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The Evolving Risk Landscape for 2026

As the new year gets underway, organizations should keep an eye on two risks that internal auditors say are on the rise globally:

- Geopolitical and macroeconomic uncertainty.
- Digital disruption, including artificial intelligence.

That is one key finding from the Internal Audit Foundation's [2026 Risk in Focus Global Summary](#) report. The report's survey results are based on responses from more than 4,000 internal audit practitioners in 131 countries who were asked to identify the top five risks their organizations face.

Cybersecurity was once again ranked by internal auditors as one of the highest concerns for organizations worldwide, but boards also should be aware of the risks that are growing in importance. This issue examines the evolving risk landscape that the survey reveals.

Risk Level Trend

What are the Top 5 risks your organization currently faces?

2023	2024	2025	Change from '24-'25	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 green and blue bars show the difference in risk level ratings from 2024-2025. 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.

Source: 2026 Risk in Focus Global Summary

The Dominant Theme

Risk assessments should incorporate not only the most obvious threats, but also those expected to emerge in the near or mid-term. In the latest Risk in Focus survey, the risk ranking for geopolitical uncertainty gains 10 percentage points over the previous year, revealing growing concerns in this area. The survey, which breaks down results by region and industry, found that this uncertainty is particularly strong in North America, where it soars 19 percentage points higher than the previous year to 45%, apparently driven by changes in tariff policies and federal funding. This risk is highly ranked in other regions, as well, particularly Latin America and Europe.

Although geopolitical uncertainty does not rank as one of the highest risks overall – coming in at No. 6 – it is among the top five risks in industries such as manufacturing, agriculture, energy, wholesale/retail, and transport. Geopolitical uncertainty likely also contributes to a 4 percentage point increase in regulatory change risk.



Digital disruption (including AI) is also identified as a noteworthy concern. As a perceived risk, it jumps 9 percentage points from last year, with 48% of respondents now identifying it as a top five risk their organization is facing. It is considered the second most important risk overall, up from the fourth spot last year. The rise of AI and its impact on cybersecurity are seen as strong reasons for the increase in risk levels.

Cybersecurity Remains on Top

As noted, while other risks move up in importance, cybersecurity remains the top-rated risk globally. It was chosen by roughly three-quarters of respondents and places at No. 1 across the six regions included in the survey and in most industries. After rising 2 percentage points from last year, it came in 25 percentage points above the next highest risk.

The IIA's [Topical Requirement on Cybersecurity](#) enables internal auditors to develop a consistent and comprehensive approach to evaluating the design and implementation of cybersecurity governance, risk management, and control processes.

In reviewing cybersecurity governance, internal auditors should assess whether the organization has “a formal cybersecurity strategy and objectives are established and periodically updated,” the Requirement states. Internal auditors should also assess whether “updates on the achievement of cybersecurity objectives are periodically communicated and reviewed by the board.” This includes reviewing resource and budgetary considerations to support the cybersecurity strategy.

The Topical Requirements establish that the chief audit executive should communicate with the board if internal audit resources are insufficient to perform audits under a Topical Requirement and about internal audit’s responsibility to establish and maintain a quality assurance and improvement program.



The IIA's Topical Requirements are used in conformance with the [Global Internal Audit Standards](#) when providing assurance services on specific risk areas. They are designed to enhance the consistency and quality of internal audit services related to specific audit subjects. In addition to the cybersecurity Requirement, others include:

- [Third-Party Topical Requirement](#)
- [Organizational Behavior Topical Requirement](#).

A new Topical Requirement on organizational resilience is expected this year.

2026 Cybersecurity Predictions

Not surprisingly, AI dominates Baker Tilly's list of cybersecurity predictions for 2026. The firm notes AI can be a powerful tool in maintaining security but also can be weaponized by bad actors to create faster and smarter threats. The firm's cybersecurity predictions for 2026 include:

- 1: AI will continue to be cybersecurity's double-edged sword.
- 2: AI-generated code will introduce systemic vulnerabilities into the supply chain.
- 3: Chaotic AI regulations will collide with rising governance demands.
- 4: Rebuilding AI after a cyber event will be a massive operational challenge.
- 5: AI vs. AI warfare will accelerate the cybersecurity arms race.
- 6: AI and automation will drive new cyber insurance solutions for small- and medium-size businesses.



Multifaceted Risks

In Risk in Focus, two additional risks related to political uncertainty rise by small percentages: regulatory change (up 4 percentage points) and supply chain, including third parties (up two points). There were also notable drops in relative risk levels for business resilience and human capital, although both threats remained among the top five risks globally.

One key reason for the declines in some areas may simply be that greater focus is being placed on other risks. In addition, many of these risks are multifaceted and may have different impacts and meanings based on an organization's region, industry, and size.

For example, in cases where technology use is not already well established, digital disruption may be defined as shifting from manual to digital processes, or it may involve the cost of new technologies. Other organizations may be concerned about the fear of being left behind given technology's impact on markets and competition, the report notes.

The type of change that an organization, industry, or region is facing, as well as the level of disruption it may cause, will affect its perception of related risk. Boards should consider the many factors and nuances affecting their organizations' risk landscapes.

Spotting Gaps in Audit Priorities

Risk in Focus also considers the five areas where internal audit functions spend the most time and effort, along with the trend compared to the prior year.

Across regions globally, audit priority is generally high for six areas:

1. Cybersecurity
2. Governance/corporate reporting
3. Business resilience
4. Regulatory change
5. Financial/liquidity
6. Fraud

Compared to the prior year, audit priority increased the most for digital disruption (up 7 percentage points), with smaller increases seen for geopolitical uncertainty and supply chain.

Audit Priority Trend

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

2023	2024	2025	Change from '24-'25	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	Communication/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	Merges/acquisitions

Increased audit priority compared to prior year (green bar) / Decreased priority compared to prior year (blue bar)

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 green and blue bars show the difference in audit priority ratings from 2024-2025. 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.

About The IIA

The Institute of Internal Auditors (IIA) is a nonprofit international professional association that serves more than 265,000 global members and has awarded more than 200,000 Certified Internal Auditor (CIA) certifications worldwide. Established in 1941, The IIA is recognized throughout the world as the internal audit profession's leader in standards, certifications, education, research, and technical guidance. For more information, visit theiia.org.

The IIA

1035 Greenwood Blvd.
Suite 401
Lake Mary, FL 32746 USA

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Survey results also show that audit priorities are often – but not always – closely aligned to risk rankings. Among the six highest audit priorities, three also have high risk rankings, showing direct alignment between audit priority and risk:

Risk area	Risk rating	Audit priority rating	Gap
Cybersecurity	73%	69%	-4 points
Business resilience	47%	53%	+6 points
Regulatory change	41%	46%	+5 points

However, that was not the case for some other highly ranked risks, for various reasons.

Risk area	Risk rating	Audit priority rating	Gap
Geopolitical/macroeconomic uncertainty	38%	11%	-27 points
Digital disruption	48%	32%	-16 points
Human capital	43%	29%	-14 points

Although geopolitical uncertainty soared in this year's risk rankings, it comes in at 14 out of 16 areas on which auditors spent the most time and effort. Similarly, although digital disruption is No. 2 in risk ranking, it is No. 8 on the list of audit priorities. In fact, its audit priority ranking was 16 points below its risk ranking, even though its audit priority number moved up seven points from the previous year. Most other risk areas either dropped in terms of audit priority ranking or stayed the same.

It should be noted, for example, that internal auditors may address geopolitical uncertainty in related risk areas, such as business resilience, regulatory change, supply chain concerns, market change and competition, and financial and liquidity risk. In other words, geopolitical uncertainty risk can be addressed through a wide variety of audit areas.

The numbers may also indicate skill gaps that internal auditors face in tackling some risks. For example, internal audit teams may struggle to obtain the necessary skills and technology to address digital disruption threats.

Boards should consider whether their own organizations' audit priorities accurately track the risks they face and what can bring them closer to parity.



Volatility as a Constant

According to the [International SOS Risk Outlook](#), when it comes to global risk, “volatility has become constant, converging, and accelerating.”

- 57% of organizations say risks are arising more quickly than they can manage.
- 74% say they have shorter decision-making windows.

It concludes that “agility, anticipation, and real-time intelligence have become survival imperatives, not competitive advantages.”

Objective Assessments and Informed Advice

[Risk in Focus](#) provides timely insights (with regional and industry views) to help board members confirm their own assessments of organizational risk and prepare for emerging threats. Boards can turn to internal audit leaders for objective assessments of the risks they face and informed advice about the best strategies for identifying and minimizing them.