GLOBAL SUMMARY 2026/2027

RISK *in* FOCUS

Hot Topics for Internal Auditors

BOARD BRIEFING

50 Internal Audit FOUNDATION 1976-2026

About Risk in Focus

Know Your Risks. Plan Strategically.

01 An annual initiative to identify the world's five highest risks

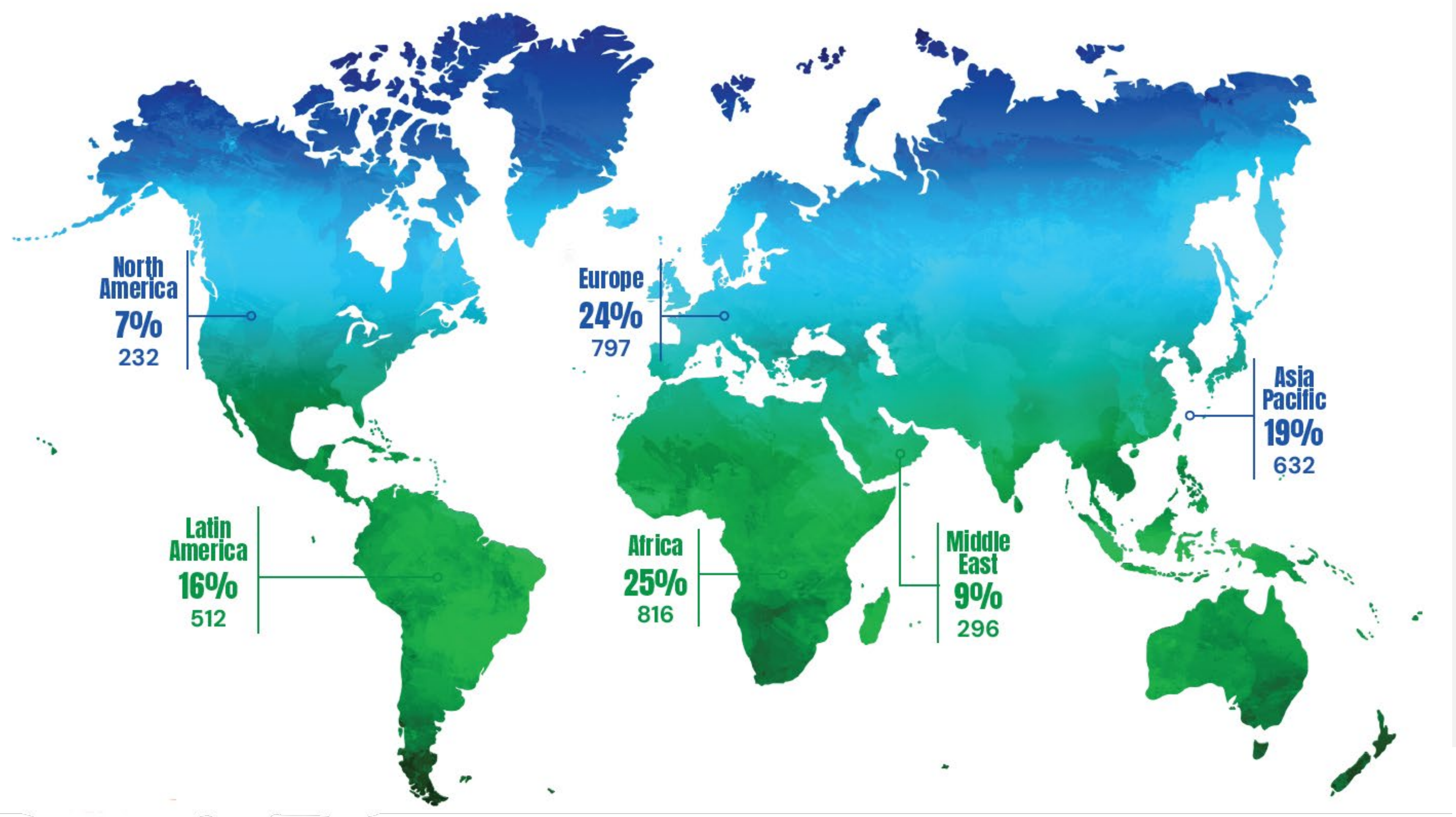
02 Based on survey results, roundtables, and interviews with chief audit executives and directors

03 Research facilitated by the Internal Audit Foundation and partners*

*Europe Risk in Focus reports are produced by the European Confederation of Institutes of Internal Auditing (ECIIA)

Global Survey Participation

Response rate per region



- **3,285** responses from chief audit executives and directors
- **132** countries/ locations represented
- Survey conducted **March 2 to May 6, 2026**

Survey Questions and Risk Areas

The report focuses on 16 risk areas and 5 topics

Key Topics

1. Top 5 risks
2. Top 5 audit priorities
3. Risk severity rating (1–7)
4. Risk governance maturity
5. Internal audit coverage

Risk Areas in the Survey

1	Business continuity	9	Governance/corporate reporting
2	Climate change	10	Health/safety
3	Communications/reputation	11	Human capital
4	Cybersecurity	12	Market changes/competition
5	Digital disruption (including AI)	13	Mergers/acquisitions
6	Financial/liquidity	14	Organizational culture
7	Fraud	15	Regulatory change
8	Geopolitical uncertainty	16	Supply chain and outsourcing

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Global Risk Environment

Three Accelerating Risks, One Interconnected System

Global – Top 5 Risks

Survey questions: What are the Top 5 risks your organization currently faces?

Three risks stand out at the top:

1. **Cybersecurity** is the highest organizational risk by far.
2. **Digital disruption** (including AI) reached second place.
3. **Geopolitical uncertainty** is third after significant increases last year and this year.

These risks drive and shape other risk areas.

Global – Top 5 Risks Trend

Survey question: What are the Top 5 risks your organization currently faces?

2023	2024	2025	2026	Change from 2025 to 2026	Change	Risk areas
73%	71%	73%	80%		+7	Cybersecurity
34%	39%	48%	58%		+10	Digital disruption (including AI)
30%	28%	38%	48%		+10	Geopolitical/ macroeconomic uncertainty
51%	49%	43%	38%		-5	Human capital
47%	54%	47%	35%		-12	Business resilience
32%	32%	31%	34%		+3	Financial/liquidity
39%	37%	41%	32%		-9	Regulatory change
32%	32%	31%	29%		-2	Market changes/competition
24%	27%	23%	29%		+6	Fraud
26%	22%	24%	27%		+3	Supply chain and outsourcing
27%	26%	24%	20%		-4	Governance/corporate reporting
19%	21%	18%	19%		+1	Climate change/environment
26%	25%	24%	19%		-5	Organizational culture
21%	21%	19%	15%		-4	Communications/reputation
11%	11%	10%	10%		0	Health/safety
6%	6%	5%	5%		0	Mergers/acquisitions

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

How to Interpret the Graph
Orange text indicates an increase of 4 percentage points or more compared to the prior year. The orange and blue bars show the difference in ratings from 2025 to 2026. The column labeled "change" shows the percentage point difference from 2025 to 2026.

- **High risks rising.** The three highest risks were also the ones that increased the most compared to the prior year – cybersecurity, digital disruption, and geopolitical uncertainty.
- **Risk displacement.** Business resilience and regulatory change decreased the most in risk ratings.

Global – Top 5 Risks per Region

Survey question: What are the Top 5 risks your organization currently faces?

Risk areas	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	**80% ↑**	**73% ↑**	**72% ↑**	**86% ↑**	**80% ↑**	**81% ↑**	**85%**
Digital disruption (including AI)	**58% ↑**	**50% ↑**	**59% ↑**	**52% ↑**	**61% ↑**	**58% ↑**	**69% ↑**
Geopolitical/macroeconomic uncertainty	**48% ↑**	**35% ↑**	**48% ↑**	**51% ↑**	**52% ↑**	**60% ↑**	**43%**
Human capital	**38%**	30%	**41%**	**39%**	**37%**	34%	**45%**
Business resilience	**35%**	28%	**43%**	37%	25%	**47%**	29%
Financial/liquidity	34%	**49% ↑**	**28% ↑**	28%	**36% ↑**	**42% ↑**	24%
Regulatory change	32%	28%	24%	**40%**	36%	20%	**42%**
Market changes/competition	29%	20%	37%	32%	27%	20%	**41% ↑**
Fraud	29%	**50% ↑**	**28% ↑**	16%	**38% ↑**	22%	**18% ↑**
Supply chain and outsourcing	**27% ↑**	**21% ↑**	**33% ↑**	26%	17%	**35% ↑**	33%
Governance/corporate reporting	20%	27%	21%	13%	15%	27%	14%
Climate change/environment	19%	**31% ↑**	20%	21%	23%	15%	7%
Organizational culture	19%	26%	19%	17%	26%	13%	16%
Communications/reputation	15%	18%	13%	**17% ↑**	15%	13%	16%
Health/safety	10%	12%	8%	12%	7%	10%	11%
Mergers/acquisitions	5%	2%	6%	5%	4%	3%	7%

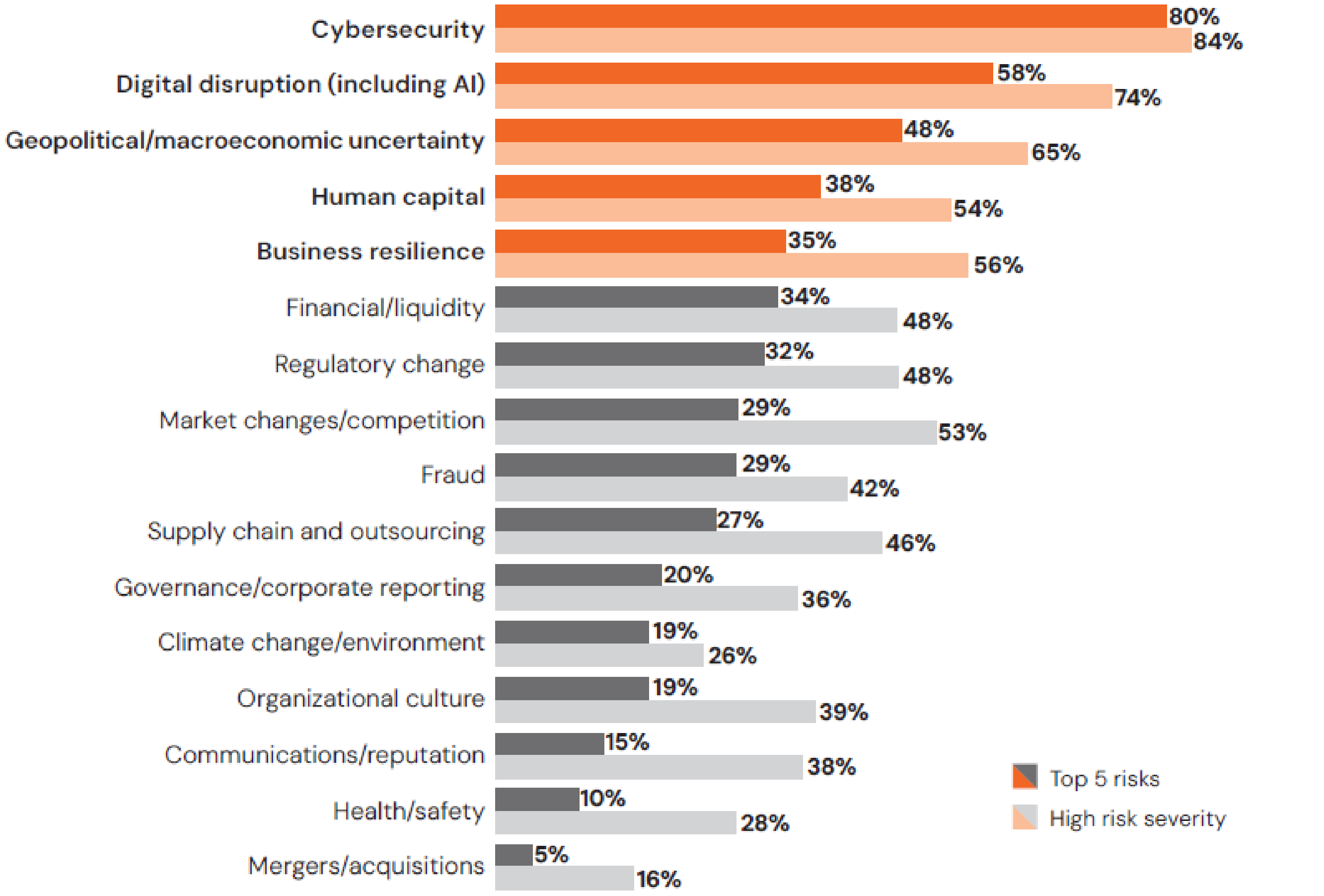
5 highest risks

Note: The red arrows indicate an increase of 4 percentage points or more compared to the prior year.

- **Risk convergence.** Across regions, the highest ranked risks are becoming more similar.
- **Cybersecurity** and **digital disruption** are the two highest risks for all but one region.
- **Geopolitical uncertainty** was one of the 5 highest risks for all regions for the first time since the survey started four years ago.

Global – Top 5 Risks vs. Risk Severity

Survey questions: What are the Top 5 risks your organization currently faces? On a scale of 1 to 7, please rate the current level of risk at your organization for each of the following risk areas.



How to Interpret the Graph
Dark colors show who picked the risk as one of the 5 highest at their organization (Top 5 risk). **Light colors** show who rated the risk as a 5, 6, or 7 on a scale of 1 to 7 (high risk severity). Orange indicates the five highest ratings for both risk measures.

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. n = 3,285.

- **Deeper insights from two risk scores.** "Top 5 Risk" shows which were selected as one of the 5 highest risks. "Risk Severity" shows highest risks on a scale of 1 to 7.
- **Visibility gaps.** Areas with large gaps between Top 5 Risk and Risk Severity should not be overlooked. Examples are **business resilience** (-21), **market changes** (-24), **organizational culture** (-20), and **communications/reputation** (-23).

Risk Environment – Internal Audit Strategies

- **Review risk connections.** Assess interconnected risk scenarios rather than reviewing every risk exclusively within a separate silo.
- **Translate external risks into audit action.** Translate external risks into organizational objectives, dependencies, decisions, processes, and response capabilities.
- **Recognize wide-ranging cyber risk.** Expand cybersecurity work to include AI, cloud, operational technology, third parties, resilience, recovery, communication, and fraud.
- **Customize risk assessments.** Use global and regional comparisons to challenge management's risk assessment while maintaining organization-specific professional judgment.

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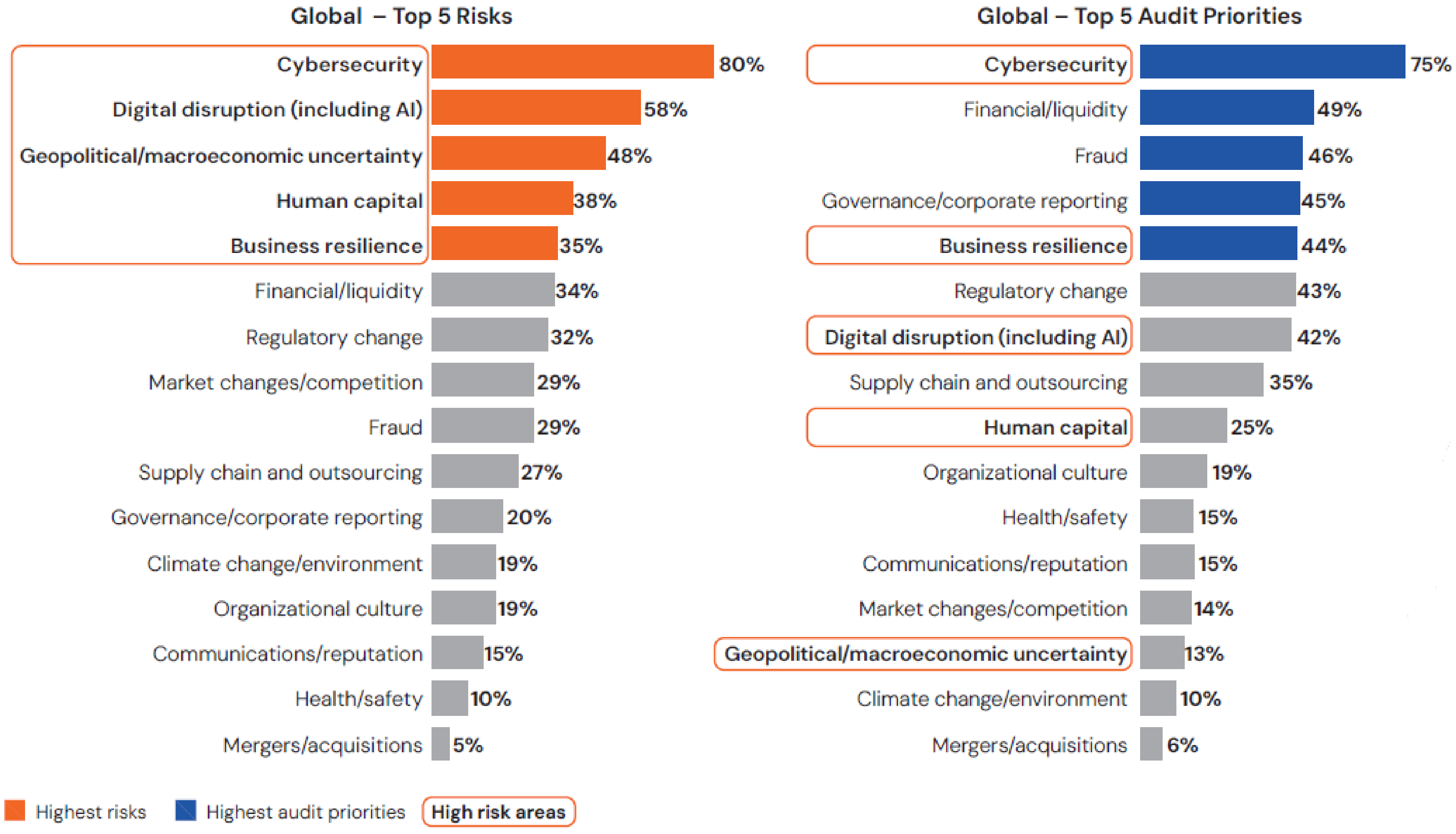
Global Internal Audit Priorities

Audit Effort Is Moving, But Legacy Priorities Remain

Global – Top 5 Risks vs. Top 5 Audit Priorities

Survey questions: What are the Top 5 risks your organization currently faces? What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)



- Some high-risk areas have noticeably lower audit priority: **digital disruption**, **geopolitical uncertainty**, and **human capital**.
- For some traditional audit areas, priority exceeds the risk ranking: **financial/liquidity**, **fraud**, **governance**, **business resilience**, and **regulatory change**.

Global – Top 5 Audit Priorities Trend

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

2023	2024	2025	2026	Change from 2025 to 2026	Change	Audit areas
68%	69%	69%	75%		+6	Cybersecurity
45%	45%	44%	49%		+5	Financial/liquidity
42%	41%	40%	46%		+6	Fraud
55%	56%	55%	45%		-10	Governance/corporate reporting
54%	55%	53%	44%		-9	Business resilience
46%	46%	46%	43%		-3	Regulatory change
22%	25%	32%	42%		+10	Digital disruption (including AI)
34%	31%	33%	35%		+2	Supply chain and outsourcing
30%	31%	29%	25%		-4	Human capital
24%	23%	23%	19%		-4	Organizational culture
17%	16%	15%	15%		0	Health/safety
20%	20%	18%	15%		-3	Communications/reputation
16%	16%	15%	14%		-1	Market changes/competition
9%	8%	11%	13%		+2	Geopolitical/macroeconomic uncertainty
11%	12%	10%	10%		0	Climate change/environment
6%	6%	5%	6%		+1	Mergers/acquisitions

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

How to Interpret the Graph
Orange text indicates an increase of 4 percentage points or more compared to the prior year. The orange and blue bars show the difference in ratings from 2025 to 2026. The column labeled "change" shows the percentage point difference from 2025 to 2026.

- **Digital disruption** had the largest priority increase.
- **Cybersecurity**, **financial/ liquidity**, and **fraud** were the three highest priorities and increased substantially vs. the prior year.
- **Audit priority displacement.** Governance and business resilience decreased the most for audit priority.

Global – Top 5 Audit Priorities per Region

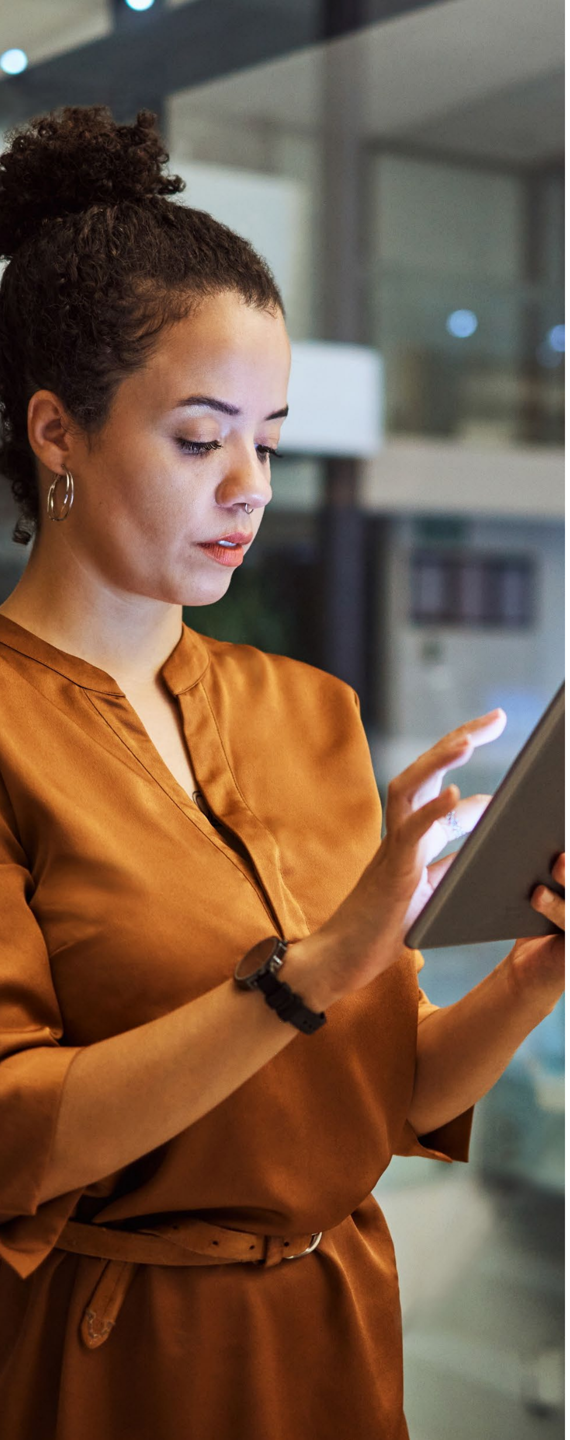
Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort?

Audit areas	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	**75%** ↑	**67%** ↑	**70%** ↑	**79%** ↑	**74%** ↑	**78%** ↑	**84%**
Financial/liquidity	**49%** ↑	**56%** ↑	**43%** ↑	**44%**	**52%** ↑	**52%** ↑	46%
Fraud	**46%** ↑	**57%** ↑	**48%** ↑	**42%** ↑	**56%** ↑	**38%** ↑	**35%** ↑
Governance/corporate reporting	**45%**	**43%**	**45%**	**45%**	38%	**53%**	**48%**
Business resilience	**44%**	**38%**	**51%**	**48%**	32%	**47%**	**51%**
Regulatory change	43%	33%	38%	**50%**	**53%**	32%	**54%**
Digital disruption (including AI)	**42%** ↑	**37%** ↑	**40%** ↑	**34%** ↑	**47%** ↑	**43%** ↑	**53%** ↑
Supply chain and outsourcing	35%	**35%** ↑	**42%** ↑	41%	27%	33%	34%
Human capital	25%	29%	27%	22%	26%	27%	**20%** ↑
Organizational culture	19%	22%	19%	17%	27%	18%	10%
Health/safety	15%	17%	15%	**21%** ↑	10%	13%	17%
Communications/reputation	15%	20%	13%	11%	16%	15%	14%
Market changes/competition	14%	13%	18%	10%	15%	15%	11%
Geopolitical/macroeconomic uncertainty	13%	**15%** ↑	**12%** ↑	8%	**14%** ↑	**25%** ↑	6%
Climate change/environment	10%	**18%** ↑	13%	11%	8%	8%	5%
Mergers/acquisitions	6%	2%	6%	6%	5%	5%	**11%** ↑

5 highest audit priorities

Note: The red arrows indicate an increase of 4 percentage points or more compared to the prior year.

- **Cybersecurity** increased for all but one region.
- **Financial/liquidity** priority ranked second overall and increased vs. the prior year for most regions.
- **Fraud** and **digital disruption** priority increased for every region vs. the prior year.



Audit Priorities – Internal Audit Strategies

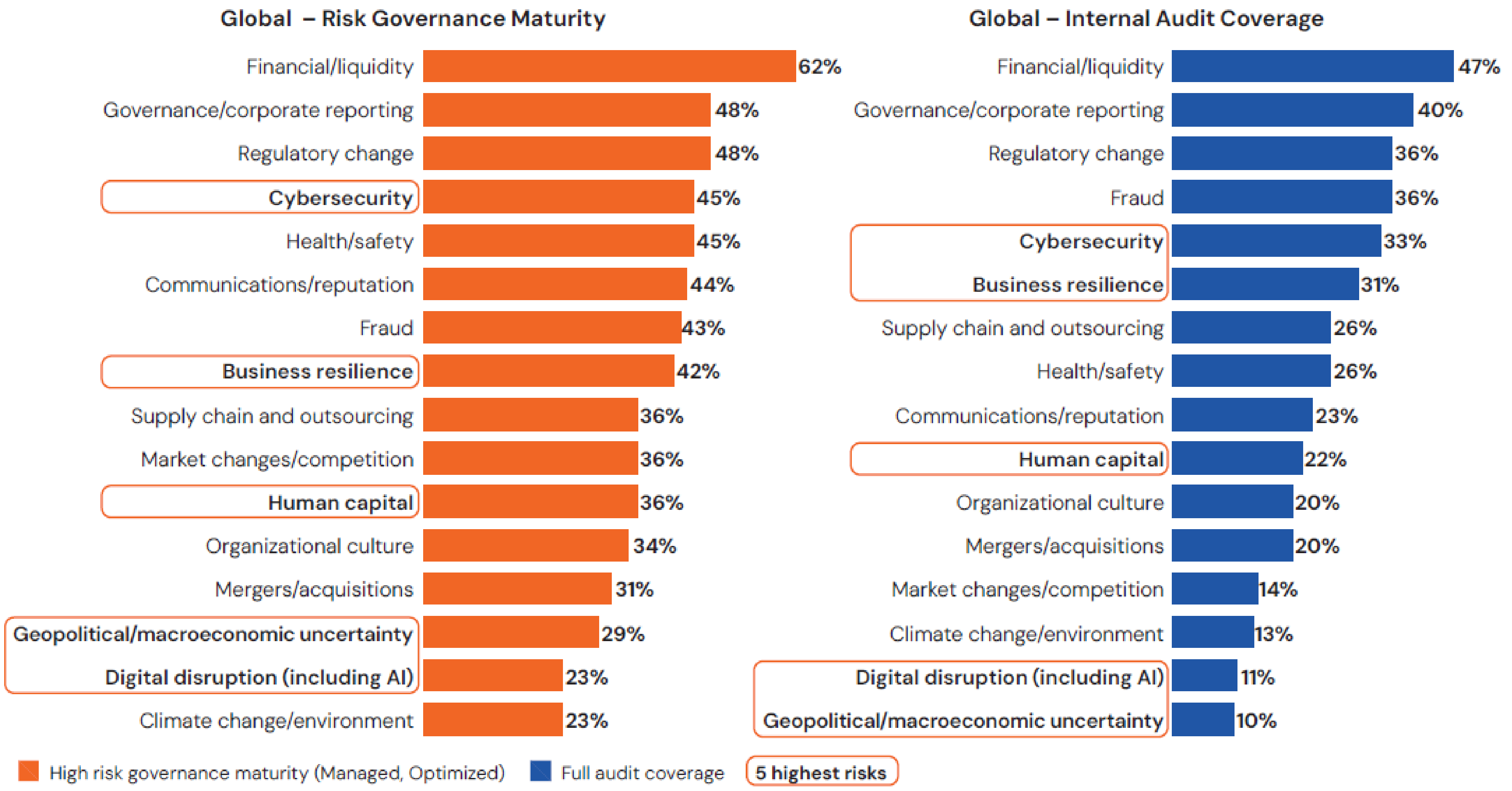
- **Prepare to adapt.** Establish formal refresh points for the audit plan, and reserve capacity for emerging or rapidly changing risks.
- **Translate external risk into audit action.** Translate geopolitical and market risks into auditable organizational impacts.
- **Streamline activities.** Evaluate whether recurring audits can be automated, reduced, rotated, or supported through reliance on other providers.
- **Upskill for the future.** Maintain a capability plan that includes training, recruitment, co-sourcing, technology, and access to subject-matter expertise.
- **Communicate coverage gaps.** Explain significant coverage gaps and resource constraints explicitly to the board.

Risk Maturity and Coverage

The Governance Blind Spot: High Risk, Low Maturity, Thin Coverage

Global – Maturity vs. Audit Coverage

Survey questions: On a scale of 1 to 5, please rate the current level of risk governance maturity at your organization for each of the following risk areas. Please indicate the adequacy of internal audit's current coverage of these risk areas at your organization.



Dangerous combination (high risk, low maturity, low audit coverage):

- Geopolitical uncertainty
- Digital disruption

Risk maturity and audit coverage link:

- Risks with lower maturity tend to have lower audit coverage.

Risk Maturity and Coverage – Internal Audit Strategies

- **Provide advisory services as needed.** Use advisory and readiness work where governance is too immature for conventional control testing.
- **Coordinate assurance.** Coordinate with the second line and external assurance providers while validating the basis for reliance.
- **Preserve objectivity.** Establish safeguards that preserve objectivity when internal audit advises on emerging governance arrangements.
- **Rebalance activity where maturity is high.** Reassess engagement frequency and reliance where governance and assurance are mature.
- **Communicate assurance gaps.** Report material assurance gaps, capability constraints, and accepted risks to the board transparently.

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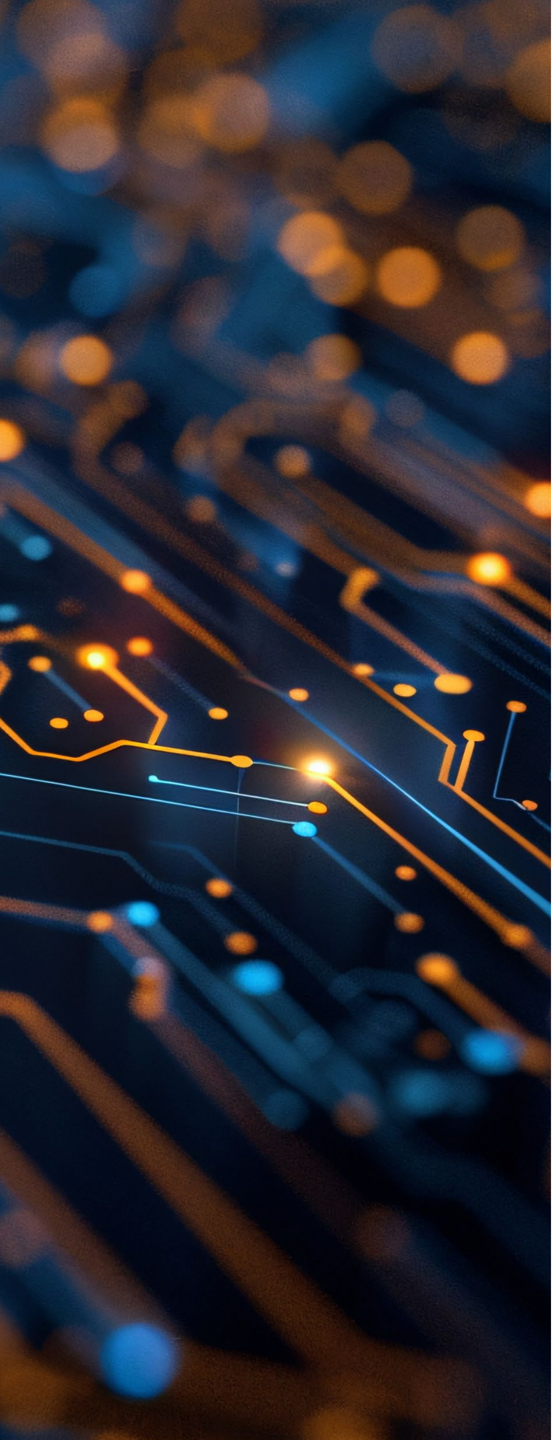
Summary

Results and Implications of the Research



Five Key Findings From the Survey

1.	**Risk convergence**	Top risks are aligning across global regions: cybersecurity, digital disruption, and geopolitical uncertainty.
2.	**Risk displacement**	Risk ratings dropped the most for business resilience and regulatory change.
3.	**Visibility gaps**	Be aware of high risks that don't reach the Top 5: market changes, organizational culture, and communications/reputation.
4.	**Audit priority shifts**	External risks increased audit priority for: digital disruption, cybersecurity, fraud, financial/liquidity.
5.	**Dangerous combination**	High risk level, low risk governance maturity, and low audit coverage is a dangerous combination, indicating areas that are not well understood or managed.

Four Action Steps for Internal Auditors

1.	**Transform external risk into audit action.**	External volatility becomes auditable through its effects on strategy, decisions, liquidity, supply chains, people, technology, continuity, and stakeholder trust.
2.	**Build adaptive plans and capabilities.**	The internal audit strategy should anticipate future skills and technology needs, while the audit plan should remain dynamic enough to respond to material changes.
3.	**Integrate assurance without blurring accountability.**	Internal audit should coordinate across the Three Lines, use reliance appropriately, and preserve independence and objectivity while providing timely advice.
4.	**Make assurance gaps visible.**	Boards should understand not only which risks are highest, but also where governance is immature, assurance is thin, resources are constrained, or management has accepted exposure.

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Resources From The IIA

Global Support for the Internal Audit Profession

Resources From The IIA

Risk Environment

- Assessing the Risk Management Process, 2nd Edition (The IIA, Global Practice Guide, 2024)
- Role of the Internal Audit Function in ERM (The IIA, Statement of Position, 2026)

Audit Priorities

- AI Framework Support Tools (The IIA, Audit Tools, 2026)
- Artificial Intelligence Auditing Framework (The IIA, 2024)
- Auditing Cybersecurity Operations: Prevention and Detection (The IIA, Global Practice Guide, 2025)
- Auditing Privacy and Data Protection Risks, 3rd Edition (The IIA, Global Practice Guide, 2026)
- Internal Auditing and Fraud, 3rd Edition (The IIA, Global Practice Guide, 2024)
- Organizational Resilience Topical Requirement (The IIA, Topical Requirement, 2026)

Risk Governance Maturity and Internal Audit Coverage

- Developing a Risk-Based Internal Audit Plan, 2nd Edition (The IIA, Global Practice Guide, 2025)
- Developing an Internal Audit Strategy (The IIA, Global Practice Guide, 2025)
- Three Lines Model (The IIA, Statement of Position, 2026)

Global Internal Audit Standards

- Complete Global Internal Audit Standards

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