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A Focus on Top Risks

Amid the volatility and uncertainty of the current business environment, organizations must be alert to a wide array of changing threats. The Institute of Internal Auditors' [Risk in Focus 2025 report](#) pinpoints issues identified as top of mind for internal audit leaders – independent, objective professionals who have a 360-degree view of their organizations. This update covers the global responses to the survey. To view results broken down by geographic regions, board members can access the report.

Rapidly Rising Risks

The survey asked internal audit leaders to name the top issues they are dealing with today and those they expect to be the most significant within three years. One of the most striking findings relates to which risks have risen the fastest from their rankings in previous surveys and which are expected to experience the greatest growth in significance for organizations over time. According to the report, global risk levels for digital disruption and climate change are projected to increase 20 percentage points and 16 percentage points, respectively, over the next three years, far ahead of other risk areas.

Digital disruption (including AI). On the list of current risks, this threat moves up from the No. 5 spot last year to No. 4 for 2025. Thirty-nine percent chose it as a top five risk in 2025. When looking ahead, 59% of internal audit leaders say it will continue to rise to No. 2 in terms of risk expectations over the next three years.

Organizations are embracing the use of artificial intelligence and other emerging technologies, but they are also wary of the challenges that these tools present. Generative AI, in particular, was greeted with great excitement, but users quickly identified risks related to concerns such as transparency, privacy, and accuracy of output.

There are certainly risks in being left behind in deploying new technology solutions or in missing meaningful opportunities, but internal audit leaders also worry about emerging regulations and controls that may complicate compliance and limit the use of these new tools. Organizations also will need to upskill existing employees in using these tools, bring in people with greater technology expertise, or consider outsourcing solutions to shore up technology skills.

Climate change/environment. Survey respondents expect this issue to make a particularly dramatic move up the risk rankings. Sitting at No. 14 last year, climate change/environment is cited as the No. 13 risk for 2025 by 23% of internal audit leaders. However, 39% of these professionals expect it will leap to No. 5 over the next three years.

Expanding sustainability and compliance requirements are a key risk driver in this area. For example, earlier this year, the U.S. Securities and Exchange Commission issued rules on The Enhancement and Standardization of Climate-Related Disclosures.

In the European Union, the [Corporate Sustainability Reporting Directive](#) and the [European Green Deal](#) both set out requirements for organizations within EU borders as well as for some non-EU companies doing business there. Other related risks include the impact of extreme weather on operations and markets, stakeholder concerns about sustainability issues, and missing out on the advantages of being a “green” business.

These findings from the global survey are essentially seen in every region. None of the other 14 risk areas in the survey are expected to see the same level of change in risk level.

In addition to climate change, other top global risks in the near and long term are:

- Cybersecurity is far and away the top risk in 2024 and 2025 and is expected to remain the greatest concern over the next three years.
- Business continuity risk was No. 3 on the list of current risks in the previous survey and No. 2 this year, but it drops back into the No. 3 spot over the next three years because of the ascent of digital disruption.
- Human capital risk similarly hovers within the top four risks in all the recent and projected risk rankings.

A Disconnect in Audit Priorities

The survey reveals some disconnects between current and expected risks and the time and effort that internal audit allocates to those risks. Despite the growing significance of digital disruption and climate change risks, they are not priorities in most audit plans. Instead, internal audit teams are spending most of their time and effort on cybersecurity. Governance/corporate reporting is second in terms of time and effort spent, even though internal auditors rank it much lower on their list of expected risks, setting it at No. 9 for 2025 and No. 11 in three years.

Meanwhile, although it is included in internal auditors’ top five risks, digital disruption is No. 9 on the list of areas where internal

auditors spend their time and effort. The risk that internal auditors expected to soar the fastest in the next three years – climate change – is No. 14 in terms of internal auditors’ allocation of time and effort.

Another top five risk cited by internal auditors, human capital, is No. 8 in terms of time and effort spent. The time spent on another two areas – business continuity and regulatory change – is essentially consistent with risk rankings. Boards should ensure internal audit priorities reflect current circumstances and that internal audit has the resources it needs to adequately identify and monitor risk.

Perception vs. Priority

The Risk in Focus report finds that some rising risks currently are not top internal audit priorities.

Risk Level in 2025	Risk Level in 3 years	Ranking in terms of actual internal audit time/effort allocation today.
1. Cybersecurity	1. Cybersecurity	1. Cybersecurity
2. Business Continuity	2. Digital Disruption	3. Business Continuity
3. Human Capital	3. Business Continuity	8. Human Capital
4. Digital Disruption	4. Human Capital	9. Digital Disruption
13. Climate Change	5. Climate Change	14. Climate Change

About The IIA

The Institute of Internal Auditors (IIA) is a nonprofit international professional association that serves more than 255,000 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.

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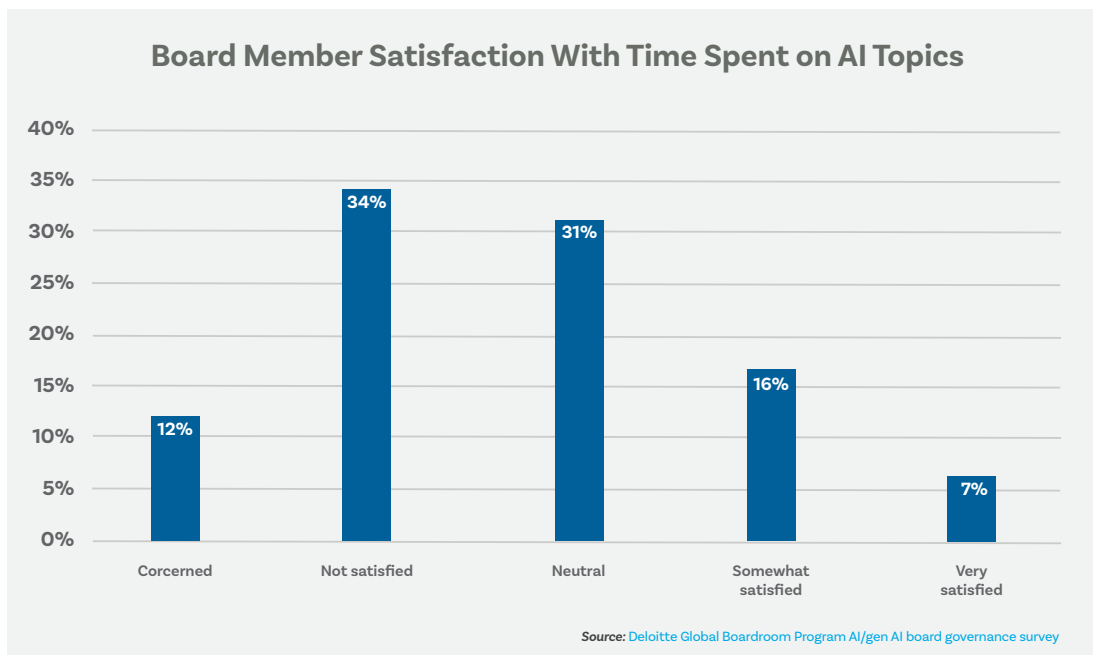
Preparing for Future Risk



Looking ahead, board members clearly will want to be informed about emerging and expanding risks in a rapidly changing environment. They will need to ensure their organizations are prepared to adapt their risk management approaches as threats change and are connecting risk to strategy.

Climate change, once considered something organizations could address over time, has risen in urgency because of expanding regulation and the impact extreme weather events have had on businesses and communities. In the same vein, while organizations have always needed to keep tabs on emerging technologies, game-changing tools such as GenAI are driving new levels of opportunity and disruption.

Boards can turn to internal audit to help the organization understand related risks and benefits and the necessary control environment to address those risks. Directors also can use the Risk in Focus report's insights to understand the risks they face, now and in the future.



QUESTIONS FOR BOARD MEMBERS TO ASK

- Which risks are critical for the organization now?
 - Which risks are expected to have the most impact within the next three years?
 - Can the organization effectively monitor and respond to a changing risk environment?
 - What strategic advice can internal audit offer the board on risk management practices?
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