

# 2026

## RISK IN FOCUS

Hot topics  
for internal  
auditors

# NORTH AMERICA



Internal Audit  
**FOUNDATION**

# 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
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- 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](http://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

## Geopolitical Risks Increase Dramatically

The percentage of respondents in North America who ranked geopolitical uncertainty as one of their five highest risks spiked dramatically in North America, while cybersecurity and digital disruption remained high, according to the most recent Risk in Focus survey results.

In North America, 45% of survey respondents said geopolitical uncertainty was one of the five highest risks at their organization (up from 26% in the prior year) (Exhibit 3). North America tied with Europe and Latin America this year for geopolitical uncertainty risk levels (Appendix D). Rapid changes in U.S. policies initiated by the Trump administration are the likely drivers for this change, particularly tariffs and changes in federal funding.

At the same time, cybersecurity and digital disruption topped the risk rankings in North America, with 86% citing cybersecurity as one of the five highest risks, and 53% citing digital disruption (Exhibit 1). Risk ratings for regulatory change and business resilience increased moderately, keeping them on the list of highest risks.

Internal auditors are responding to geopolitical uncertainty with expanded advisory services and participation in broader strategic planning. They are joining cross-functional teams to proactively address new risks related to supply chain disruptions and changes in federal funding for the public sector, nonprofit organizations, and other industries.

The major driver for digital disruption risks in North America is generative artificial intelligence (AI), with cybercriminals taking advantage of it to increase their attacks. Organizations are forming AI governance teams to manage deployment and risks. At the same time, internal

audit is increasing use of AI to automate routine tasks, increase efficiency, and provide data for stakeholders.

Continued volatility in geopolitics and technology is almost guaranteed, so internal auditors must prepare to provide support and direction. The North America Risk in Focus 2026 report features practical ways to address this unprecedented risk environment, using insights from roundtables and interviews conducted with internal audit leaders throughout the region.

### Key Points

- Geopolitical risks spiked dramatically in North America, with 45% of survey respondents saying it was one of the five highest risks at their organization (up from 26% in the prior year) (Exhibit 3).
- Digital disruption risk, including AI, continues to increase and is now a Top 5 risk for 53% in North America (Exhibit 3).
- Cybersecurity remains the highest-rated risk in North America (86%) (Exhibit 1).
- Internal auditors are joining cross-functional teams to address supply chain issues and changes in federal funding.
- Strong IT governance is essential to prevent problems and take advantage of opportunities presented by generative AI and new technology.

### NORTH AMERICA RESEARCH PARTICIPATION

- **271** survey responses
- **3** roundtables with **59** participants
- **3** interviews

### NORTH AMERICA REPORT SPONSOR



# SECTION 1.

## NORTH AMERICA'S RISK ENVIRONMENT

### Heightened Geopolitical Tensions Alter Risk Landscape

The percentage of respondents in North America who ranked geopolitical/macroeconomic uncertainty as one of their five highest risks spiked dramatically, rising 19 percentage points from the prior year (Exhibit 3). Two other areas – business resilience and regulatory change – saw smaller but notable increases that could be linked to the geopolitical change.

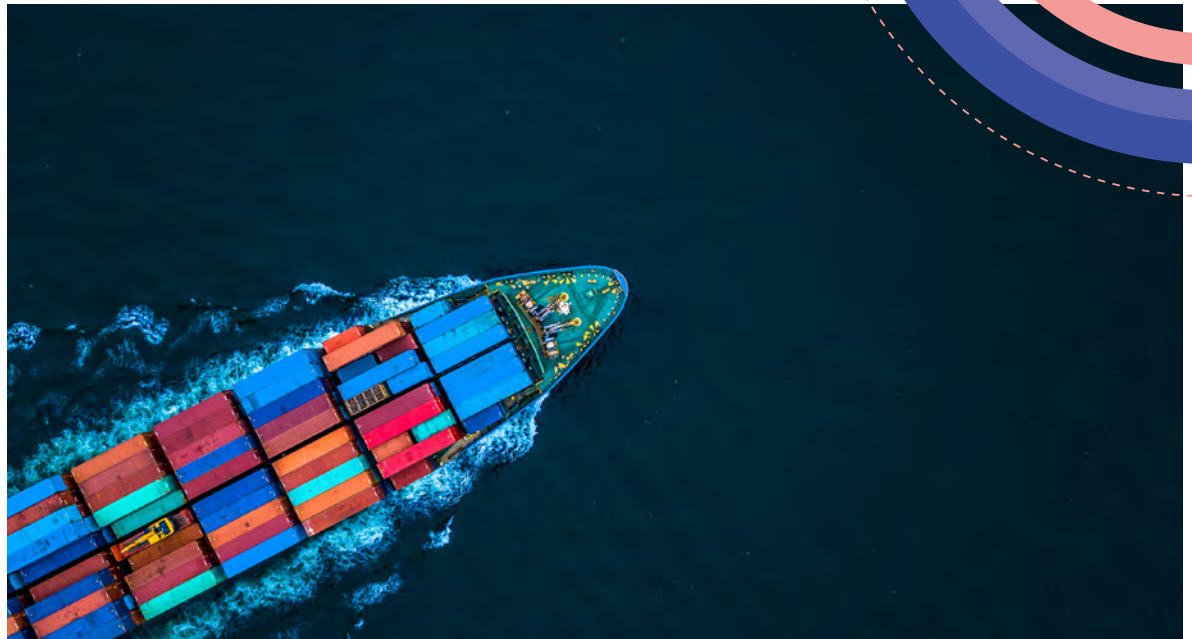
#### Geopolitical risks hit North America

In a dramatic shift from the previous two years of survey results, North America tied Europe and Latin America this year for the highest geopolitical risk levels in the world. In these three regions, 45% of survey respondents said geopolitical uncertainty was one of the five highest risks at their organizations (Appendix D). This stands in stark contrast to North America's survey results in the prior year, where geopolitical uncertainty was ranked ninth, with only 26% saying it was one of their Top 5 risks (Exhibit 3).

Rapid changes in U.S. policies initiated by the Trump administration are the likely drivers for this change, particularly tariffs and changes in federal funding policies.

As macroeconomic and geopolitical concerns are increasing, cybersecurity and digital disruption (including AI) remain the two top-rated risks in North America. Digital disruption continued its climb up the risk rankings from sixth to third to second. Cybersecurity remained entrenched as the highest ranked risk (Exhibit 3).

Risk in Focus survey results closely mirrored the World Economic Forum's assessment of global challenges, which were described as a "time of extraordinary volatility and uncertainty" in the [Chief Economist's Outlook: May 2025](#). The same report noted that the rapid advance of AI has created additional complexity and opportunity in the global economic landscape.



# NORTH AMERICA'S RISK ENVIRONMENT

During the North America Risk in Focus roundtables, internal audit leaders described active involvement in these two risk areas, including expanded advisory services. Additionally, interviews with internal audit thought leaders emphasized that volatility and uncertainty create important opportunities that internal auditors must embrace.

North American industries with the highest risk ratings for geopolitical uncertainty were manufacturing and mining/energy/water. These industries also showed high audit priority for supply chains. (Appendix C).

## Risk levels compared to global

While geopolitical uncertainty risk went up 10 percentage points at the global level (Exhibit 4), it increased nearly twice as much for North America (19 percentage points) (Exhibit 3). The uptick for North America was the largest increase for a single risk area of any region in this year's survey results.

North America rated technology risks as higher than the global average. As in previous years, North American respondents cited cybersecurity as a high risk more often than the global average, with 86% listing it as a Top 5 risk, 13 percentage points higher than the global average. Digital disruption also was cited more often by North American respondents; 53% compared to 48% globally (Exhibit 2).

On the other hand, North America was lower than the global average for risk related to fraud (12 percentage points lower), climate change (11 percentage points lower), and governance/corporate reporting (9 percentage points

lower) (Exhibit 2). Because so much fraud risk in North America is related to cybersecurity, the lower fraud risk rating for North America may be offset by the higher rating for cybersecurity.

In last year's Risk in Focus survey, North American respondents expected climate change risk ratings to increase in the next three years. However, the dramatic changes in the geopolitical landscape led more people to choose geopolitical uncertainty as one of their Top 5 risks, and climate change risk ratings dropped 6 percentage points in North America, tying for the lowest rated risk on the list (Exhibit 3).

## Audit priorities

Audit priorities shifted in response to risk level changes but to a lesser extent. (Audit priorities are defined as the five areas where internal audit spends the most time and effort.)

In North America, audit priority ratings for geopolitical uncertainty grew by 8 percentage points over the prior year (Exhibit 7). Nevertheless, the audit priority ratings for geopolitical uncertainty in North America were still much lower than the risk level ratings. Roundtable participants explained that geopolitical uncertainty is not a typical audit area with identifiable processes and controls. Therefore, to address geopolitical risks, audit priority increases in related areas, for example, business resilience, which increased 6 percentage points, or market changes/competition, which increased 4 percentage points (Exhibit 7).



Risk ratings for geopolitical uncertainty in North America increased 19 percentage points – nearly double the global increase, which was 10 percentage points (Exhibits 3 and 4).





# NORTH AMERICA'S RISK ENVIRONMENT

## Audit priorities compared to global

North America and the global average were fully aligned for the five highest audit priority areas: cybersecurity, business resilience, governance/corporate reporting, regulatory change, and financial/liquidity (although with slightly different rankings) (Exhibit 6).

Audit priority for digital disruption increased the most, both for North America and global – 11 percentage points for North America and 7 percentage points for global. The second highest increase was for geopolitical/macroeconomic uncertainty – up 8 percentage points for North America and 3 percentage points for global (Exhibits 7 and 8).

One notable difference between North America and global audit priority was for business resilience – increasing 6 percentage points for North America compared to a decrease of 2 percentage points for global (Exhibits 7 and 8). North America's uptick was likely a way of responding to increased geopolitical uncertainty, according to roundtable participants.

## Risk compared to audit priority

For both North America and global, three out of the five highest risks were also high audit priorities – cybersecurity, regulatory change, and business resilience.

At the same time, several risks showed large gaps between risk levels and audit priority, in particular, geopolitical uncertainty, human capital, and digital disruption. Geopolitical risk ratings exceeded audit priority ratings by

35 percentage points in North America and 27 percentage points globally. Similarly, human capital risk ratings exceeded audit priority ratings by 27 percentage points in North America, but a more modest 14 percentage points globally. Digital disruption had a smaller gap, but it was still notable: 10 percentage points for North America and 16 percentage points for global (Exhibits 9 and 10).

As noted earlier, some gaps may be explained by difficulty in directly auditing an area, for example, geopolitical uncertainty. Or the issue may be a lack of processes in place or a lack of audit skills in an area, for example, digital disruption.

## A closer look at urgent risks

Based on survey results and roundtables, the featured topics for this year's Risk in Focus report are geopolitical uncertainty and digital disruption. See Section 3 for insights into how internal audit and their organizations are meeting challenges in these high-risk areas.

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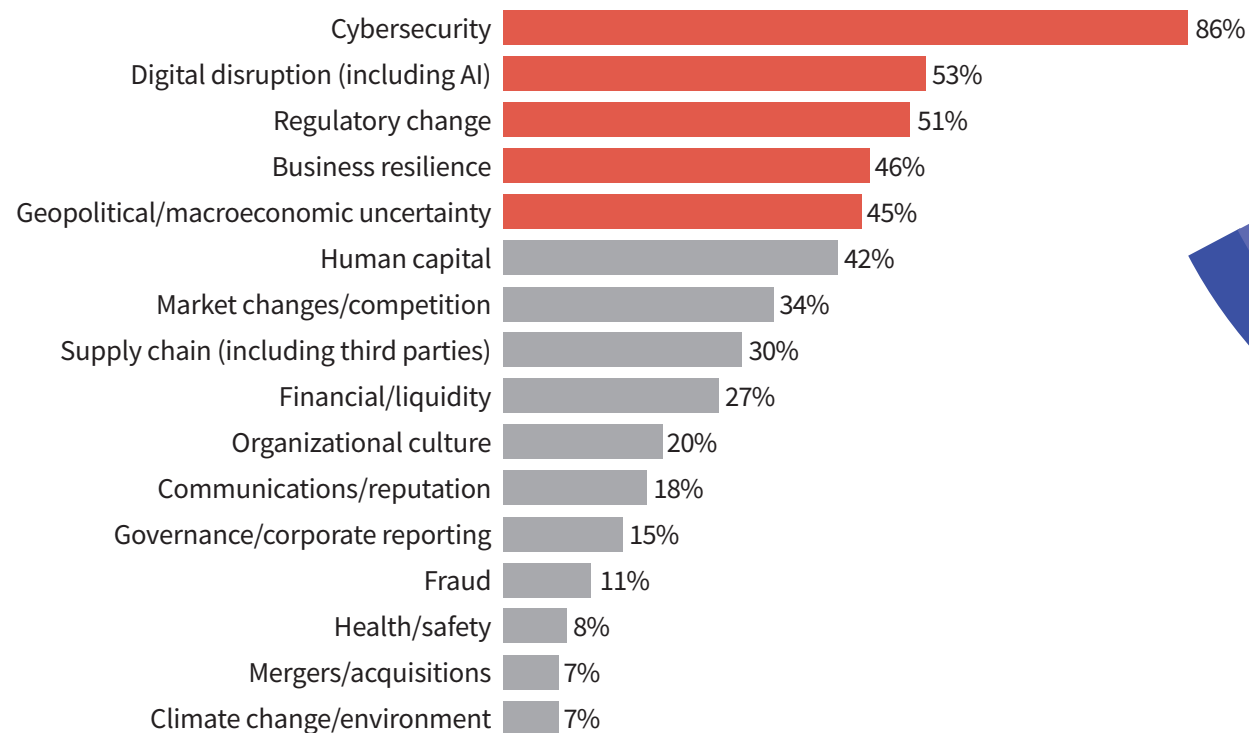


# SECTION 2. RISK LEVELS

## Exhibit 1. North America – Highest Risks

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

### North 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.  $n = 271$  for North America.



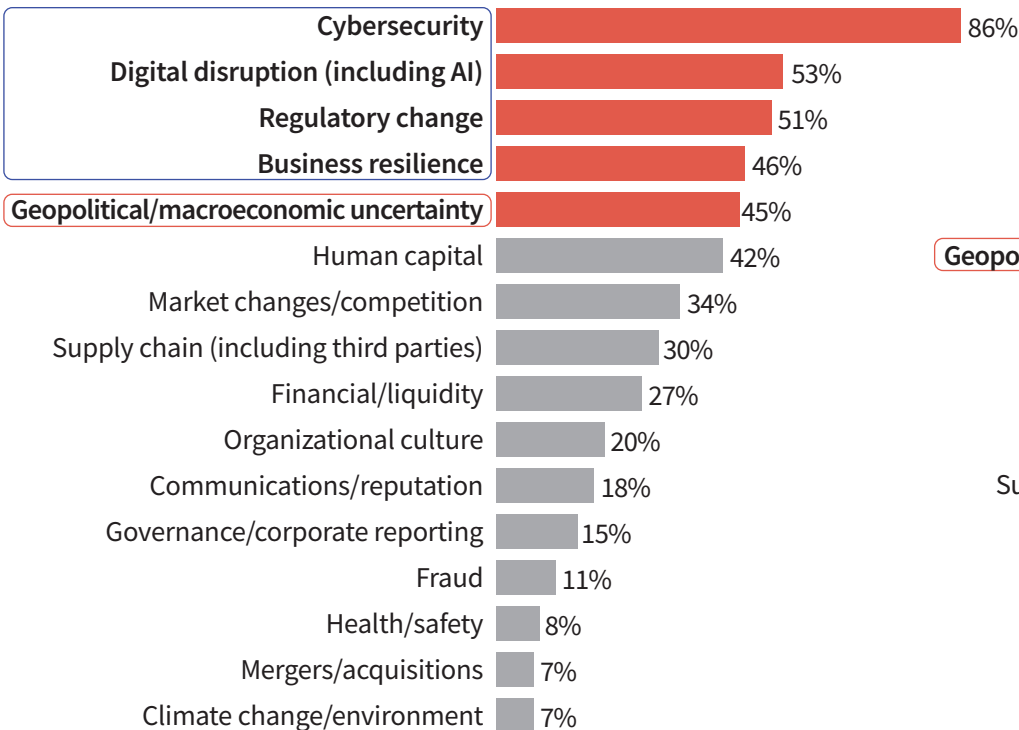


# RISK LEVELS

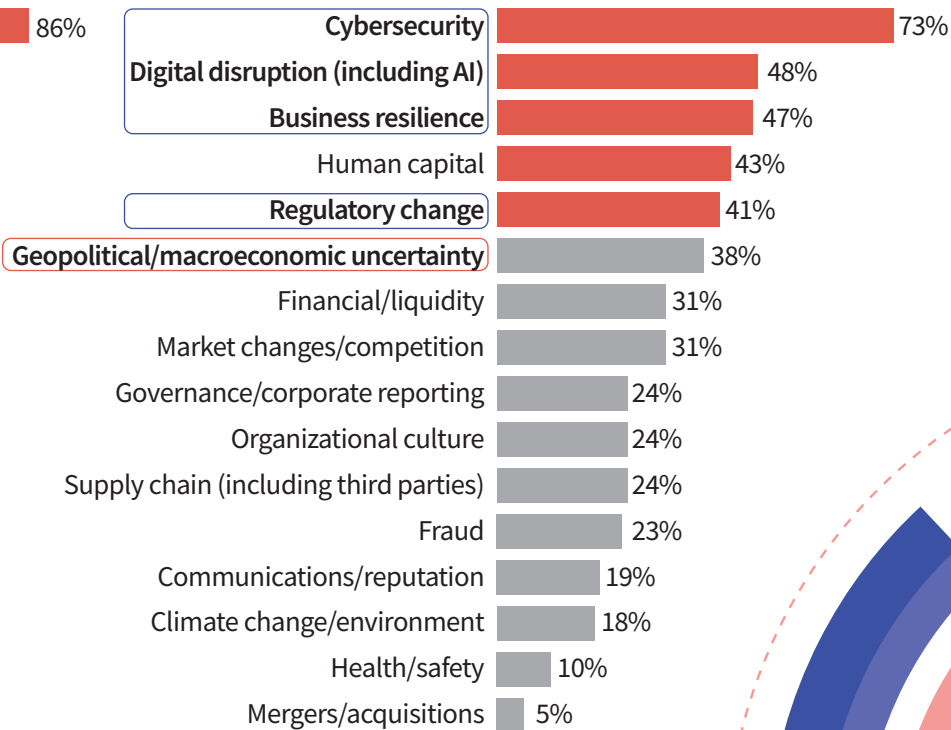
## Exhibit 2. North America vs. Global – Highest Risks

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

### North 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.  $n = 271$  for North America.  $n = 4,073$  for global.



# RISK LEVELS

## Exhibit 3. North 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
85%	87%	86%		-1	Cybersecurity
36%	48%	53%		+5	Digital disruption (including AI)
43%	47%	51%		+4	Regulatory change
36%	41%	46%		+5	Business resilience
28%	26%	45%		+19	Geopolitical/macroeconomic uncertainty
65%	54%	42%		-12	Human capital
41%	41%	34%		-7	Market changes/competition
36%	29%	30%		+1	Supply chain (including third parties)
28%	28%	27%		-1	Financial/liquidity
21%	20%	20%		0	Organizational culture
21%	20%	18%		-2	Communications/reputation
16%	16%	15%		-1	Governance/corporate reporting
9%	9%	11%		+2	Fraud
17%	13%	8%		-5	Health/safety
8%	8%	7%		-1	Mergers/acquisitions
12%	13%	7%		-6	Climate change/environment

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.  $n = 271$  for North America.





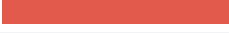









Note 2: The orange and blue bars show the difference in risk level ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest risk level rating for 2025. The years indicate the year the survey was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

### North 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.  $n = 271$  for North America.



# AUDIT PRIORITIES

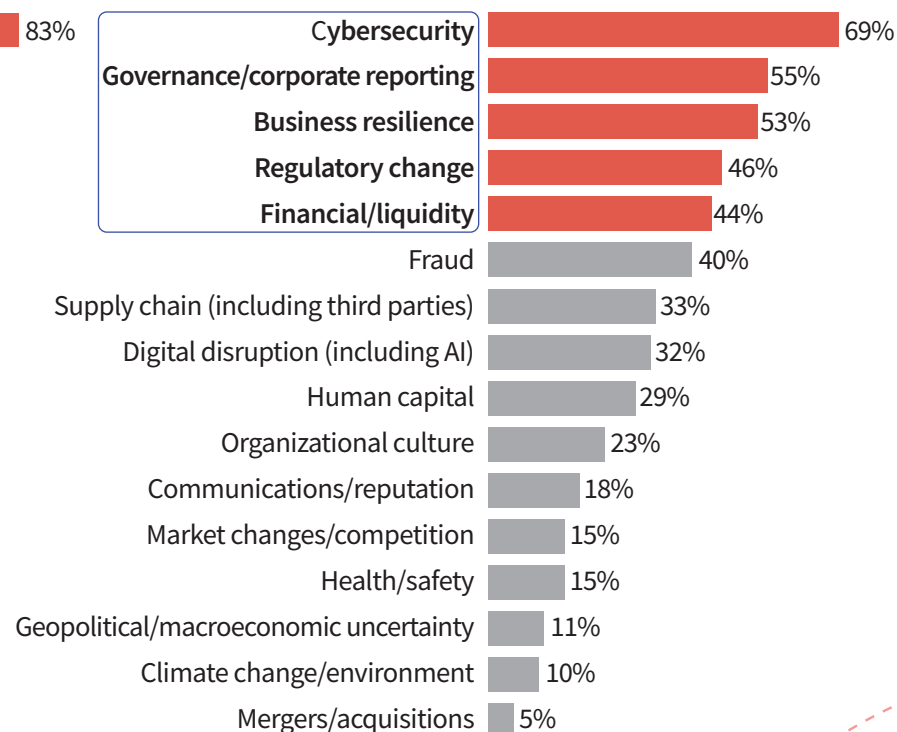
## Exhibit 6. North America vs. Global – Highest Audit Priorities

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

### North 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.  $n = 271$  for North America.  $n = 4,073$  for global.



# AUDIT PRIORITIES

## Exhibit 7. North America – Audit Priority Trend

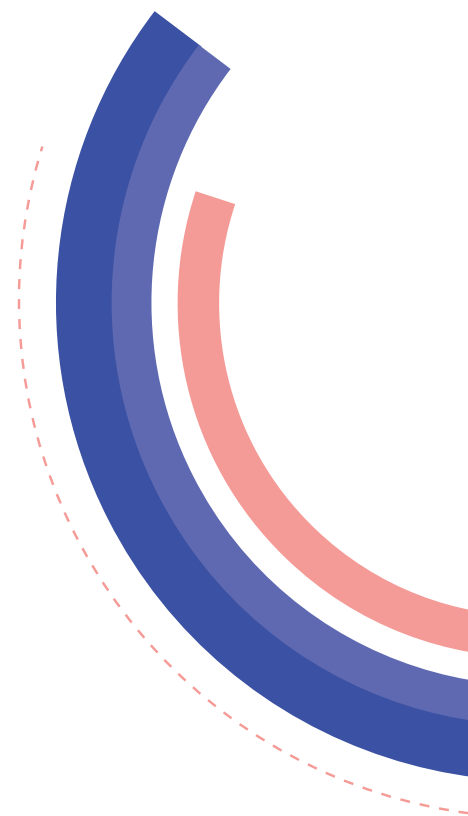
**Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)**

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
84%	87%	84%		-3	Cybersecurity
53%	54%	60%		+6	Business resilience
55%	58%	52%		-6	Governance/corporate reporting
53%	54%	51%		-3	Regulatory change
25%	33%	44%		+11	Digital disruption (including AI)
46%	46%	44%		-2	Financial/liquidity
38%	34%	37%		+3	Supply chain (including third parties)
26%	29%	30%		+1	Fraud
17%	15%	18%		+3	Organizational culture
21%	16%	15%		-1	Health/safety
26%	27%	15%		-12	Human capital
20%	17%	14%		-3	Communications/reputation
14%	10%	14%		+4	Market changes/competition
4%	3%	11%		+8	Geopolitical/macroeconomic uncertainty
10%	10%	7%		-3	Mergers/acquisitions
9%	9%	3%		-6	Climate change/environment

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.  $n = 271$  for North 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.



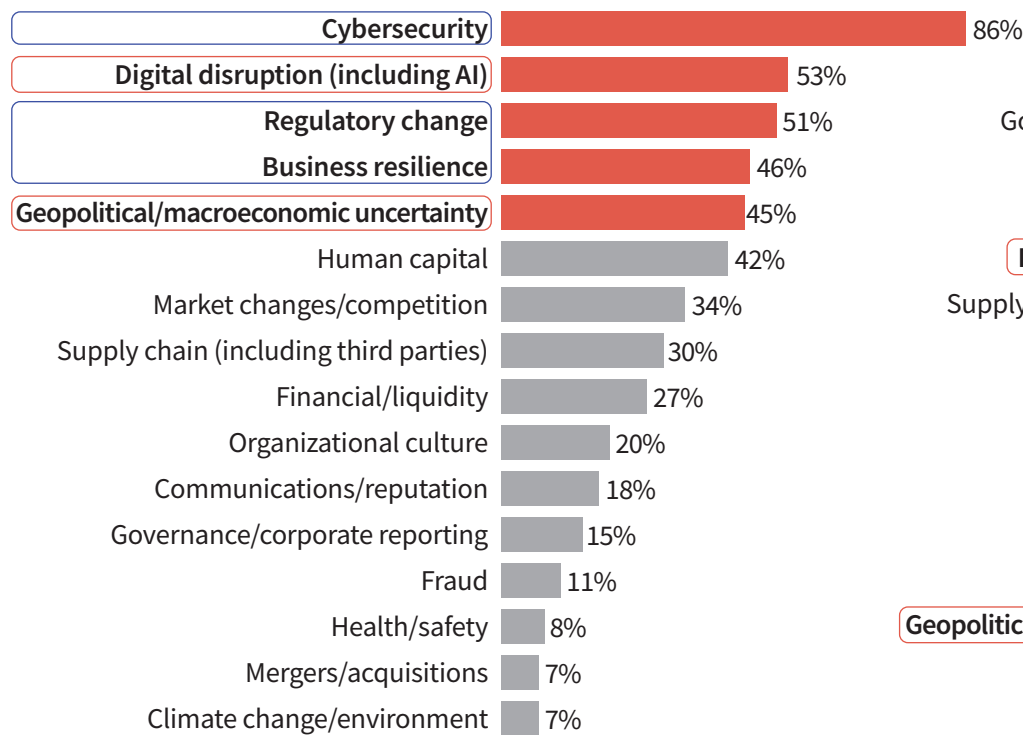
# SECTION 4. RISK VS. AUDIT PRIORITIES

## Exhibit 9. North 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.)

### North America – Highest Risks



### North 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* = 271 for North America.



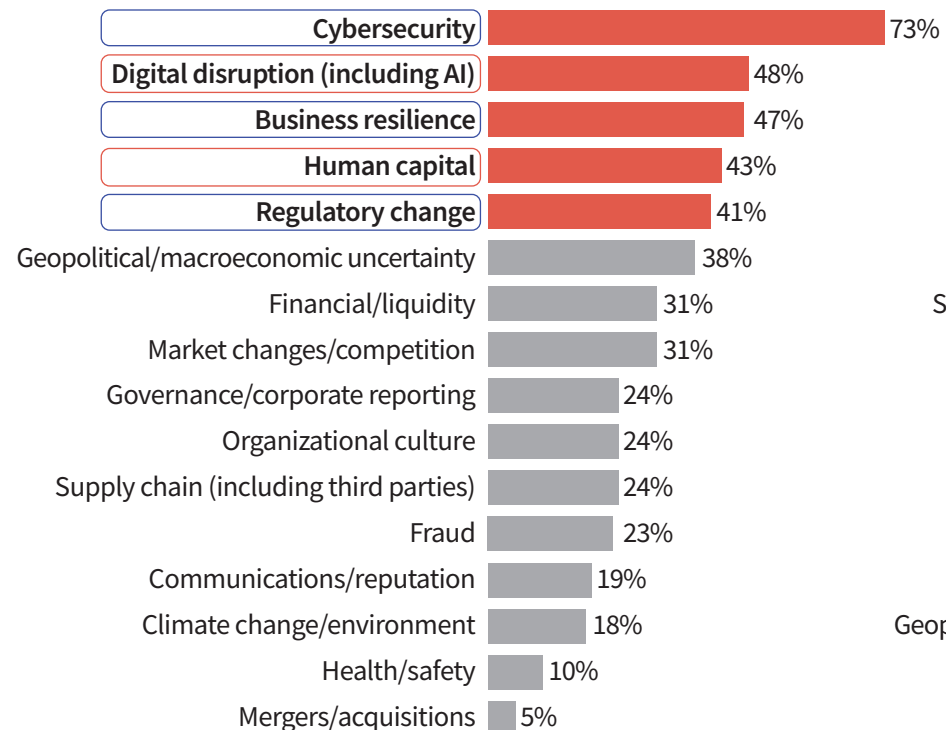
# RISK VS. AUDIT PRIORITIES

## 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

### New U.S. Policies Drive Up Risk

**North American internal audit leaders are responding to uncertainty by pivoting to expanded advisory services and participating in broader strategic planning.**

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.

Geopolitical/macroeconomic uncertainty is peaking at levels not seen since the COVID crisis. Less than five years removed from that global emergency, organizations are struggling to cope with new volatility and uncertainty from policy changes implemented by U.S. President Donald Trump.

For example, the potential impact on domestic policies and spending drove one internal audit leader at an agri-business lending organization to rank geopolitical/macroeconomic uncertainty as his top risk. Uncertainty about the annual Congressional Farm Bill, which often includes provisions related to agricultural trade, such as export subsidies and international food assistance programs, is driving volatility in the sector, he said.

“We have some big winners some days in the direction that things are headed and some big losers. So, it tends to balance out a bit across our portfolio,” he said. “But we have very significant clients that are dealing with crazy input costs and volatility in the markets. That’s definitely why I placed it as number one for us.”



# GEOPOLITICAL UNCERTAINTY

## Widespread impacts

Supply chain risk is one of the driving factors behind many organizations' concerns. Whether it's sourcing ingredients for a global restaurant chain or getting healthcare supplies that can only be obtained from China, organizations are scrambling for alternatives and financially viable solutions.

Another looming obstacle is the widespread cuts in federal funding, initiated by the Department of Government Efficiency (DOGE) formed by the Trump administration. The CAE at a not-for-profit company that operates in more than 20 countries said federal funding cuts have prompted reexamination of budgets, called into question the viability of foreign offices, and may trigger a reorganization. An internal auditor working in state government expressed concerns about the ban on programs for DEI (diversity, equity, and inclusion) and how that could affect funding for a variety of programs that rely on federal support.

## Delivering value to boards and management

Internal auditors should be key allies in helping organizations to be resilient and deal with evolving risks, said Richard Chambers, senior internal audit advisor for AuditBoard. But boards and executive management need to be educated about what internal audit offers.

"We [internal auditors] need to have frank and candid conversations with executive management and the board about the environment in which we live, and we need to educate them on what our potential is to help navigate that environment," said Chambers. "Very few board members or executive management members are going to naturally think, 'Oh, tariffs are changing three times a day. What I need to do is call the internal auditors and see what they're thinking.'"

"We have to influence the change we want to see," Chambers said. "We want our stakeholders to see our capabilities in a broader light or in a different light. Then we have to deliver."

Benito Ybarra, IIA executive vice president of global standards, guidance, and certifications, added, "Leading internal auditors like the challenge of making their organizations better. Internal auditors have a huge opportunity to engage board members and senior leaders to make sure that they understand what internal audit can do to help organizations thrive."

"Supply change risk is one of the driving factors behind many organizations' concerns."



# GEOPOLITICAL UNCERTAINTY

## Advisory services across industries

The new geopolitical reality is driving an all-hands-on-deck mentality in organizations, which is expanding use of internal audit for advisory services across industries. Internal auditors are using their expertise in organizational operations to help develop new strategies.

### Increasing inventory (Utilities)

For one Midwestern utility, the changing risk landscape brought together leaders from IT, ERM, executive management, and internal audit to identify and mitigate evolving risks. The utility explored how tariffs announced by the Trump administration affected supply chain strategies. For example, inventory of critical and long-lead-time products was dramatically expanded.

“We use a lot of steel poles and transformers, things that have heavily tariffed materials,” said Andrea Klubertanz, audit manager at ATC, a Wisconsin-based utility company. “We are increasing our inventory by forty- to sixty-fold in the course of a few years and to an amount that is material to our financial statements. The pace at which we’re growing, the long lead times, and the lack of suppliers in that space make it particularly challenging for us.”

Beyond expanding inventory, the utility is reexamining its vendor list and looking for alternative suppliers who might not be impacted by tariffs. They also are examining whether there may be engineering solutions to support growing load demand. Since the pandemic, the utility has looked at better aligning audit services with company strategy, and internal audit has adopted the same mindset.

“We’re really trying to think more strategically,” Klubertanz said. Her team shifted away from routine audits and started to review the risks for key areas such as construction, procurement, and strategic resource alliances. “These are the kinds of things that our stakeholders, our audit committee, want to see,” Klubertanz explained.

### Board communications (Clothing retailer)

At an international clothing retailer based in North America, geopolitical uncertainty has become one of the organization’s top enterprise risks. The internal audit function has stepped up its risk advisory work, keeping management informed about tariffs and military actions that affect suppliers.

The new geopolitical reality is driving an all-hands-on-deck mentality in organizations, which is expanding use of internal audit for advisory services across industries.





# GEOPOLITICAL UNCERTAINTY

## Counting costs (Manufacturing)

The audit leader of a global professional services company said she realized her organization needed to do an advisory review of the supply chain process when they tried to find alternate manufacturing locations to ease reliance on Asia. “Unfortunately...a lot of those (alternative) countries are also now impacted by high tariffs,” she said. Internal audit conducted a detailed review of the supplier award process and supplier performance to determine if the mix remained beneficial to the organization. Their review also looked at supply chain decision-making and whether short-term and long-term impacts were being considered. From a financial perspective, internal audit also explored whether business units were considering tariff impacts, inventory costs, and how costs would be reflected on income statements.

## Reconsidering marketing (Software technology)

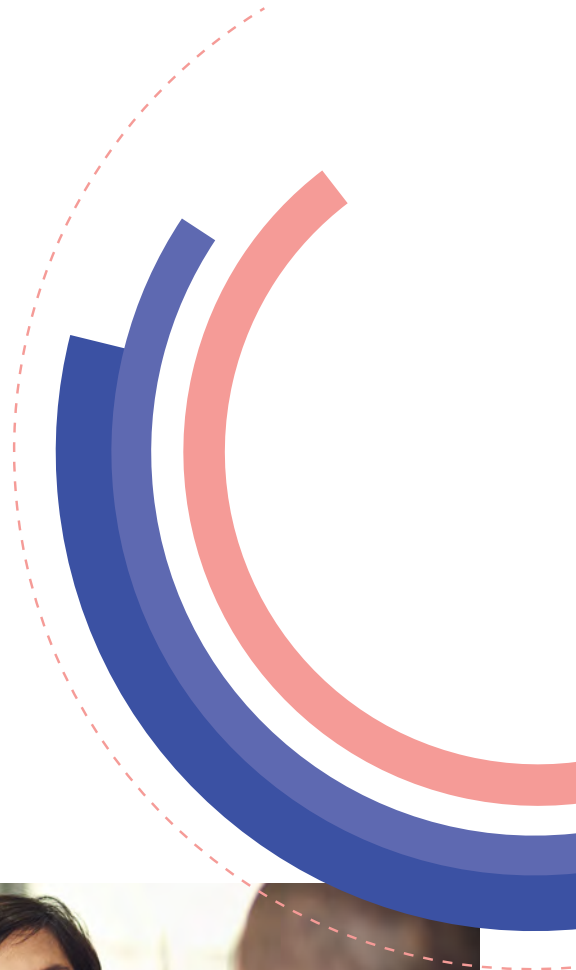
For a software technology company, the uncertainty has prompted an examination of risk concentration in some of the regions in which it operates. “We’re looking at the footprint and saying, ‘Can we really rationalize the number

of countries we operate in without necessarily increasing our risks?’” said its vice president of internal audit, adding that such risks include compliance with sovereign data rules, privacy, and sustainability, as well as the potential for increased fraud.

## Conclusion

The complexity of the business environment can seem overwhelming at some organizations, said Ybarra, but internal auditors can help bring clarity by reexamining risk assessments and understanding where the organization’s critical assets lie. Having a clear idea of who provides assurance over risk mitigation efforts in key areas through risk mapping and second-line collaborations also is vital. Ultimately, the aim is to have a clear view of risks and the effectiveness of risk mitigation, and to provide assurance and support to the areas of highest risk. This presents a holistic view of risk management that boards and senior management want and need to hear, Ybarra said.

Ultimately, the aim is to have a clear view of risks and the effectiveness of risk mitigation, and to provide assurance and support to the areas of highest risk.



# GEOPOLITICAL UNCERTAINTY

## Key Points

### Survey findings

- Geopolitical/macroeconomic uncertainty as a Top 5 risk spiked dramatically, rising 19 percentage points year over year (Exhibit 3).
- As a result, North America risk in this area was higher than the global average for the first time for the Risk in Focus project.
- Geopolitical/macroeconomic uncertainty saw the second highest increase – 8 percentage points – in the number of survey respondents who listed it as a Top 5 area where internal audit spends most time and effort (Exhibit 7).

### Internal audit strategies

- Pivot to changing geopolitical uncertainty by reviewing materials sourcing.
- Monitor federal funding cutbacks for direct impacts on budgets and projects and implications for third-party contractors.
- Explore implications of new tariffs on supplier contracts.
- Examine new and existing regulations for impacts on existing contracts and supplier relationships.
- Seek greater involvement in broader strategic planning through expanded meetings with key C-suite and department leaders.
- Educate boards and executive management about internal audit's potential to help navigate the current risk environment.



# DIGITAL DISRUPTION

## Generative AI Causes Paradigm Shift

**Less than three years after the introduction of ChatGPT, generative AI is creating profound impacts on business. From improving efficiency, competitiveness, and resilience to fundamentally altering how the C-suite views human capital, generative AI meets the definition of a paradigm shift.**

Over the past two years, the percentage of North American survey respondents listing digital disruption as a Top 5 risk grew 17 percentage points (Exhibit 3). Much of that growth is likely driven by North America's rapid adoption of generative AI products. Since the first practical generative AI products were introduced in late 2022, AI use has exploded.

Stanford's [2025 AI Index Report](#) stated that AI business usage in the U.S. is accelerating rapidly, with 78% of organizations reporting using AI in 2024, up from 55% the year before. In addition, a report from the [National Bureau of Economic Research](#) stated that nearly 4 in 10 of the U.S. population age 18 to 64 were using generative AI at work or at home in 2024, with 9.2% saying they used it every day.

Against this dramatic backdrop, internal auditors are striving to understand AI's impact on business strategies and risks (including cybersecurity) while simultaneously leveraging the technology to improve their own efficiency, relevance, and value.

### Cybercriminals take advantage of AI

Cybercriminals are also using AI as a powerful tool to increase the frequency and sophistication of attacks. One of the most troubling data points is the sheer volume of attacks organizations face, with the number exploding globally from 579 attacks per second in 2021 to a staggering 7,000 password attacks per second in 2024, according to the [Microsoft Digital Defense Report 2024](#). In addition, spammers save 95% on campaign costs using large language models (LLMs) to generate phishing emails, according to a [Harvard Business Review](#) article.

Over the past two years, the percentage of North American survey respondents listing digital disruption as a Top 5 risk grew 17 percentage points (Exhibit 3).



# DIGITAL DISRUPTION

Risk in Focus roundtable participants cited a variety of personal experiences with AI-assisted cyberattacks. For example, a public sector CAE discovered that people were using AI to generate fake IDs and bills in attempts to get paid for fraudulent benefits claims.

## AI’s impact on the workforce

In its [State of AI report](#) (March 2025), McKinsey noted that companies are starting to implement new structures and processes designed to extract value from AI. Increasingly, this includes redesigning workflows to integrate generative AI, with 21% reporting fundamental redesigns. Larger organizations are adapting more rapidly, particularly in AI governance and risk management.

Some CEOs are insisting that employees use AI. Shopify CEO [Tobias Lütke](#) not only announced the expectation that everyone in the organization would use AI, but he also said that any request for additional resources would have to demonstrate why AI couldn’t be used instead. Additionally, Lütke stated AI use would become an explicit part of employee performance evaluations.

A CAE at the roundtable said his organization has the same perspective: “Our CEO put out something very similar,” he said. “Before recruiting across the organization, including for internal audit, there’s a drive to make sure that AI can’t do what we’re trying to recruit for.”

## 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.

Ford CEO Jim Farley recently predicted AI will replace “literally half of all white-collar workers in the U.S.,” while Marianne Lake, CEO of Consumer & Community Banking at JPMorgan Chase, told investors she could see the massive firm’s headcount falling by 10% in the future because of AI, according to an article in the [Wall Street Journal](#).





# DIGITAL DISRUPTION

Multiple roundtable participants said they are turning to external service providers and consultants to support their AI journey. A bank CAE at the roundtables wants to explore where AI fits in across all levels of the organization. “What are the questions we should be asking? I’m talking all the way up at the oversight level, at the board level,” he said.

## More cautious approaches

Although AI implementation is mandated by some large organizations, anecdotal evidence from roundtables suggests that smaller organizations are relatively cautious about using AI (as also noted in the [McKinsey](#) report). A CAE at a smaller community bank in Texas said she finds the current governance very restrictive at her organization. She lamented that her team cannot use AI as they’d like. A CAE from the insurance industry said that Microsoft Copilot is the only generative AI their organization allows. This organization primarily sees AI as an efficiency booster and urges users to closely review AI outputs for accuracy. The internal audit function at this organization therefore uses AI primarily to support report drafting.

A public sector auditor in Canada said that her province is slow in developing a governance framework for AI, so she has few options for implementing it in her audit function. Despite this, she is trying to leverage AI where she can safely do so to improve efficiency within her function.

## AI governance teams

Whether AI implementation is conservative or aggressive, many organizations are assembling AI governance teams to manage deployment, and CAEs are being included. For example, a roundtable participant said their global professional services firm created an AI council focused on leveraging AI to interact with customers. The council is led by the CIO, CAE, and other senior management.

A CAE from financial services said his organization uses a governance council that evaluates AI use cases both internally and eventually for customers as a service. The council’s work so far has focused on evaluating vendors who use AI and are providing services to customers or for clients seeking to add AI products to existing services.

“The governing council evaluates security and privacy, among other things, to see whether we can move forward with those use cases,” he said. “I think the committee itself is still learning what the real risks are and what types of services we can allow.”

Even when an AI governing council is in place, auditing AI governance is proving to be a challenge. A CAE in financial services said his team conducted a search for governance frameworks in 2024 that they could use for AI evaluation, but they found no blueprint at the time that described what good AI governance looks like. A second financial services CAE agreed, describing the area of AI frameworks as a “greenfield.”

“Many organizations are assembling AI governance teams to manage deployment, and CAEs are being included.”





# DIGITAL DISRUPTION

## Auditing AI automation

Tammy Valvo, CAE at Gate City Bank, said the bank is using AI and robotic process automation (RPA) to automate where possible, estimating that business process improvement automations have already delivered the equivalent of more than 66,000 hours of time saved in the past three years.

“It doesn’t mean we’ve reduced people, because we haven’t laid people off to do it,” Valvo said. “It just means that we’re using people to do things that only people can do and using systems to do more routine things that, quite frankly, people often get bored doing and then don’t do well.”

As processes throughout the organization are automated using AI and RPA, Valvo is reviewing workflows to ensure leaders remain aware of what is happening within those processes. Additionally, with the growing reliance on business intelligence and tools such as Tableau, internal audit is working to ensure there is an understanding of where the data originates, where it is going, and what it is informing, she said.

Similarly, Klubertanz said her internal audit team is working on ways to help ensure that data integrity, access management, and other aspects of automation are appropriately handled from a security perspective.

## Hidden risks of automation

Valvo’s experience with auditing automated systems brings to light various potential pitfalls that effective assurance can help deter, and one of the biggest is the idea that once systems or processes are automated, they can be left alone.

“It’s out of sight, out of mind once you don’t have to do it anymore,” she said. “There’s basically no human interaction in that step. It’s easy to forget that that step even happens. You assume that step is still working the way that it should, but you don’t know.”

This is particularly relevant if changes are made in systems that feed data to automated systems, she said. “If there’s a downstream change in another system, you may not know that it didn’t work. Eventually you’ll probably figure it out because you’ll start to have errors, or you’ll start to see issues. But you may not even make the connection,” she said. “You may put band-aids on them without realizing that it’s a systemic thing that’s happening.”

From a first-line perspective, those types of risks need to be identified, and automated processes need to be fully understood so that when changes are considered, all implications of the changes are understood. From an audit perspective, Valvo and her team look at source codes for automated processes to ensure they are designed to do what leadership thinks they are doing, she said.

## 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

The other risk to consider is decidedly human focused – individual knowledge of what’s been automated.

“For example, I’m the leader, and I know all the processes that I automated,” Valvo said. “But when I change roles, and someone else comes in, they’re going to have no idea what was automated, and no one’s going to even think to tell them because no one’s thinking about it anymore because it’s automated.”

## Auditing AI at a technology company

An audit leader at a Canadian information management company said AI is significant at their organization for two key reasons: first, it has incorporated AI into information management software it retails, and second, AI provides a unique competitive advantage for the business.

“We’re no different from Salesforce and Oracle, where we see it [AI] as a way to really digitize operations; the way you interact with products and with customers through chatbots; the way you fulfill products; the way you go to market; the way you price solutions,” he said.

The challenge for internal audit is to provide assurance over a rapidly growing number of business cases across the organization, all aimed at accelerating customer response times, he said. “I want to really make sure that the governance, the policies, the expectations are well laid out and they’re followed through,” he said. “There’s an aspect around the efficiency of AI models that we haven’t got around to auditing yet, but it’s very front and center.”

## Auditing AI models in financial services

An audit leader at a California insurance group noted that regulators are concerned about bias in AI models, privacy issues, and more. Similarly, an internal audit leader at a fintech startup in the Northeast, which has AI built into its service model, said her team is focused on identifying independent model validation processes to ensure AI models are working as intended. The organization will most likely use an external firm to validate this model to ensure operational accuracy.

## Internal audit finds new ways to use AI

AI is an effective tool to increase efficiency for routine internal audit tasks, according to roundtable participants. Several describe using AI to generate emails, review draft reports for clarity and tone, and improve internal work processes. Several CAEs touted AI as the equivalent of adding a part-time junior staff auditor or intern. A CAE at a nonprofit said her organization is encouraging AI’s use specifically because of limited funding.

AI can also help internal auditors improve their process analysis and communication skills. “We use AI to improve how we are doing things from an analysis standpoint, improving our work with procedures, and writing reports in a different way to make sure we’re getting the right points across to stakeholders,” said another CAE, repeating the views of several roundtable participants.



# DIGITAL DISRUPTION

In contrast, one senior manager at a bank expressed concern that younger auditors accept AI output without question, “no matter how much training we have regarding using skepticism.” As a precaution, AI use in his internal audit function is separated from all assurance activities, he said.

“If AI can help summarize a report, for instance, or perhaps make a process narrative more concise, that would be one permissible use, provided it still had certain precautions in place,” he said. “But we would distinguish that use of AI from using it to develop assurance conclusions or observations.”

Testing AI can have a playful side. A CAE at a Texas insurance company found a creative way to use her organization’s internal AI chatbot to answer internal audit questions and promote the internal audit function during Internal Audit Month in May.

“We did little [video] snippets about what our company values are and how internal audit is using the bot to pave the way for the organization,” she said. “We’re kind of just dipping our toe into the water right now, playing with work papers and risk assessments, editing reports, and dumping data behind our firewall to see what analysis and insights that [data] can give us. We’re trying to do it in a fun way where it’s not intimidating or scary or unknown.”



## RESOURCE: Internal Audit Use Cases for AI

Read about insights and use cases from internal audit leaders who have integrated or explored AI within their teams in two new reports from the Internal Audit Foundation:

- [Solving the Riddle: Harnessing Generative AI for Internal Audit Activities](#) (in partnership with Wolters Kluwer)
- [Demystifying AI: Internal Audit Use Cases for Applying New Technology](#) (in partnership with AuditBoard)

“We use AI to improve how we are doing things from an analysis standpoint, improving our work with procedures, and writing reports.”



# DIGITAL DISRUPTION

## Key Points

### Survey findings

- Fifty-three percent of North American respondents listed digital disruption (including AI) as a Top 5 risk, which was 5 percentage points higher than the global average of 48% (Exhibit 2).
- Since 2023, the percentage of North American survey respondents listing digital disruption as a Top 5 risk grew 17 percentage points (Exhibit 3).
- Much of that growth is likely driven by North America's rapid adoption of generative AI products. Since the first practical generative AI products were introduced in late 2022, AI use has exploded.

### Internal audit strategies

- Monitor and understand the risk implications of the organization's tone on AI usage, whether aggressive or conservative.
- Push for inclusion on AI governance teams that manage deployment of AI.
- Watch for hidden risks related to AI-converted systems becoming "out of sight and out of mind."
- Review AI workflows to ensure program leaders remain aware of what is happening within those processes.
- Ensure program leaders understand where the data fed to AI originates, where it is going, and what it is informing.
- Stay on top of all AI use cases across the organization and provide timely and relevant assurance.
- Be aware of regulations, particularly in financial services, that require independent model validation processes to ensure AI models are working as intended.
- Be bold in experimenting with AI usage to improve internal audit efficiency, and share work programs and processes where appropriate.





# CONCLUSION

## Rising to the Challenge

**The risk landscape for 2026 is as uncertain and volatile as in the first year of the COVID crisis.**

The key difference is that business and industry have not been slowed by quarantines and shifts in work patterns as they were with COVID. While geopolitical and macroeconomic disruptions have spooked markets and raised questions about inflation and slowing economic growth, new technology solutions, such as AI, offer enticing opportunities. Business leaders will need to leverage the organizational resilience and agility that are the pandemic's legacy to rise to the challenge.

“This dynamic risk landscape will undoubtedly prove challenging for many organizations, but it also presents a significant opportunity for internal auditors to demonstrate their value as objective assurance providers and insightful trusted advisors,” said IIA president and CEO Anthony Pugliese. “These challenges are precisely the kinds of scenarios envisioned in The IIA’s [Vision 2035](#) report, and they highlight why it is essential for every internal auditor to embrace the responsibility of enhancing their organization’s ability to create, protect, and sustain value.”

In this environment, internal auditors face the twin tasks of supporting effective risk management while providing insightful advisory services that position their organizations for success. Finding the right balance will be as challenging as anything the profession has faced in a generation.

Data from the Risk in Focus survey, along with insights and observations from North American internal audit leaders, show promise for meeting these challenges. But just as C-suites and boards are emboldened to act in this time of uncertainty, so must internal audit. Digital disruption and geopolitical uncertainty allow internal audit to showcase its value and position itself as an integral player in risk management, and a trusted strategic advisor.

The coming year provides a unique opportunity to change how stakeholders think about internal audit. CAEs can seize that opportunity by thinking strategically, anticipating stakeholder needs, and delivering risk assurance and advice that is relevant, timely, and bold.





# 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.

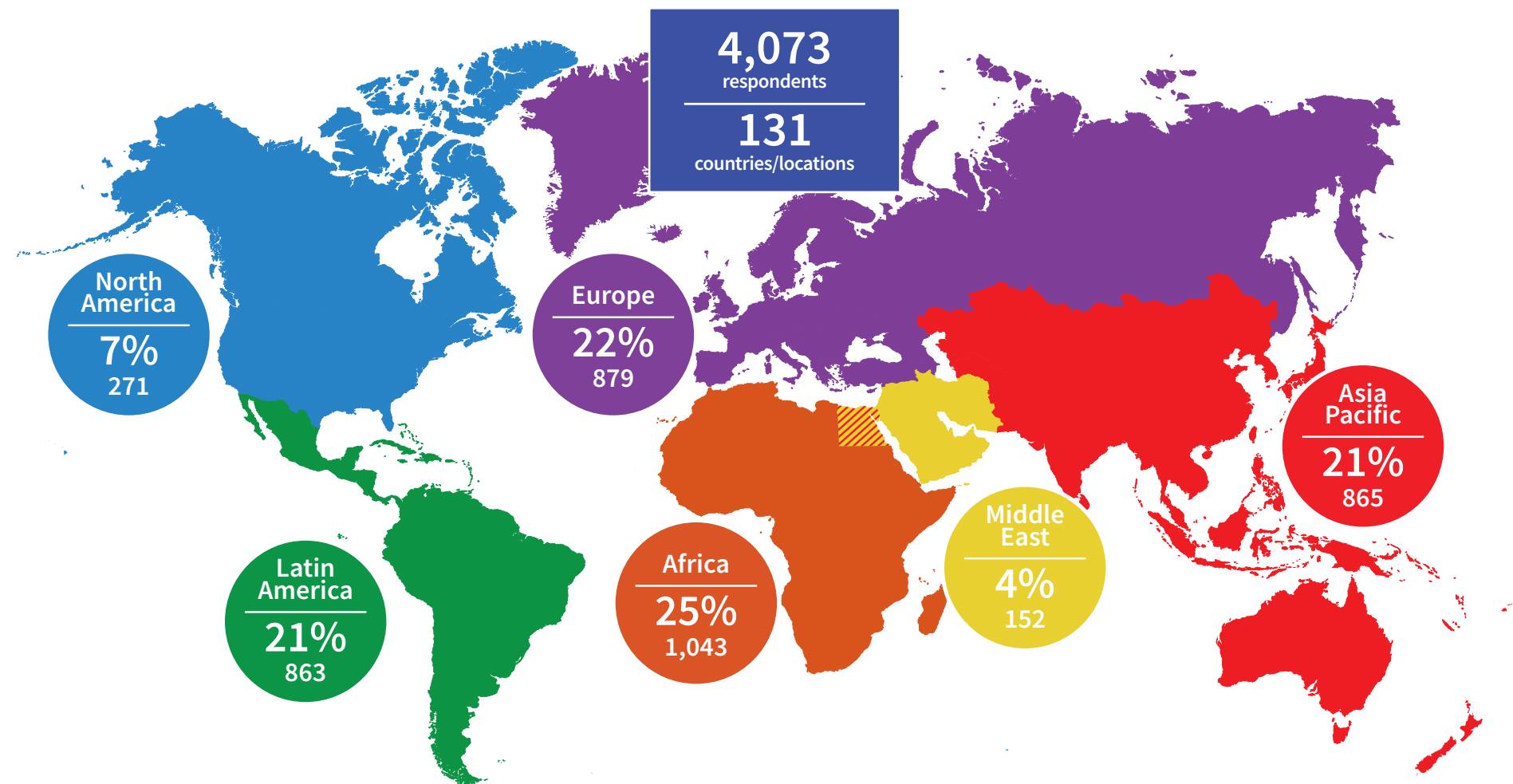
### Risk areas used in the survey

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 <sup>th</sup> ' 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.

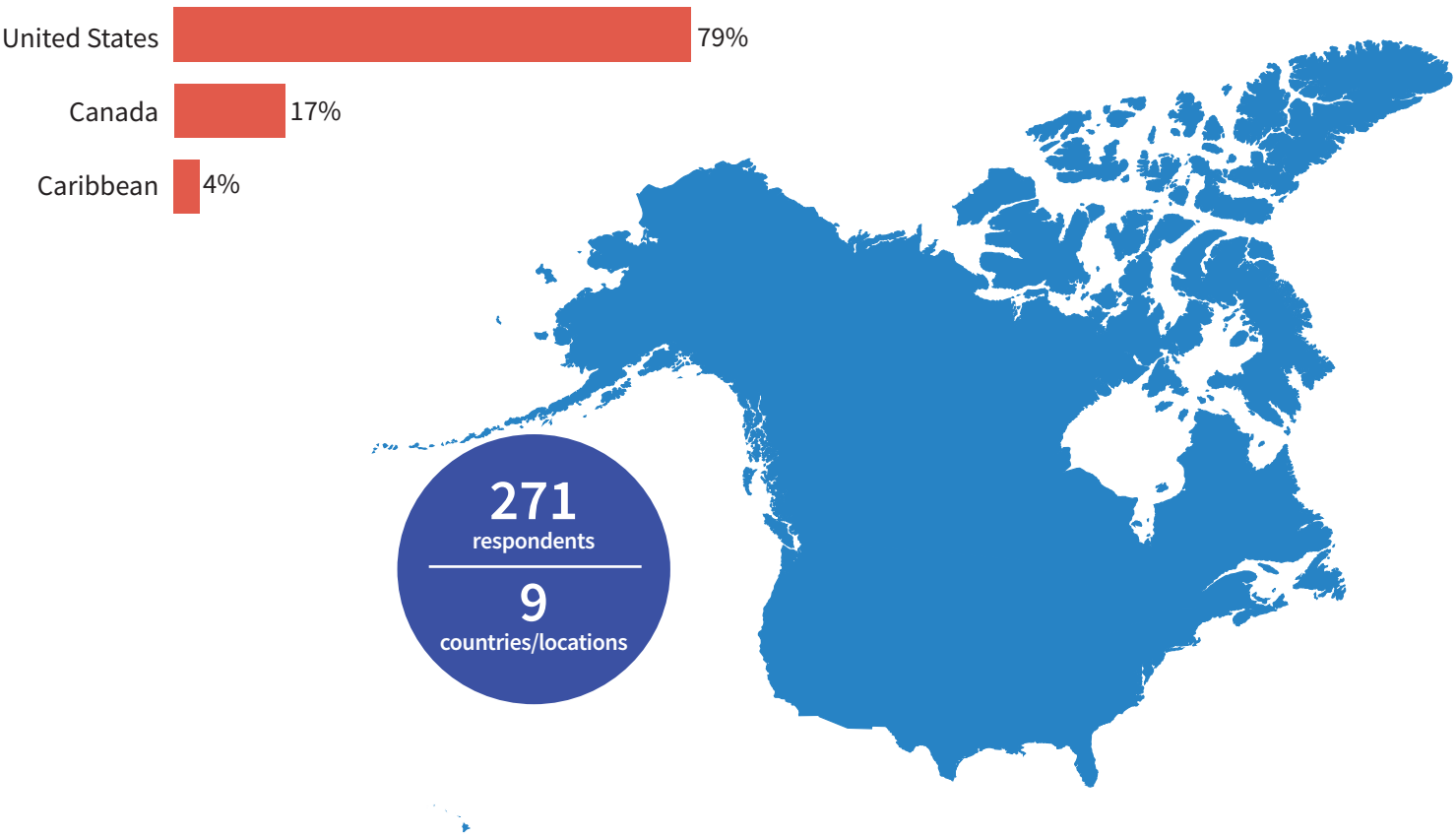
Note 3: Egypt is shaded orange and gold to show its respondents are divided between Africa and the Middle East.



# DEMOGRAPHICS

## Exhibit 2. North America – Responses per Country/Location

### North America - Responses



*Note 1:* Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 271 for North America.  
*Note 2:* Caribbean countries that speak English or Dutch are included with North America (including Anguilla, Antigua and Barbuda, Bahamas, Bermuda, Curaçao, Jamaica, Trinidad and Tobago. Caribbean countries that speak Spanish are included with Latin America).

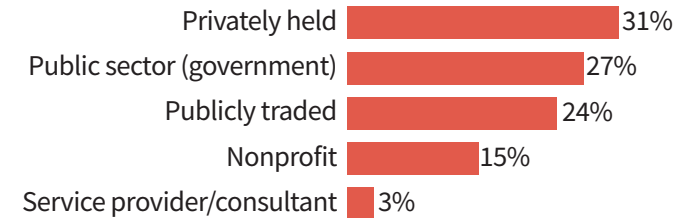
# DEMOGRAPHICS

## Industry, Organization Type, Size

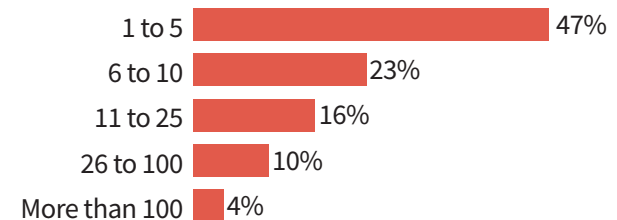
### North America – Industry



### North America – Organization Type



### North America – Function Size



Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners.  $n = 271$  for North America.



# APPENDIX C: NORTH AMERICA INDUSTRY ANALYSIS

## North 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)	Health/social work	Education	Manufacturing	Mining/energy/water	Professional/technical
Cybersecurity	86%	93%	82%	92%	87%	77%	71%	90%
Digital disruption (including AI)	53%	60%	48%	46%	48%	55%	24%	70%
Regulatory change	51%	53%	48%	62%	74%	27%	57%	45%
Business resilience	46%	44%	52%	31%	48%	32%	62%	65%
Geopolitical/macroeconomic uncertainty	45%	37%	33%	42%	39%	64%	48%	45%
Human capital	42%	52%	67%	42%	35%	36%	29%	30%
Market changes/competition	34%	37%	0%	27%	26%	59%	52%	45%
Supply chain (including third parties)	30%	21%	18%	62%	9%	55%	48%	25%
Financial/liquidity	27%	36%	12%	31%	43%	14%	24%	25%
Organizational culture	20%	23%	39%	8%	26%	23%	14%	10%
Communications/reputation	18%	11%	45%	19%	26%	9%	5%	10%
Governance/corporate reporting	15%	15%	30%	15%	13%	9%	5%	10%
Fraud	11%	11%	12%	0%	9%	9%	5%	10%
Health/safety	8%	0%	6%	8%	17%	9%	29%	10%
Mergers/acquisitions	7%	6%	0%	12%	0%	9%	10%	10%
Climate change/environment	7%	2%	6%	4%	0%	14%	19%	0%

■ 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.  $n = 271$  for North America.

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





# NORTH AMERICA INDUSTRY ANALYSIS

## North 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)	Health/social work	Education	Manufacturing	Mining/energy/water	Professional/technical
Cybersecurity	83%	86%	73%	81%	91%	82%	81%	85%
Business resilience	60%	60%	64%	50%	57%	55%	62%	65%
Governance/corporate reporting	53%	68%	61%	23%	35%	59%	62%	45%
Regulatory change	50%	61%	45%	58%	74%	41%	14%	50%
Financial/liquidity	44%	57%	24%	50%	57%	27%	52%	40%
Digital disruption (including AI)	43%	45%	48%	50%	30%	23%	33%	50%
Supply chain (including third parties)	38%	32%	21%	62%	17%	68%	67%	30%
Fraud	30%	22%	36%	15%	30%	36%	33%	20%
Organizational culture	19%	14%	36%	19%	22%	18%	5%	20%
Human capital	15%	17%	15%	15%	13%	5%	14%	25%
Communications/reputation	15%	15%	30%	19%	9%	5%	0%	15%
Health/safety	15%	2%	27%	31%	35%	18%	38%	0%
Market changes/competition	13%	11%	3%	15%	9%	23%	10%	20%
Geopolitical/macroeconomic uncertainty	10%	5%	6%	4%	17%	9%	5%	30%
Mergers/acquisitions	7%	5%	0%	4%	0%	18%	14%	0%
Climate change/environment	3%	0%	0%	4%	4%	14%	10%	5%

■ 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.  $n = 271$  for North 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

## 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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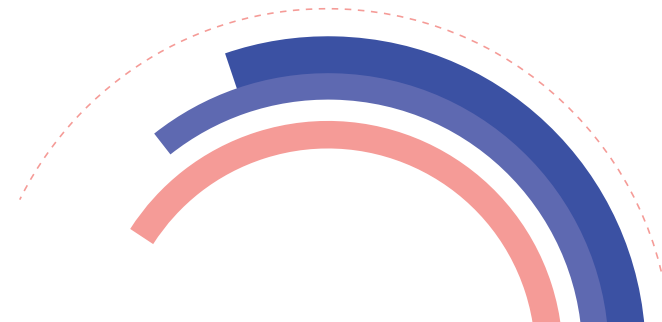
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