NORTH AMERICA 2026/2027

RISK *in* FOCUS

Hot Topics for Internal Auditors

BOARD BRIEFING

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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)

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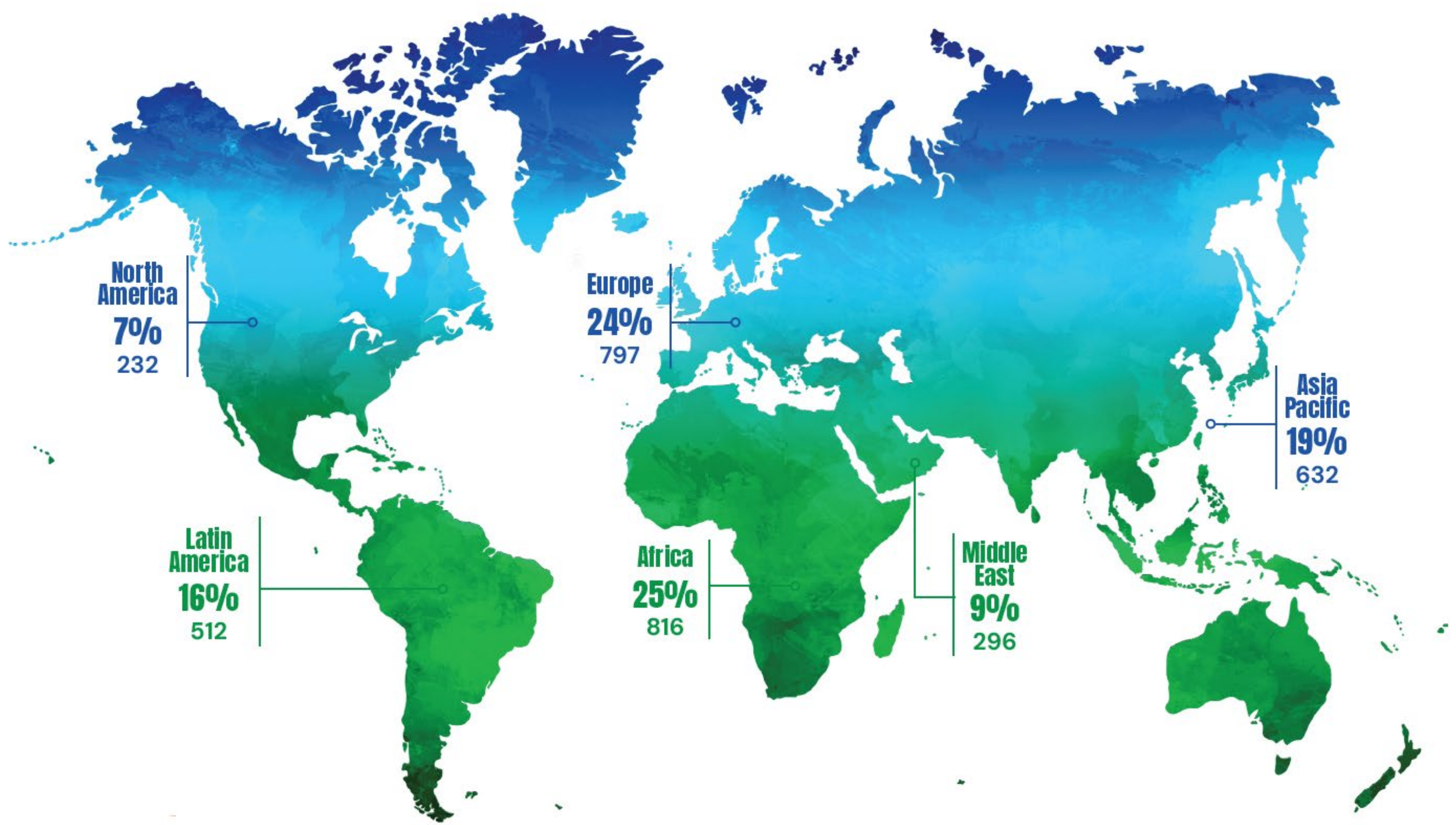
Global Survey Participation

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**

North America's Risk Environment

Technology and Geopolitical Uncertainty Shape the Risk Landscape

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

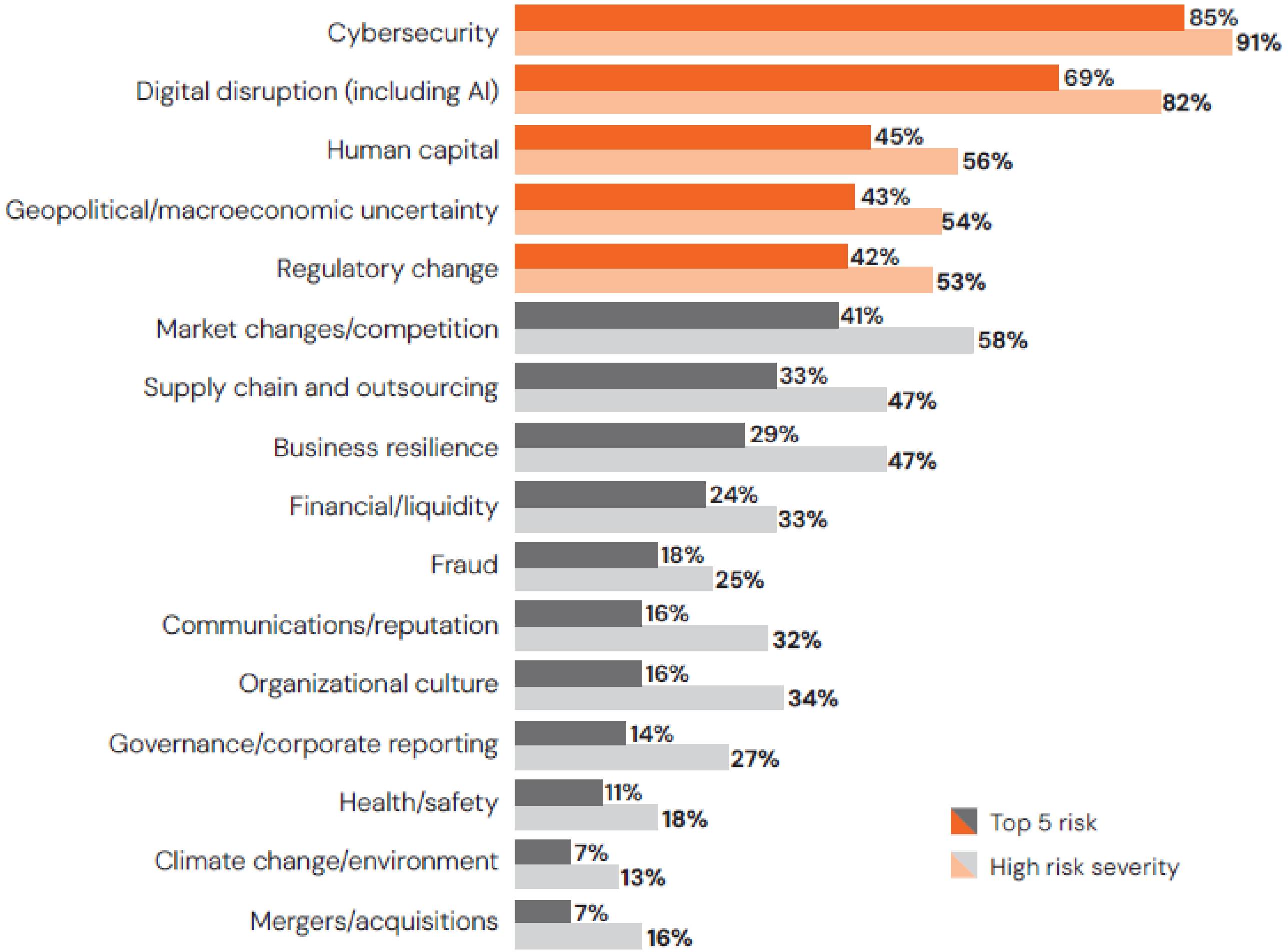
North America – Top 5 Risks

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

- **Cybersecurity** was chosen by 85% of North American CAEs as one of the five highest risks facing their organizations.
- **Digital disruption** reached an all-time high of 69%.
- **Human capital, geopolitical uncertainty,** and **regulatory change** stay among the highest risks at more than 40%.

North America – 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.



- **Two ways to measure risk.** "Top 5 Risk" shows which areas respondents selected as one of the 5 highest risks facing their organizations. "High Risk Severity" shows which risks were rated as high on a scale of 1 to 7.
- Results show that some areas that were rated relatively low for Top 5 risks still have high risk severity, including **market changes, supply chain,** and **business resilience.**

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.

North America – 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
85%	87%	86%	85%		-1	Cybersecurity
36%	48%	53%	69%		+16	Digital disruption (including AI)
65%	54%	42%	45%		+3	Human capital
28%	26%	45%	43%		-2	Geopolitical/macroeconomic uncertainty
43%	47%	51%	42%		-9	Regulatory change
41%	41%	34%	41%		+7	Market changes/competition
36%	29%	30%	33%		+3	Supply chain and outsourcing
36%	41%	46%	29%		-17	Business resilience
28%	28%	27%	24%		-3	Financial/liquidity
9%	9%	11%	18%		+7	Fraud
21%	20%	18%	16%		-2	Communications/reputation
21%	20%	20%	16%		-4	Organizational culture
16%	16%	15%	14%		-1	Governance/corporate reporting
17%	13%	8%	11%		+3	Health/safety
12%	13%	7%	7%		0	Climate change/environment
8%	8%	7%	7%		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.

- **Digital disruption** is the largest single mover: +16 points, and up from 36% in 2023.
- **Business resilience** fell 17 points and **regulatory change** fell 9 — both displaced rather than resolved.
- **Fraud** rose 7 points to 18%, doubling since 2023.

North America – Highest Risks per Sector

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

Risk areas	All North America	Financial services	Publicly traded	Public sector	Privately held	Nonprofit
Cybersecurity	**85%**	**92%**	**85%**	**81%**	**88%**	**78%**
Digital disruption (including AI)	**69%**	**82%**	**76%**	**46%**	**58%**	**61%**
Human capital	**45%**	**49%**	42%	**54%**	**29%**	33%
Geopolitical/macroeconomic uncertainty	**43%**	37%	**61%**	25%	**63%**	28%
Regulatory change	**42%**	**44%**	37%	**48%**	21%	**67%**
Market changes/competition	41%	**51%**	**58%**	12%	**29%**	**50%**
Supply chain and outsourcing	33%	24%	**51%**	10%	**63%**	39%
Business resilience	29%	30%	17%	**42%**	**29%**	11%
Financial/liquidity	24%	25%	8%	37%	17%	**44%**
Fraud	18%	27%	8%	23%	17%	6%
Communications/reputation	16%	11%	8%	38%	4%	17%
Organizational culture	16%	10%	8%	25%	21%	33%
Governance/corporate reporting	14%	8%	10%	27%	17%	6%
Health/safety	11%	0%	7%	25%	17%	22%
Climate change/environment	7%	4%	10%	8%	17%	0%
Mergers/acquisitions	7%	7%	12%	0%	13%	6%

5 highest risks   *Note:* Ties for fifth place are highlighted in a lighter shade.

- **Cybersecurity** is a Top 5 risk in every sector, peaking at 92% in financial services.
- **Geopolitical uncertainty** concentrates in for-profit sectors: 63% privately held and 61% publicly traded. **Supply chain** was similar.
- Public sector diverges most: higher on **human capital** (54%) and **business resilience** (42%), far lower on **geopolitical uncertainty** (25%).

Internal Audit Strategies for Risk Environment

- **Understand external risks.** Look for impacts from digital disruption and geopolitical uncertainty on other risk areas, including cybersecurity, business resilience, supply chain, third-party, and financial/liquidity.
- **Revisit third-party risks.** Reassess third-party risk in an AI context and look for heightened vulnerabilities, particularly in data warehousing and cloud services.
- **Be aware of risk displacement.** Disruptive risks may distract attention from ongoing risks that are still relevant.

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North America's Internal Audit Priorities

Audit Effort Focuses on Cybersecurity, Compliance, AI

North America – 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
84%	87%	84%	84%		0	Cybersecurity
53%	54%	51%	54%		+3	Regulatory change
25%	33%	44%	53%		+9	Digital disruption (including AI)
53%	54%	60%	51%		-9	Business resilience
55%	58%	52%	48%		-4	Governance/corporate reporting
46%	46%	44%	46%		+2	Financial/liquidity
26%	29%	30%	35%		+5	Fraud
38%	34%	37%	34%		-3	Supply chain and outsourcing
26%	27%	15%	20%		+5	Human capital
21%	16%	15%	17%		+2	Health/safety
20%	17%	14%	14%		0	Communications/reputation
10%	10%	7%	11%		+4	Mergers/acquisitions
14%	10%	14%	11%		-3	Market changes/competition
17%	15%	18%	10%		-8	Organizational culture
4%	3%	11%	6%		-5	Geopolitical/macroeconomic uncertainty
9%	9%	3%	5%		+2	Climate change/environment

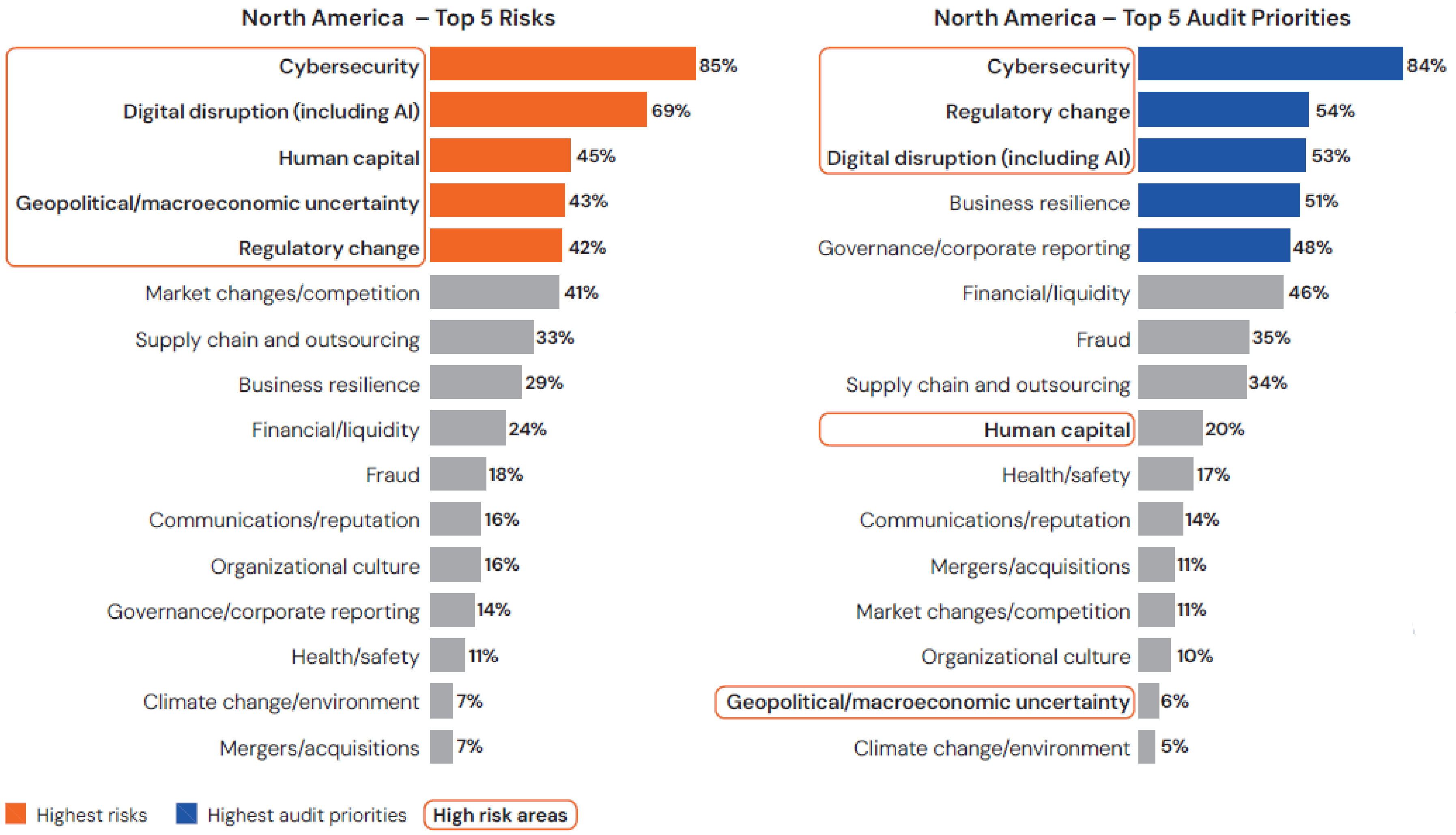
Increased audit priority compared to prior year   Decreased audit priority compared to prior year

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 increase of any audit area (+9), more than doubling since 2023 (25% to 53%).
- **Fraud** and **human capital** each rose 5 points.
- **Business resilience** and **organizational culture** lost priority (audit effort displacement).

North America – Risk vs. Audit Priority

Highest risks compared to highest priorities for internal audit time and effort



- Risk level and audit priority were in alignment for **cybersecurity**, **digital disruption**, and **regulatory change**.
- Risk and priority gaps were large for **human capital** (-25) and **geopolitical uncertainty** (-37).

North America – Highest Audit Priorities per Sector

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

Audit areas	All North America	Financial services	Publicly traded	Privately held	Public sector	Nonprofit
Cybersecurity	**84%**	**92%**	**93%**	**67%**	**73%**	**89%**
Regulatory change	**54%**	**66%**	42%	**38%**	**60%**	**61%**
Digital disruption (including AI)	**53%**	**58%**	**64%**	**46%**	25%	**83%**
Business resilience	**51%**	**59%**	**46%**	**38%**	**54%**	**39%**
Governance/corporate reporting	**48%**	**56%**	**54%**	**38%**	**44%**	28%
Financial/liquidity	46%	52%	31%	**46%**	**50%**	**61%**
Fraud	35%	38%	36%	33%	38%	22%
Supply chain and outsourcing	34%	21%	**51%**	**71%**	21%	17%
Human capital	20%	11%	12%	25%	**44%**	6%
Health/safety	17%	3%	20%	21%	29%	22%
Communications/reputation	14%	13%	0%	8%	33%	11%
Mergers/acquisitions	11%	7%	20%	29%	0%	6%
Market changes/competition	11%	13%	8%	8%	4%	33%
Organizational culture	10%	6%	3%	13%	17%	22%
Geopolitical/macroeconomic uncertainty	6%	6%	7%	13%	6%	0%
Climate change/environment	5%	0%	12%	8%	2%	0%

5 highest audit priorities

Note: Ties for fifth place are highlighted in a lighter shade.

- Priority for **supply chain** was substantially higher among for-profit organizations outside of financial services (publicly traded and privately held).
- **Human capital** priority was very high for public sector while **digital disruption** was very low.

Internal Audit Strategies for Audit Priorities

- Monitor the impact of external risks (such as geopolitical uncertainty) on internal risk areas, including supply chain, financial/liquidity, and market changes/competition.
- Ensure AI-enhanced cybersecurity strategies include human oversight, security, and ongoing training.
- Use procurement data, vendor records, and legal risk assessments to build AI inventories.
- Leverage AI tools to absorb routine compliance and transaction-testing work.

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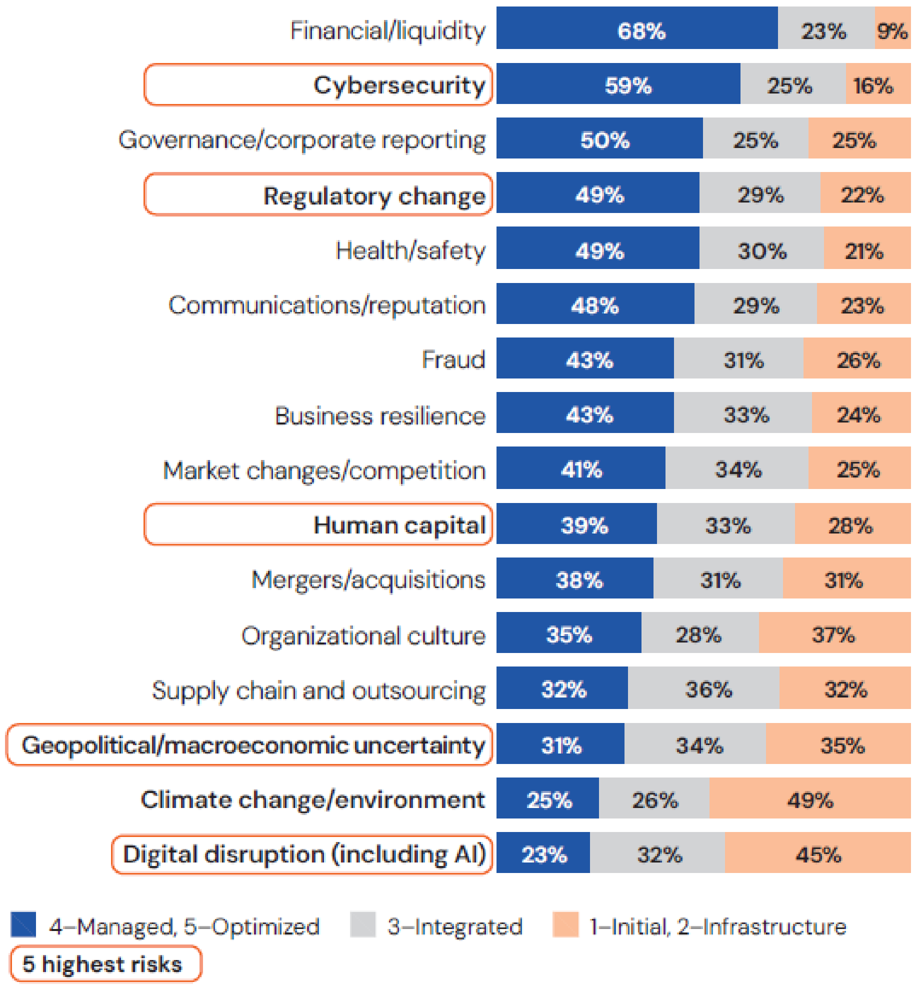
Risk Maturity and Coverage

Assessing Risk Governance Maturity and Audit Coverage

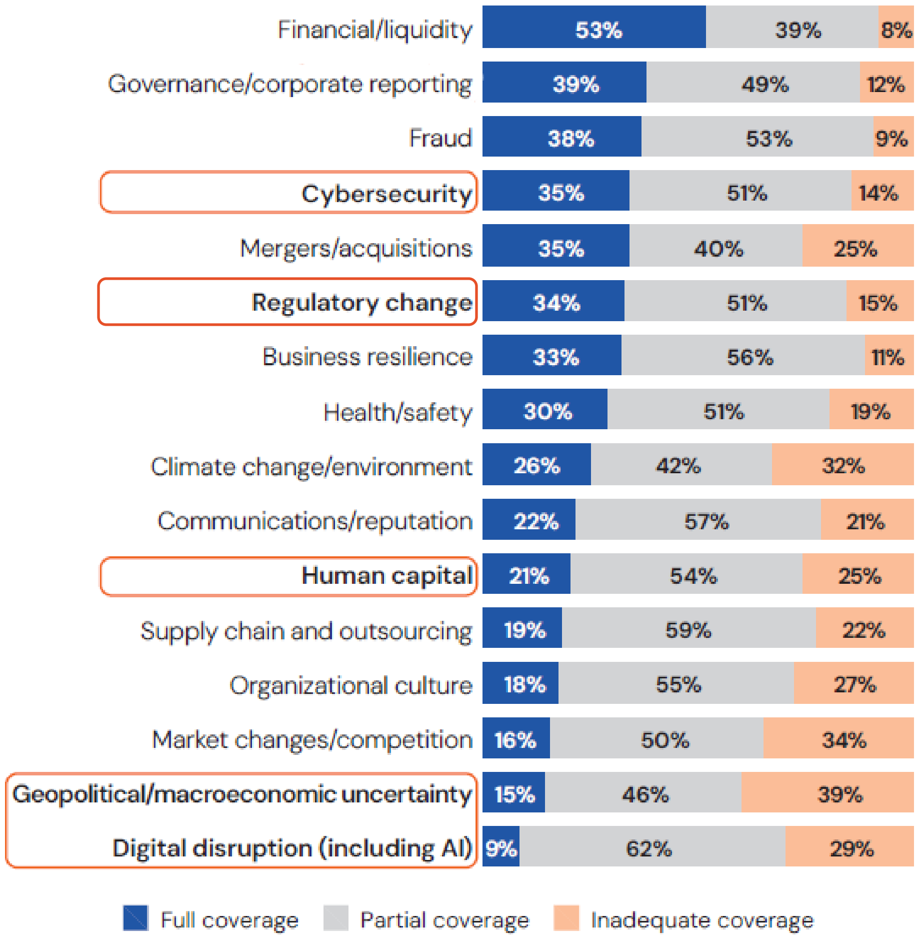
North America – Maturity vs. Coverage

Risk governance maturity and internal audit coverage are connected

North America – Risk Governance Maturity



North America – Internal Audit Coverage



- Low risk governance maturity is associated with low internal audit coverage.
- Areas with the lowest ratings for both are **geopolitical uncertainty** and **digital disruption**.

Internal Audit Strategies for Risk Maturity and Coverage

- Alert management/board to areas where risk governance maturity and audit coverage are low.
- Create space in audit plans to provide advisory services for areas where risk governance maturity is low.
- Increase audit skills for high-risk technology areas.

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North America Summary

Rising to the Challenge

North America Risk in Focus 2026/2027 Summary

- **Cybersecurity** remained entrenched as the most cited risk in North America, with 85% of respondents ranking it as a Top 5 risk.
- Risk levels for **digital disruption** (including AI) climbed more than any other area in North America, reaching its highest point to date for Risk in Focus.
- **Geopolitical change** remains a top risk in North America, cited by 43% of respondents, after the dramatic increase in the prior year.
- **Digital disruption** is taking a larger portion of internal audit's focus in North America, more than doubling in the past four years.
- Audit leaders are monitoring and planning for **geopolitical impacts** on supply chain, regulatory change, business resilience, finances, and market changes.

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Global Risk Overview

Technology and Geopolitical Risks Rising Rapidly

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.

- **Risk convergence.** Across regions, the highest ranked risks are becoming more similar.
- **Risk displacement.** Business resilience and regulatory change decreased the most in risk ratings.
- **High risks rising.** The three highest risks were also the ones that increased the most compared to the prior year.

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.

- **Cybersecurity** is the highest ranked risk for every region.
- **Digital disruption** takes second place for all but one region.
- **Geopolitical uncertainty** was in the Top 5 for all regions for the first time since the survey started four years ago.

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.

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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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September 2026

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