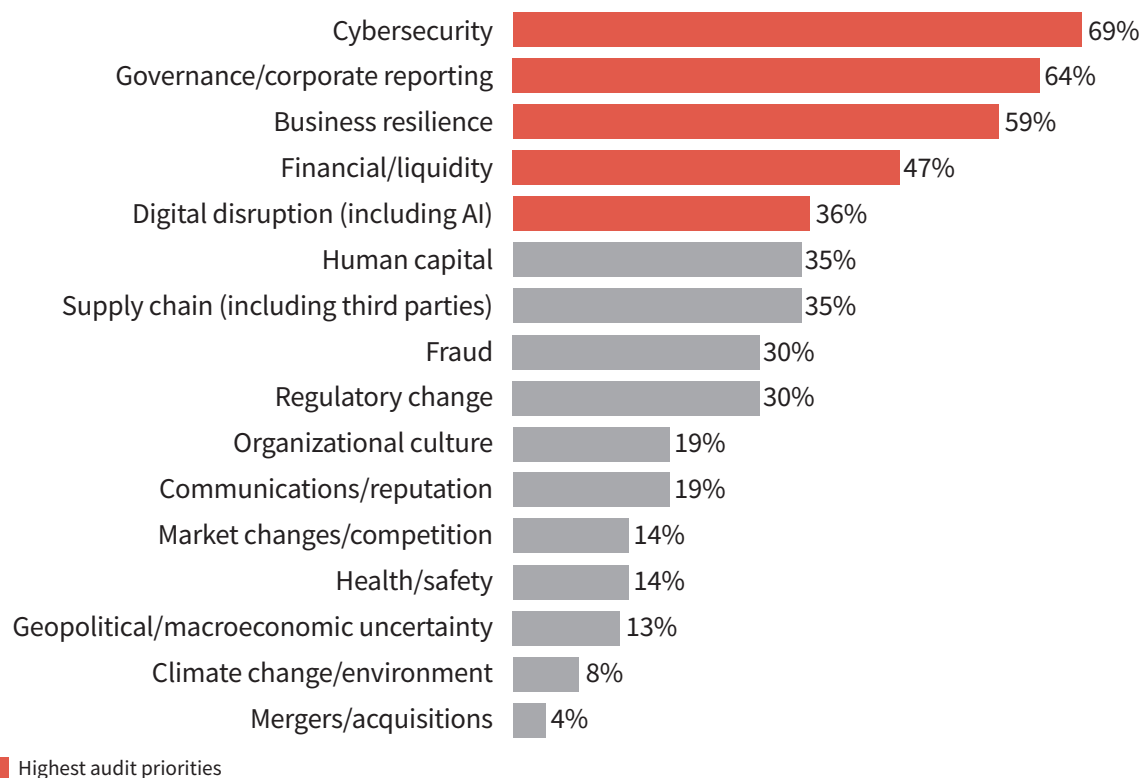


SECTION 3. AUDIT PRIORITIES

Exhibit 5: Middle East – Highest Audit Priorities

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

Middle East – Highest Audit Priorities



Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 152$ for Middle East.



AUDIT PRIORITIES

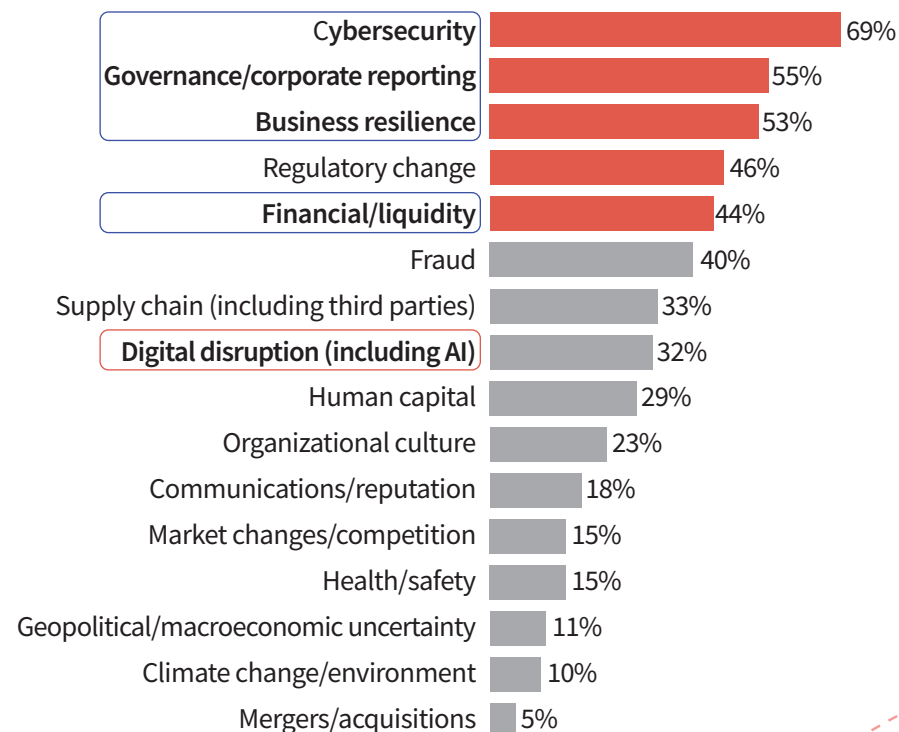
Exhibit 6. Middle East vs. Global – Highest Audit Priorities

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

Middle East – 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





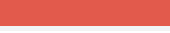










Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 152 for Middle East. *n* = 4,073 for global.



AUDIT PRIORITIES

Exhibit 7. Middle East – Audit Priority Trend

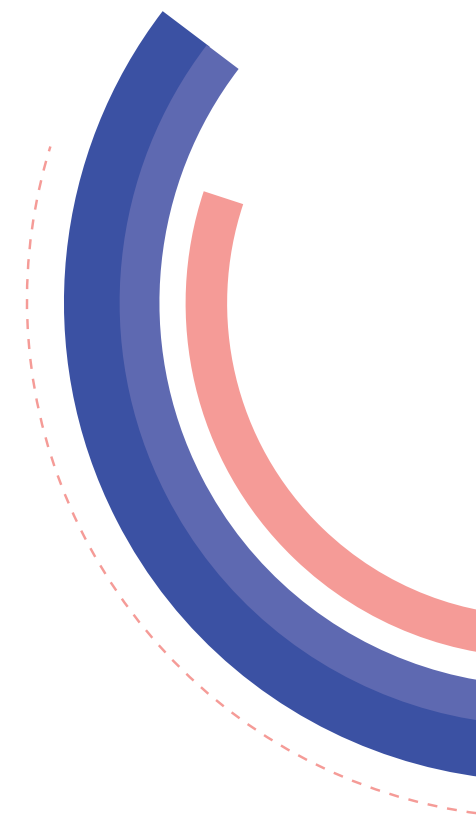
Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
61%	65%	69%		+4	Cybersecurity
64%	58%	64%		+6	Governance/corporate reporting
53%	61%	59%		-2	Business resilience
43%	50%	47%		-3	Financial/liquidity
20%	30%	36%		+6	Digital disruption (including AI)
34%	37%	35%		-2	Human capital
40%	31%	35%		+4	Supply chain (including third parties)
43%	37%	30%		-7	Fraud
35%	32%	30%		-2	Regulatory change
27%	24%	19%		-5	Organizational culture
23%	19%	19%		0	Communications/reputation
16%	16%	14%		-2	Health/safety
16%	19%	14%		-5	Market changes/competition
8%	9%	13%		+4	Geopolitical/macroeconomic uncertainty
7%	6%	8%		+2	Climate change/environment
9%	7%	4%		-3	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. $n = 152$ for Middle East.

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.



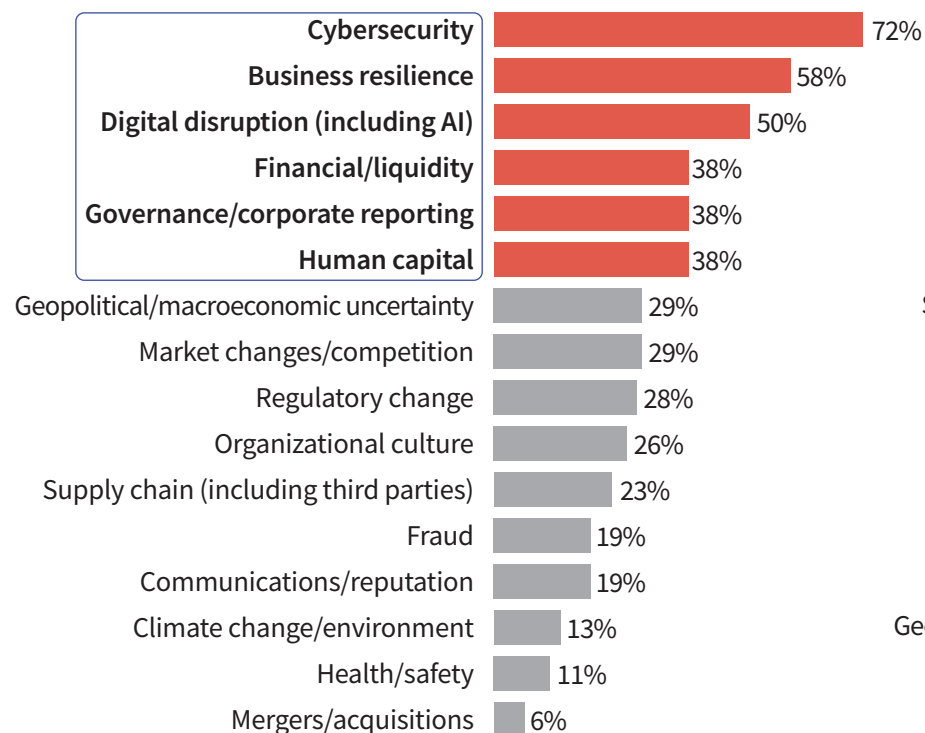
SECTION 4. RISK VS. AUDIT PRIORITIES

Exhibit 9. Middle East – Risk vs. Audit Priorities

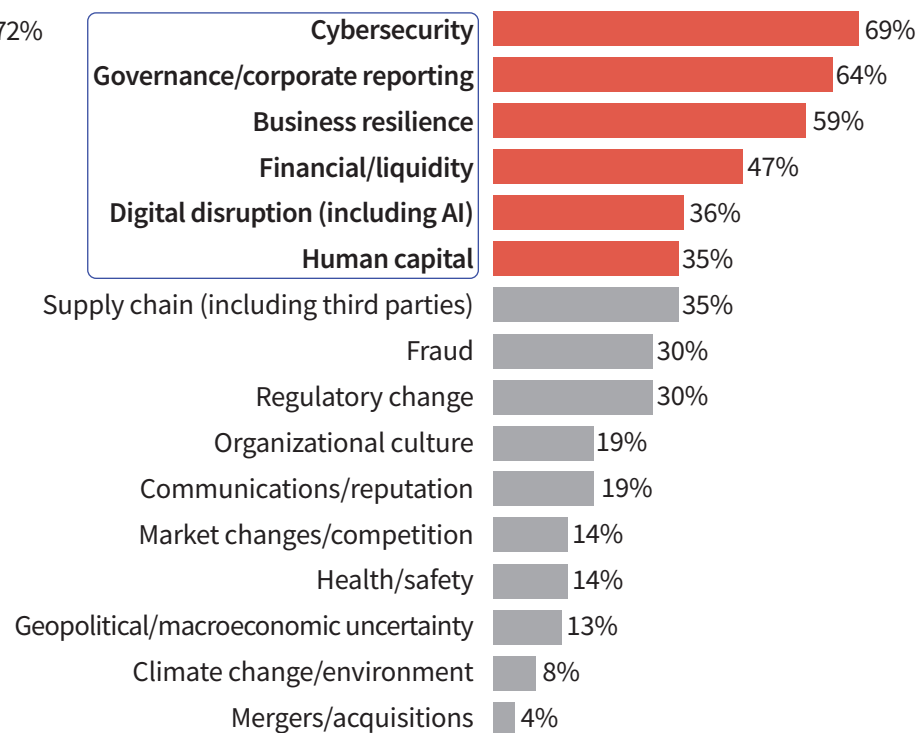
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

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

Middle East – Highest Risks



Middle East – 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. $n = 152$ for Middle East.



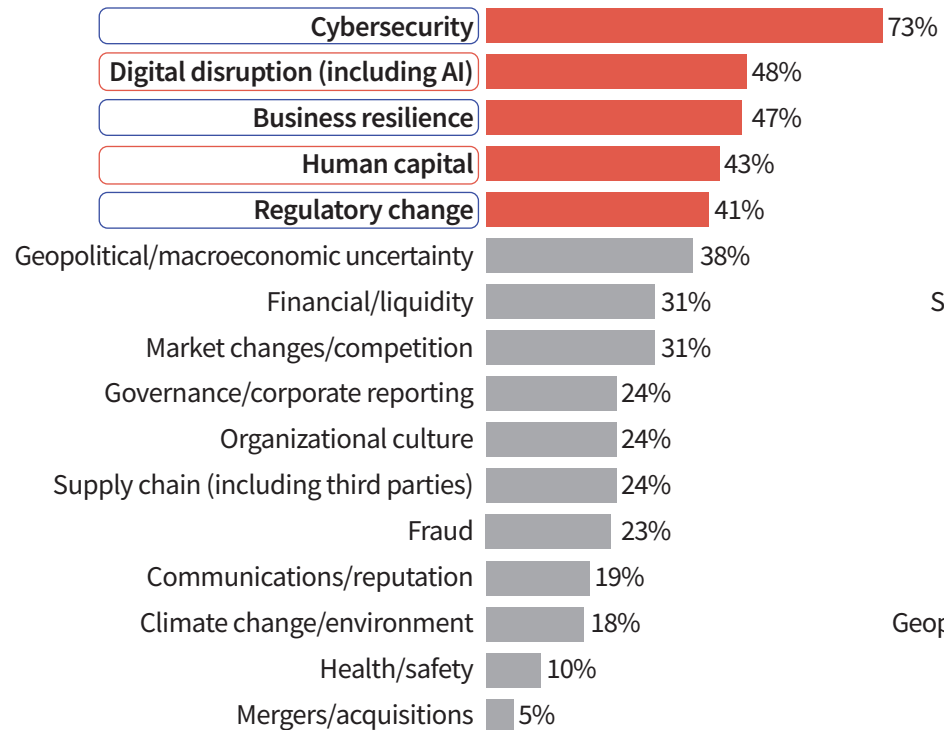
RISK VS. AUDIT PRIORITIES

Exhibit 10. Global – Risk vs. Audit Priorities

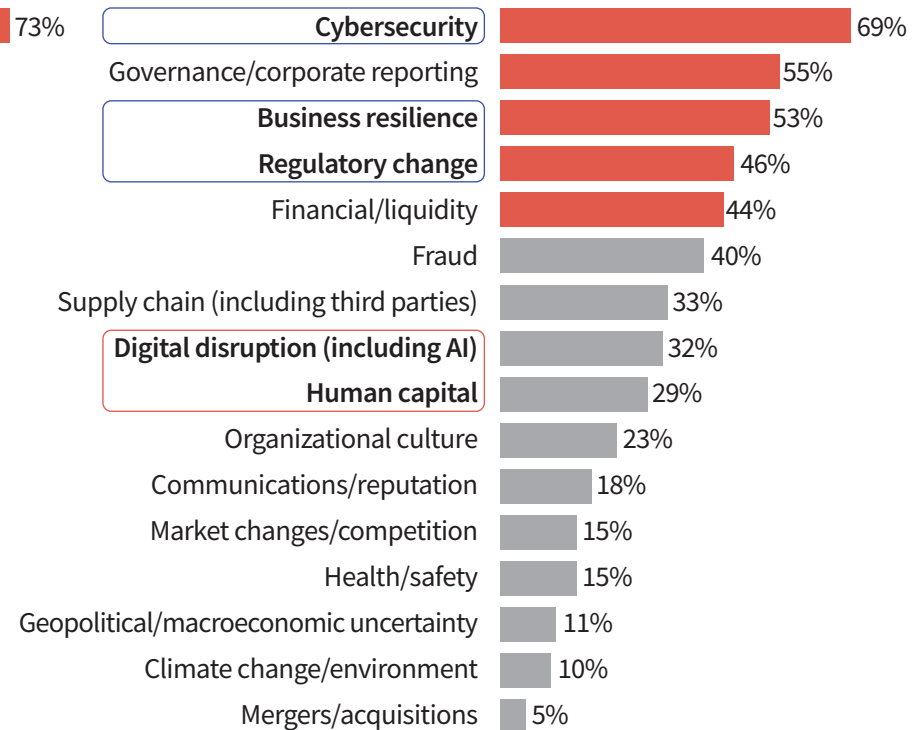
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

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

Effective Monitoring Is Crucial for Decision-Making

Businesses are increasing intelligence gathering systems and resilience plans to become more proactive in an unpredictable global environment.

Organizations in the Middle East face ongoing conflict zones and instability, while emerging trade policies from U.S. President Donald Trump have added a new level of complexity to business operations.

Supply chain and financial liquidity

At one roundtable, a consultant from a global professional services firm in Qatar said that his clients had been prioritizing geopolitical risks for over a year, especially those in the energy sector, with a particular focus on supply chain and third-party risk.

A CAE at a manufacturer in Egypt said that his business faced short supplies of imported gas, which had impacted the organization's ability to process its raw materials. He said the company was forced to import pre-processed components, which pushed up costs. "We have to secure foreign currency to secure the materials, which has increased financial and liquidity risks," he said. Financial and liquidity risk was, in fact, fourth highest for risk level and for audit priority in the region (Exhibit 9).

Integrating uncertainty into planning

The uncertainty related to tariffs from the U.S. will be an important factor for organizations going forward, according to analysts from S&P Global Market Intelligence. "Even countries currently exempt from immediate tariff increases face the ongoing threat of future hikes," an article in [Gulf News](#) noted. "Tariffs may be used as short-term leverage, lasting only weeks if shifting market conditions or diplomatic progress prompt the White House to reconsider."

Many organizations in the Middle East, including government agencies, have overhauled their budgeting processes by adding more financial models to work through various scenarios in response, said a consultant in the region. In addition, some have sought more flexibility in their financial positions, built alternative supply routes, and identified back-up suppliers. "But the biggest move is to strongly track Trump 2.0 and to build stronger monitoring on geopolitical instability assessments," a consultant from Qatar noted.

RESOURCE: Third-Party Topical Requirement

The IIA's [Third-Party Topical Requirement](#) (released in September 2025) provides recommendations for how an internal audit function reviews an organization's approach, policies, and procedures to establishing and managing supplier relationships – including having well-defined roles and responsibilities for suppliers that are effectively communicated throughout the business.

A [Topical Requirement](#) is a new form of guidance from The IIA that identifies a minimum baseline that must be followed when an internal audit function conducts an audit in a specified risk area.



GEOPOLITICAL UNCERTAINTY

Business resilience for geopolitical risk

Geopolitical risk can also have multiple impacts throughout the business, making risk assessment and mitigation complex. The CAE at an aviation business said that regional turmoil had forced the company to cancel many flights and impacted international route planning, including re-routing flights to other airports outside of the country. Those alterations affected everything from customer experience to aircraft maintenance. Previous scenario planning had fortunately captured many of the potential impacts, he said, but it also provided grounds for assessing fast-moving threats in real time to help management plan more proactive strategies.

“The most important information internal audit can share with the board is to update them and provide reasonable assurance about the resilience plan,” he said. That includes assessing how well the planned scenarios are reflected in the way events unfold and whether they are actively addressing the main risks associated with it. As management is informed how events continue to develop, a well-defined business resilience and continuity plan can form the basis for informed decision-making.

An internal auditor from a bank in Kuwait noted that while the organization had developed effective business continuity plans with regulatory help during the COVID-19 pandemic, those processes were not transferable to today’s risk landscape. “Our main challenge is whether we can adapt the business continuity plan implemented for the pandemic now that the situation is totally different,” she

said. Roundtable participants agreed that CAEs had a key role to play in bringing together the chief executive officer, board, risk function, and other stakeholders to discuss risks in light of corporate strategy and to help the business develop a plan fit for a wide range of situations. Striking the right balance between risks entails understanding the cost of mitigation efforts and creating a strategy based on the organization’s risk appetite.

Monitoring macroeconomic changes

Internal audit strategies are adapting to meet this challenge. “CAEs are moving beyond traditional audit cycles and are integrating real-time risk intelligence into their planning processes,” Ahmed Mansour, a risk partner at the consultancy PwC in Egypt, said in an interview for this report. “This means they’re using external data, like geopolitical developments, currency trends, and regulatory updates, alongside internal risk indicators to decide what to audit and when.”

For example, in Egypt some CAEs were using macroeconomic dashboards that track inflation, foreign exchange rates, and sovereign risk to prioritize audits in treasury, procurement, and financial reporting, he explained. Building cross-functional task forces or steering committees to share insights and respond faster to emerging threats has also proved effective. Highlighting control weaknesses or blind spots that could be exposed by external shocks was critical, he said.

“Our main challenge is whether we can adapt the business continuity plan implemented for the pandemic now that the situation is totally different.”



GEOPOLITICAL UNCERTAINTY

Key Points

Survey findings

- Geopolitical/macroeconomic uncertainty sat just outside of the Top 5 regional risks at 29%, but escalating tensions after the survey ended may have affected the ranking. Globally, 38% of CAEs said it was a Top 5 risk (Exhibit 2).
- In line with global results, CAEs indicate that they put audit effort into business resilience and other risks impacted by geopolitical uncertainty, rather than directly into the geopolitical uncertainty topic (Exhibits 9 and 10).
- Audit priority in the Middle East increased the most for digital disruption compared to the prior year (up 6 percentage points) and governance/corporate reporting (also up 6 percentage points) (Exhibit 7).

Internal audit strategies

- Keep the board informed about the fast-moving impacts of geopolitical and macroeconomic events on the organization's financial and liquidity risk profile and their potential impact on suppliers.
- Provide assurance over the organization's approach, policies, and procedures for establishing and managing supplier relationships.
- Provide assurance that the organization's risk framework and processes can monitor and assess fast-moving geopolitical and macroeconomic risks and support the board in helping it understand how such events impact the organization's risk appetite.
- Provide assurance to the board that the business resilience plan has captured the main risks and, during a crisis, provide support to the board and management to ensure such plans aid rapid decision-making.
- Facilitate coordination for business development planning processes to ensure they bring together key stakeholders.
- Assess how well the internal audit function integrates real-time risk intelligence into its planning processes and how effectively that feeds into cross-functional task forces, steering committees, and the board to aid decision-making.



DIGITAL DISRUPTION

Generous Investments in New Technology

Governments and organizations are investing heavily in new technology (including AI), but face challenges with new cyberthreats, skill shortages, and poor data quality.

Governments and businesses in the Middle East have high ambitions for digital innovation, driven by a need to diversify from the region's fossil fuel economies. Countries such as the United Arab Emirates (UAE), the Kingdom of Saudi Arabi, and Qatar have invested heavily in smart city technology and cloud computing, with money pouring into AI, according to The Arab Today. For example, the [UAE Digital Government Strategy 2025](#) aims to create the infrastructure and skills to improve government services to create a “smart government,” while [Saudi Vision 2030](#) provides a blueprint for economic diversification, societal transformation, and citizen empowerment.

Digital disruption was seen as a Top 5 risk by half of Middle East survey respondents in the current survey – a full 12 percentage points higher than last year (Exhibit 3) and in line with global trends as one of the fastest rising threats (Exhibit 4). In response to the rising risk, CAEs in the Middle East made digital disruption one of their five highest areas of audit priority (36%) – 4 percentage points higher than the global average (Exhibit 6).

The elevated concern around digital disruption and cybersecurity in the Middle East aligns with the region's rapid digital transformation. Countries like the UAE,

Saudi Arabia, and Qatar rank among the global leaders in telecom infrastructure and digital government maturity, according to the [UN E-Government Development Index](#). This advanced infrastructure and proactive government digitization strategies have enabled businesses to adopt emerging technologies faster – but also made them more aware of associated risks.

Cyber risks increasing

CAEs expressed concern that increased adoption of AI and other new technologies would increase cybersecurity threats. “Faster digital adoption is outpacing cybersecurity readiness,” said Mansour. A proliferation of deep-fake emails and employees using AI tools without permission threaten to bypass existing cybersecurity systems unless there is strong AI governance in place.



DIGITAL DISRUPTION

He said that new systems, platforms, and applications should have controls embedded in them from the start. CAEs can support the business by identifying which projects are likely to be most risky so that controls can be properly designed and implemented. More generally, internal audit could conduct a cybersecurity maturity audit of the entire business to ensure it aligned with, for example, local regulations or an international framework such as NIST or ISO27001. “This helps identify gaps in protection, especially as organizations adopt cloud, AI, and automation technologies. It also gives the board a clear view of where investment is needed,” he said.

Skill shortages

Because AI is still an emerging technology and because the market for skills is international, talent shortages were acute, including for internal audit functions. That could both hamper adoption of AI within the business and limit internal audit’s ability to provide assurance in this area.

“CAEs can bring in external experts to provide advisory services on the implementation and risk management of AI projects,” said Alzuhair in an interview for this report. In his own team, he has introduced key performance indicators for staff for basic data analytics and for IT controls – but he supplements the skills within his team with support from technicians within the organization and from its business partners, he said.

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.

Navigating new data protection laws

While data protection laws exist in some jurisdictions, others lag behind, so that business processes and conventions lack consistency, according to legal firm [Clyde & Co](#). Organizations operating across regional jurisdictions need to navigate a patchwork of developing rules with varying levels of compliance scrutiny and



DIGITAL DISRUPTION

enforcement activity. As a result, organizations were having to increase efforts to improve data governance processes, said a CAE at a manufacturer in Egypt. But compliance could prove challenging in the current climate where the globalization of regulations has stalled. He noted that stronger regional coordination could help reduce the risk of further fragmentation. CAEs are including regulatory updates on data protection and AI governance while monitoring emerging technology risks, with cybersecurity, data privacy, and AI governance regular features in audit plans, added Mansour.

AI advantage depends on good governance

AI adoption in the Middle East has not been equal across industries and activities. For example, AI has been implemented more in retail than in the oil and gas industry, according to a report by [GCC Board Directors Institute and McKinsey](#). Where AI is implemented, it is likely to be focused on marketing, sales, or service operations, rather than core operational technologies.

AI tends to be used as a way to enhance existing processes, rather than as a disruptive agent to create new business models, a risk consultant from a leading consultancy in Qatar said. “There is a big push from government and the energy sector to apply AI everywhere, but it is not disrupting businesses nor employees.”

Only in those industries where data governance maturity is high can organizations typically take advantage of more advanced technologies. A CAE working in the aviation industry said that his business already implements management dashboards and continuous auditing techniques. AI programs promise to speed up the organization’s ability to respond to problems by flagging them in real time – something that could help airports and airlines improve their international safety and customer satisfaction ratings.

Where AI is implemented, boards are asking CAEs to provide assurance on the governance and control processes around those projects and to assess whether they are providing the expected return on investment.

Healthy skepticism

The extra effort for assurance is an especially good idea when it comes to use of large language models (LLMs). Reports of frequent factual inaccuracy or pure hallucination have reduced trust in the quality of decisions and information that relies on LLMs. In fact, certain high-profile models hallucinate nearly 50% of the time, according to a roundup of research by the [Huffington Post](#).

Where AI is implemented, boards are asking CAEs to provide assurance on the governance and control processes around those projects and to assess whether they are providing the expected return on investment.



DIGITAL DISRUPTION

Key Points

Survey findings

- The fastest rising risk for the Middle East compared to the prior year was digital disruption (including AI), which climbed by 12 percentage points to become the region's third biggest risk (Exhibit 3).
- For audit priority, digital disruption was one of the two areas with significant increases, gaining 6 percentage points from the prior year (Exhibit 7).

Internal audit strategies

- Provide assurance over the cybersecurity maturity of the business to ensure it aligns with, for example, local regulations or an international framework such as NIST or ISO27001.
- Provide advisory services on new digital systems, platforms, and applications so that management embeds cybersecurity and data security controls from the outset.
- Advise the board on how far the adoption of new technologies is likely to disrupt the business model of the organization, the appropriate level and cost of assurance, whether they are likely to provide the expected return on investment, and whether completed projects have done so.
- Provide assurance that the organization's human resources strategy is aligned with its digitalization and AI strategies and that key performance indicators are in place and met for key skills.
- Assess the quality of data processes and whether they have fully taken account of fast-moving regional and global regulatory requirements.
- Provide assurance that the organization's data governance processes are specifically adapted to AI, including LLMs, to guard against intellectual property loss or corporate data breaches.



CONCLUSION

Business Case for Risk-Based Innovation Strategy Grows

Organizations and governments in the Middle East have recognized that new technologies hold the key to success.

Emerging tech will help them end the region's long-running dependence on fossil fuels and promises to make the region a global powerhouse for innovation. But ambitious investment alone is not enough.

Businesses must also strengthen their governance processes significantly. To that end, CAEs are helping to modernize decision-making processes in a wide range of areas: connecting risk appetite to the dynamic risk landscape, integrating risk management into strategic planning processes, and enabling real-time assessments of unfolding risk events, to name a few.

Providing such support has entailed repeatedly making the business case to boards and chief executive officers for better investment in risk management and internal controls in key areas – and being clear about the levels of risk involved where such investment is not forthcoming. And for getting ahead of risks, especially in new digital initiatives, by building cyber resilience in upfront.

Levels of risk maturity and awareness vary across the region. Data quality also differs, and in some areas, regulation is still evolving. These remain foundational elements for advanced digitalization, but there are encouraging signs of progress. For example, many in the region's burgeoning medium-sized business sector have set their sights on stock market listings, mainly to raise funds for growth and innovation. To do so, they must pay more attention to precisely those areas that will support success. Regulators are also beginning to coordinate efforts and adopt international standards.

CAEs are rising to the challenge with more audit automation, real-time monitoring systems, and audit management software. More needs to be done. “While digitization has improved audit quality, coverage, and relevance, the real opportunity now lies in deeper integration, embedding digital thinking across the entire audit lifecycle to proactively support business transformation,” said Mansour.



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.

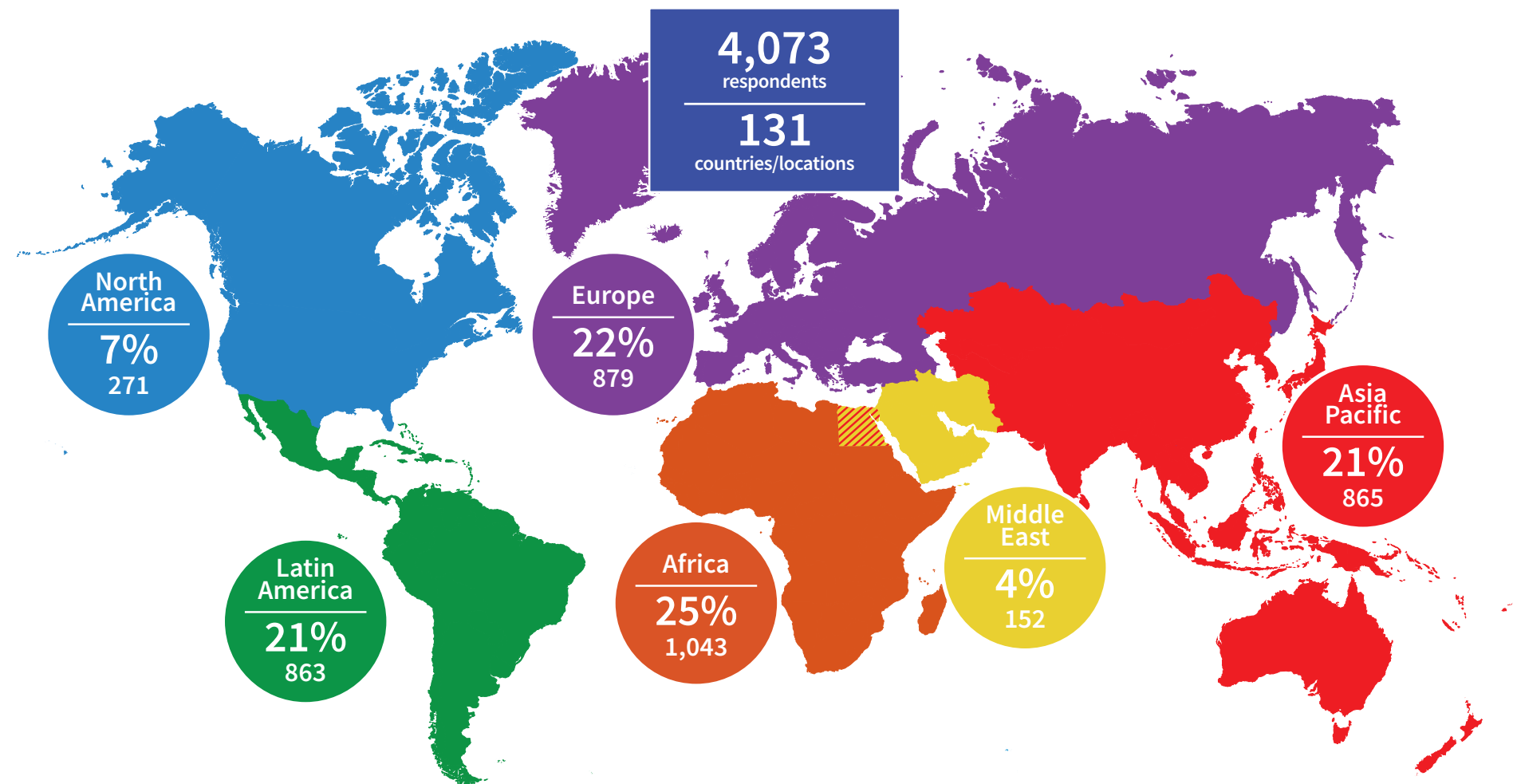
Risk Areas Used in the Survey

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. $n = 4,073$.

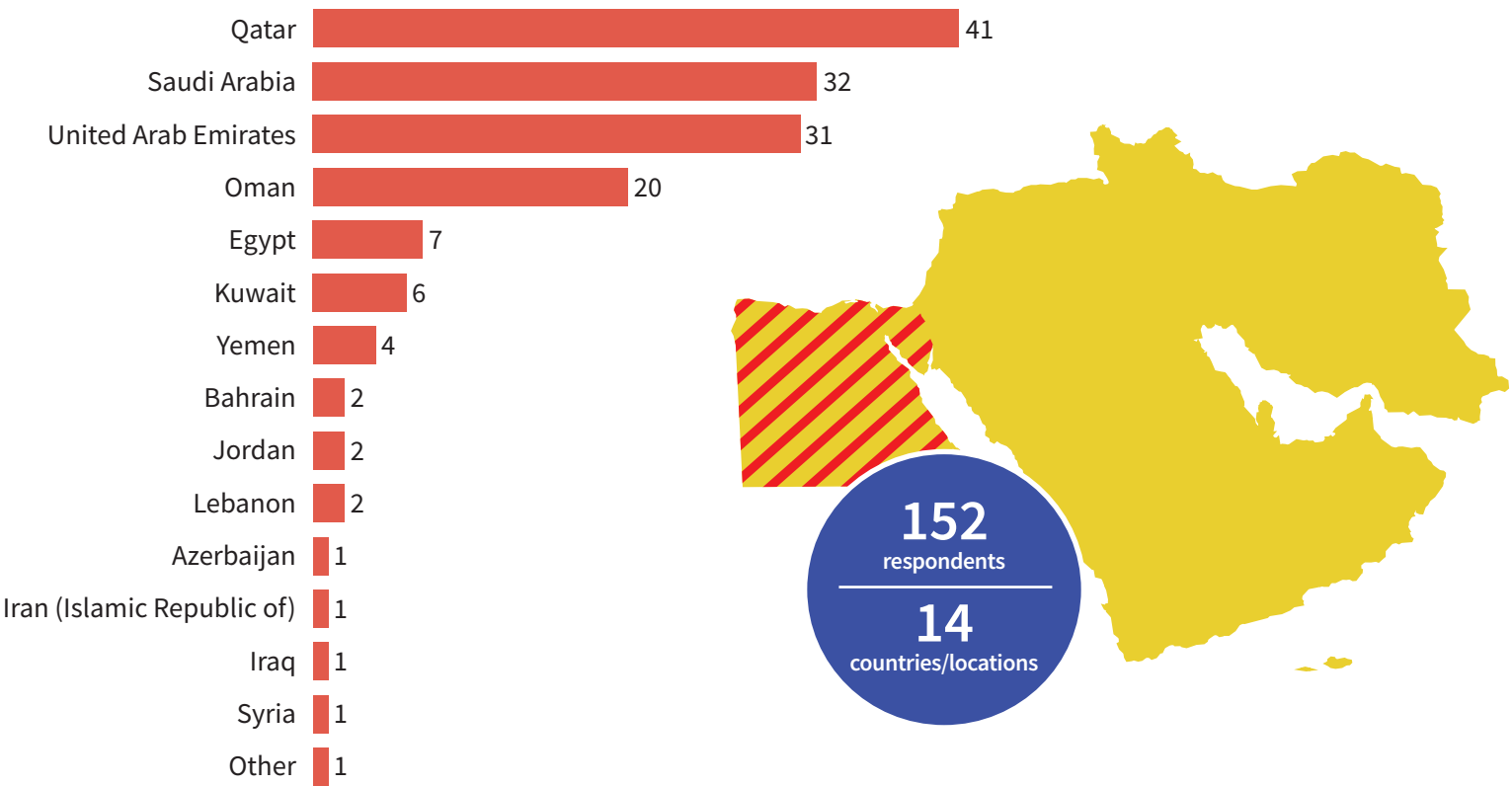
Note 2: The map shows regional groups used by The IIA for operational purposes. The regional groups do not represent any political position for The IIA or IIA Institutes.

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



DEMOGRAPHICS

Exhibit 2. Middle East – Responses per Country/Location

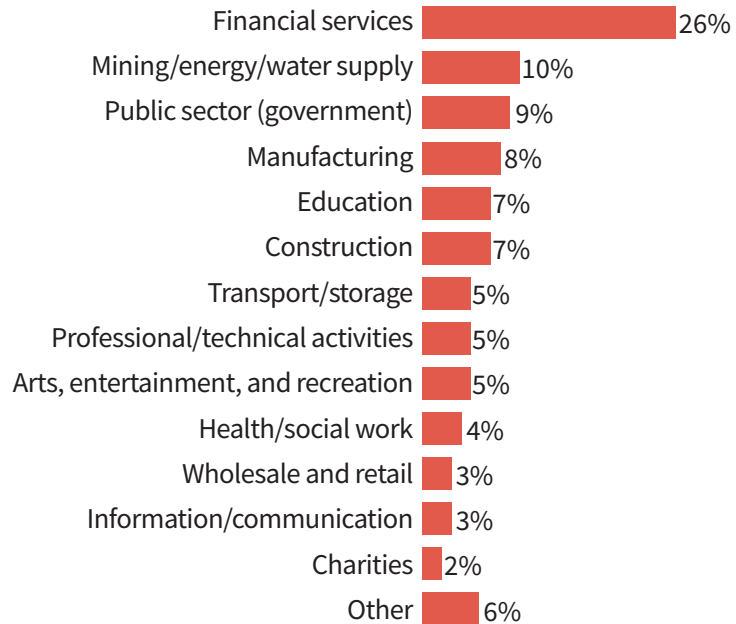


Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 152 for Middle East.
Note 2: Respondents from Egypt who chose the Middle East as their region were counted with the Middle East (7 respondents). If they chose Africa for their region, they were counted with Africa (9 respondents). The total count for Egypt for both regions combined was 16.

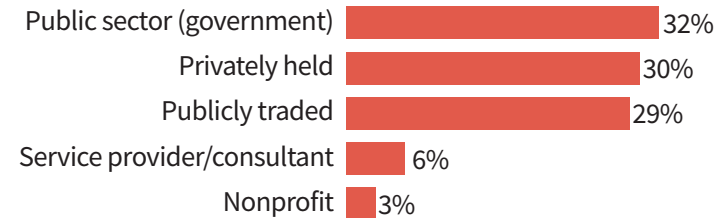
DEMOGRAPHICS

Industry, Organization Type, Size

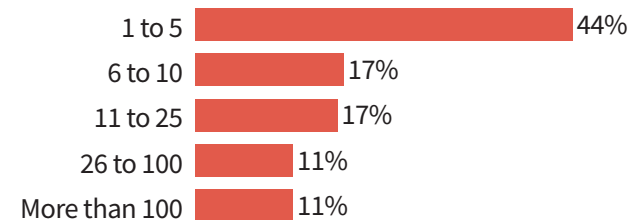
Middle East – Industry



Middle East – Organization Type



Middle East – Function Size



Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 152$ for Middle East.



APPENDIX C: MIDDLE EAST INDUSTRY ANALYSIS

Middle East – Highest Risks per Industry

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

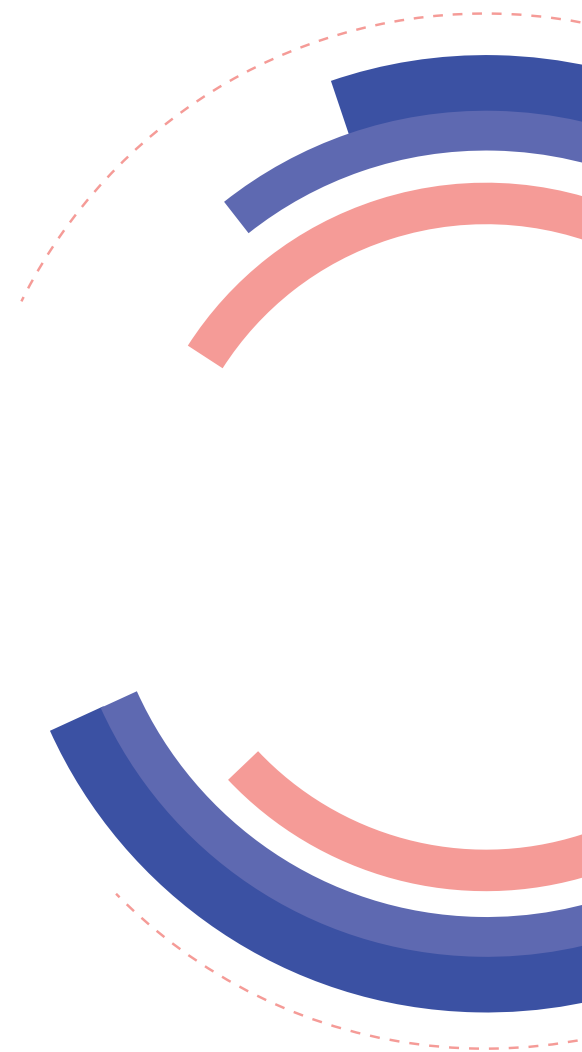
Risk area	All	Financial services	Mining/energy/water	Public sector (government)	Manufacturing
Cybersecurity	72%	77%	80%	92%	67%
Business resilience	58%	67%	60%	46%	67%
Digital disruption (including AI)	50%	64%	53%	77%	42%
Governance/corporate reporting	38%	26%	20%	62%	50%
Financial/liquidity	38%	36%	27%	38%	25%
Human capital	38%	46%	53%	23%	25%
Market changes/competition	29%	26%	20%	23%	33%
Geopolitical/macroeconomic uncertainty	29%	33%	7%	8%	42%
Regulatory change	28%	38%	13%	15%	25%
Organizational culture	26%	18%	27%	23%	17%
Supply chain (including third parties)	23%	18%	40%	8%	17%
Communications/reputation	19%	10%	20%	15%	17%
Fraud	19%	21%	20%	23%	17%
Climate change/environment	13%	8%	20%	31%	25%
Health/safety	11%	5%	40%	8%	25%
Mergers/acquisitions	6%	8%	0%	8%	8%

■ 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. $n = 152$ for Middle East.

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



MIDDLE EAST INDUSTRY ANALYSIS

Middle East – 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.)

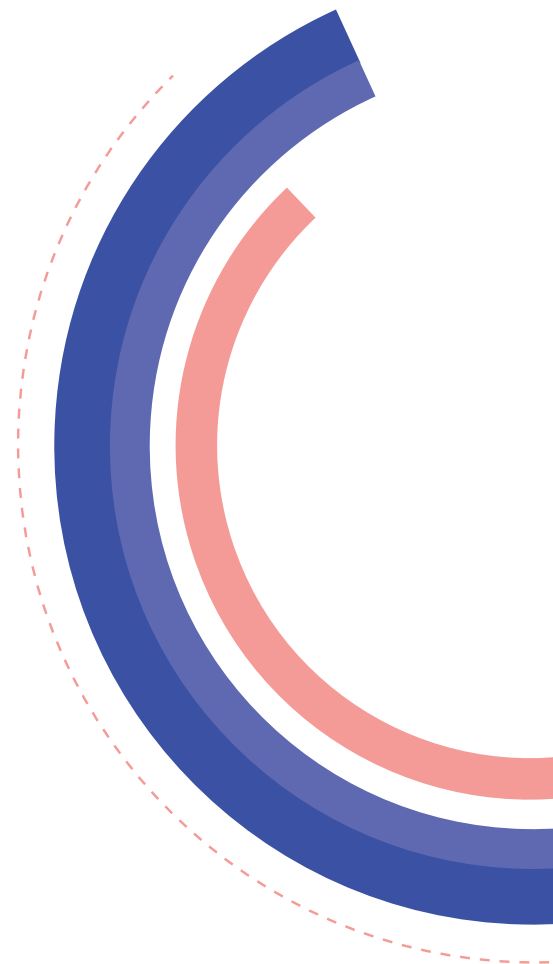
Audit area	All	Financial services	Mining/energy/water	Public sector (government)	Manufacturing
Cybersecurity	69%	79%	67%	77%	67%
Governance/corporate reporting	64%	62%	80%	46%	33%
Business resilience	59%	62%	73%	46%	50%
Financial/liquidity	47%	49%	33%	31%	50%
Digital disruption (including AI)	36%	49%	27%	54%	33%
Human capital	35%	36%	40%	38%	50%
Supply chain (including third parties)	35%	26%	60%	31%	33%
Fraud	30%	31%	20%	31%	50%
Regulatory change	30%	41%	27%	31%	17%
Communications/reputation	19%	13%	13%	23%	17%
Organizational culture	19%	10%	13%	15%	17%
Health/safety	14%	0%	33%	31%	33%
Market changes/competition	14%	18%	0%	8%	25%
Geopolitical/macroeconomic uncertainty	13%	18%	7%	23%	17%
Climate change/environment	8%	3%	0%	15%	8%
Mergers/acquisitions	4%	5%	7%	0%	0%

■ Highest audit priorities area 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. $n = 152$ for Middle East.

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

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

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.)

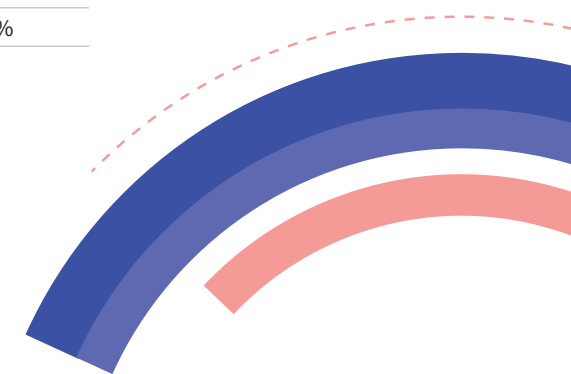
Audit area	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	69%	60%	63%	72%	69%	69%	83%
Governance/corporate reporting	55%	51%	55%	58%	48%	64%	53%
Business resilience	53%	54%	57%	50%	40%	59%	60%
Regulatory change	46%	37%	58%	49%	53%	30%	50%
Financial/liquidity	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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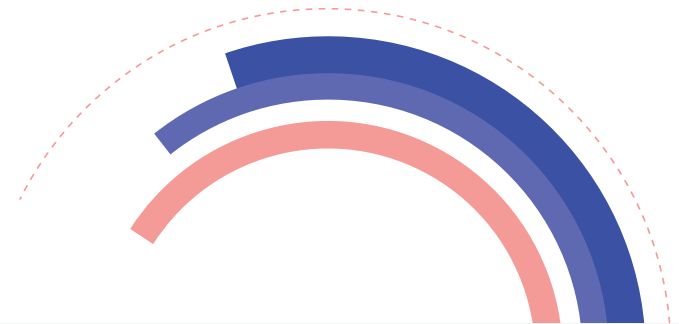
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