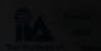


DISCUSSION PAPER

10 HOT TOPICS FOR THE 2017 INTERNAL AUDIT PLAN



RISK IN FOCUS HOT TOPICS FOR INTERNAL AUDIT 2018 A REPORT FROM EUROPEAN INSTITUTES OF INTERNAL AUDITORS

RISK IN FOCUS 2019 HOT TOPICS FOR INTERNAL AUDITORS

RISK IN FOCUS 2020 Hot topics for internal auditors

RISK IN FOCUS 2021 Hot topics for internal auditors



RISK IN FOCUS: 10 YEARS OF INSIGHT

2022 RISK IN FOCUS Hot topics for internal auditors



2023 RISK IN FOCUS Hot topics for internal auditors



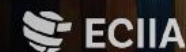
2024 RISK IN FOCUS Hot topics for internal auditors



2025 RISK IN FOCUS Hot topics for internal auditors



2026 RISK IN FOCUS Hot topics for internal auditors



WHAT IS RISK IN FOCUS?

- Risk in Focus is an annual thought leadership project now in its 10th year of publication. The report analyses the top risks faced by organisations across Europe. It is a tool for internal auditors and audit committees and an indicator of what Chief Audit Executives (CAEs) and others perceive as their organisations' risk priorities for the year ahead.
- Over the past 10 years, the Risk in Focus methodology has evolved
- Over 10 Years the Risk in Focus project has secured:

5,653

completed surveys
from CAEs

221

CAE interviews
with CAEs
and other key
stakeholders

177

roundtable
events participants with CAEs
and other key stakeholders
across

19
roundtables



RISK IN FOCUS PARTICIPATION

Risk in Focus	Number of Participating Countries	Number of one-to-one interviews	Number o completed surveys	Number of roundtables participants
2017	3	NA	NA	NA
2018	6	NA	NA	NA
2019	7	42	311	NA
2020	8	46	528	NA
2021	11	42	579	NA
2022	13	50	738	NA
2023	15	9	834	39
2024	17	11	799	46
2025	20	11	985	48
2026	15	10	879	44



RISK IN FOCUS: A TIMELINE



2016



2017



2018



2019

The first edition of the report was titled 10 Hot Topics for the 2017 Internal Audit Plan. The report was produced by the IFACI (France), IIA Italy, IIA Spain with the support of the Chartered IIA (UK and Ireland). One of the key issues discussed in the paper was the United Kingdom's decision to leave the European Union and its potential implications for businesses across Europe.

Titled Risk in Focus for the first time, the 2018 edition of the report included a more ambitious approach of quantitative research by interviewing Chief Audit Executives (CAEs) from major organisations in France, Italy, the Netherlands, Spain, Switzerland and the UK. The introduction of GDPR was seen as a challenge for internal audit, as the financial burden of not meeting GDPR requirements could be costly for organisations.

The third edition was more ambitious and for the first time included the distribution of a quantitative survey on what CAEs perceived as the biggest risks faced by their organisation, which received 311 responses. It was a collaborative effort between France, Germany, Italy, the Netherlands, Spain, Sweden and the UK and Ireland. This survey saw Cybersecurity as the top risk for the first time.

In its fourth year, the Paper continued to shed light on the key risks identified by CAEs across Europe. Eight European institutes of internal audit took part, and included 46 interviews from CAEs and 528 responses to the survey.

RISK IN FOCUS: A TIMELINE



2020



2021



2022



2023



2020 Risk in Focus 2021 was organised and published during the unprecedented circumstances of Covid-19, the biggest global risk event in recent memory, and Europe had become the epicentre of the biggest public health crisis in living memory. Despite this, 11 European countries took part in and 10 institutes of internal audit.

The sixth edition saw the Pandemic in full swing, with organisations facing unprecedented uncertainty. Covid-19 was continuing to have deep and lasting consequences, a new reality that organisations were grappling with. 13 European countries were involved in the survey, 50 in-depth interviews took place and 738 CAE's responded to the survey.

The 2023 edition of the report saw a state of crisis as the new normal. Organisations were facing high impact, interlocking risks off the heels of the Pandemic, The War in Ukraine and intensified supply chain failures, causing a spike in energy prices and fuelling inflation. 15 European countries took part, 9 in-depth interviews, 834 survey responses. This edition also saw the addition of roundtables to the Risk in Focus quantitative research with 39 CAEs taking part in 4 roundtables.

The 2024 edition of the report described a poly-crisis – multiple catastrophic events occurring simultaneously. Post-pandemic, the ground rules had changed; there was growing geopolitical turmoil and disruptive technologies such as artificial intelligence, which were evolving at lightning speed, promising to impact businesses. 17 European institutes of internal audit took part in Risk in Focus 2024, 46 participants took part in 5 roundtables, 11 in-depth interviews and 799 survey responses.



RISK IN FOCUS: A TIMELINE

2024



2025

Risk in Focus 2025 organisations rush to adopt new technologies to gain a competitive advantage. Businesses faced a mixture of political uncertainty, climate risk, regulatory pressure and changing demographic trends among the workforce. 20 European countries took part in this edition with 48 roundtable participants spanning 5 roundtables, 11 in-depth interviews and 985 responses to the survey.

The 10th edition of Risk in Focus 2026 saw conflicts continuing in Ukraine and Gaza and the US administration's unpredictable use of tariffs in trade negotiations worldwide, which has injected geopolitical and macroeconomic uncertainty in every aspect of the threat landscape. 15 European countries took part in this edition, which included 10 in-depth interviews along with 5 roundtable events with a total of 44 participants and 879 survey responses.



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RISK IN FOCUS METHODOLOGY TIMELINE

2016

10 Hot Topics for the Internal Audit Plan is published following a research project conducted by IFACI (France), IIA Italy, IIA Spain with the support of the Chartered IIA (UK and Ireland).

2017

Risk in Focus is published based on research which now included interviews with CAEs from major organisations in France, Italy, the Netherlands, Spain, Switzerland and the UK.

2018

Risk in Focus methodology extends to include a quantitative survey of CAEs, with 311 responses. It was a collaborative effort between IIA affiliates in France, Germany, Italy, the Netherlands, Spain, Sweden and the UK and Ireland.

2019

Risk in Focus is now well established and growing, with 8 European institutes of internal audit taking part and included 46 interviews from CAEs and 528 responses to the survey.

2020

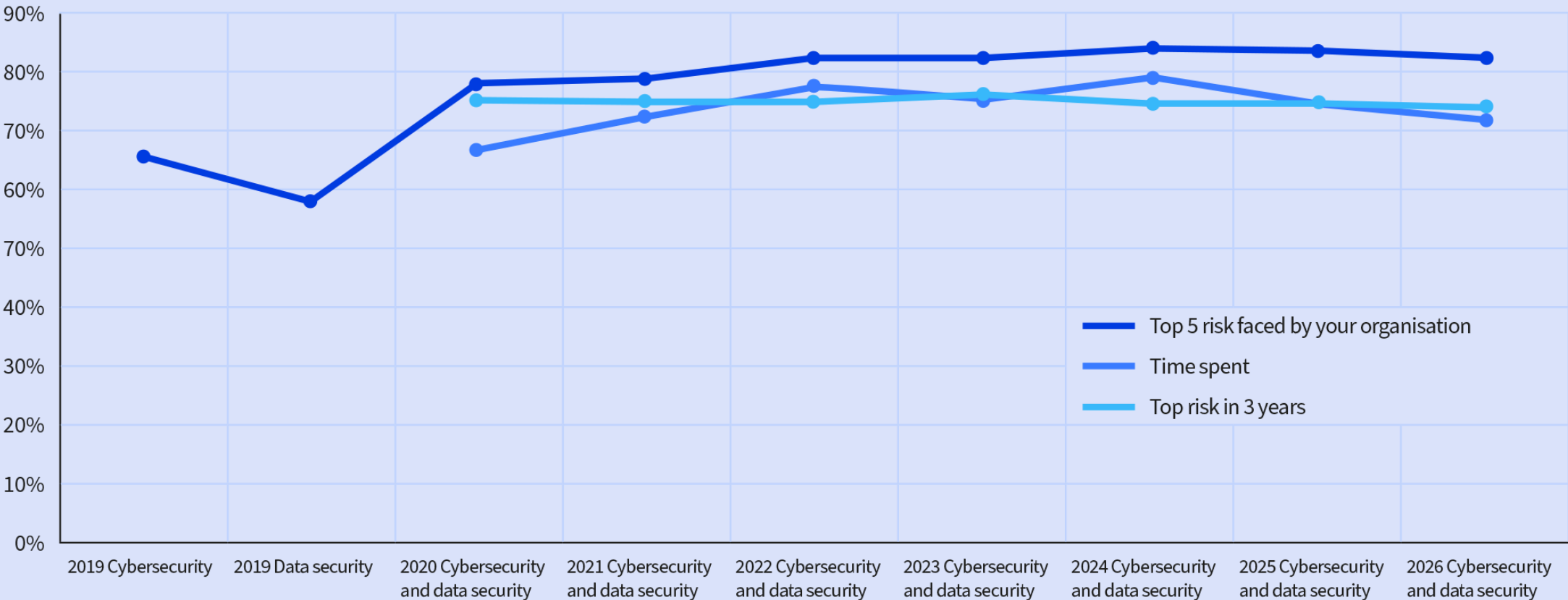
Risk in Focus continues to grow with 11 European countries taking part in the survey, interview and roundtables through 10 institutes of internal audit. This year saw the interlocation of the DELPHI study in the Risk in Focus methodology and included interviewing subject matter experts.



RISK IN FOCUS METHODOLOGY TIMELINE



CYBERSECURITY AND DATA SECURITY



Note: The Risk in Focus survey was first conducted for the 2019 edition of the report. The 2020 edition was the first year that the question on the area that auditors spend the most time and effort was first asked. Cybersecurity and data security were two distinct risks in the 2019 edition of the report.

CYBERSECURITY AND DATA SECURITY

- Cybersecurity and data security has been the top risk for Chief Audit Executives since the survey was first published in the 2019 edition.
- The 2017 edition of the report, cybersecurity was a top priority for organisations, given the number of cyber-attacks taking place. This is a running theme throughout every edition of the report, increasingly sophisticated cyber-attacks which could have a reputational impact on organisations.
- Risk in Focus 2020 saw the exposure of 50 million Facebook users' personal information and a "mega breach" of the hotel chain Marriott compromised the details of 500 million customers, keeping this risk in the top spot. GDPR regulations in its first full year of operation saw a number of fines being issued in key European jurisdictions, including France, Germany, Poland and Denmark, the most significant being a €50m penalty from the French data authority against Google for its covert collection of consumer data.
- The 2024 report saw cybersecurity and data security as the biggest risk across all the years, with 84% of CAEs citing it as a top 5 risk. More regulation was embraced by CAE's, including GDPR being extended by rules such as the EU's Data Act, EU Cyber Resilience Act, NIS2, and Digital Operational Resilience Act (DORA). These initiatives provided CAEs with a platform to reinforce the importance of good cyber security and data practices.

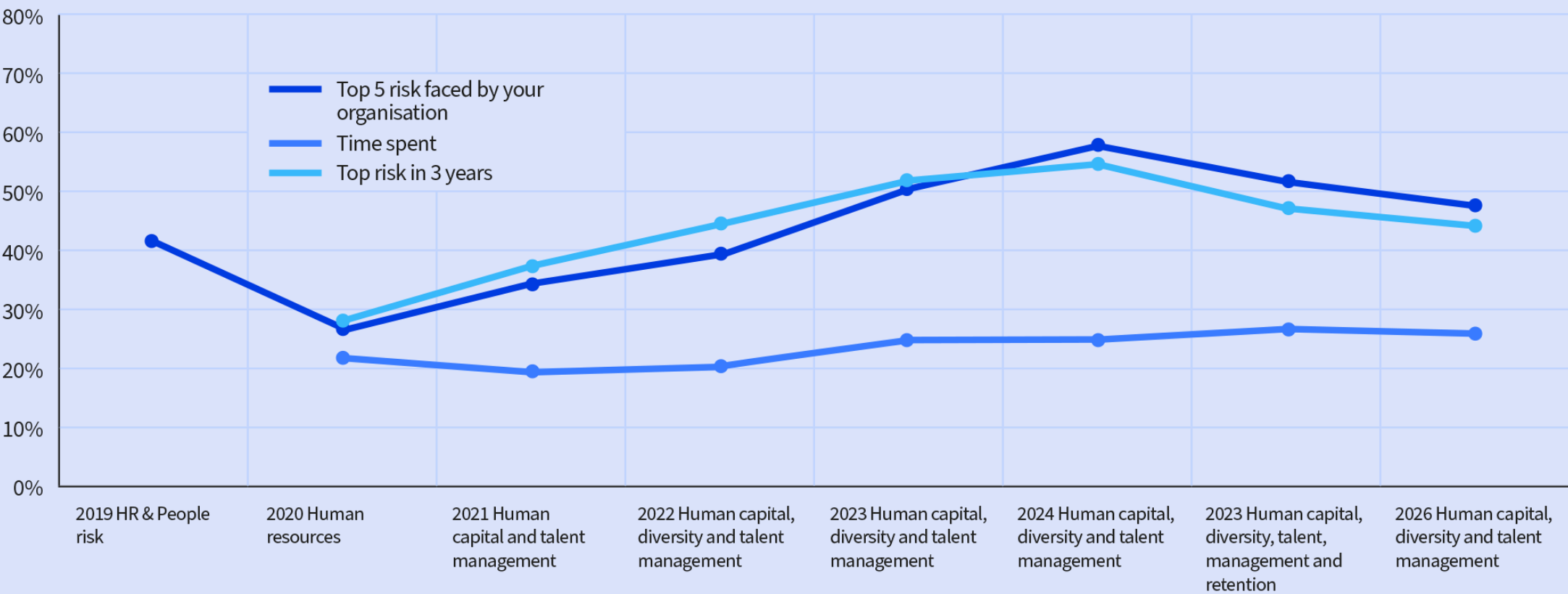


CYBERSECURITY AND DATA SECURITY

- Risk in Focus 2025 highlighted that the velocity and volume of cyberattacks were still climbing. Phishing attacks in the US alone increased by 1,265% in 2023, thanks partly to the growth of generative AI (gen AI). New AI-powered techniques are blurring traditional risk categories where businesses have generally considered external and internal threats to be related but separate issues.
- The most recent edition highlighted that Post-quantum encryption algorithms, which became available in 2024 and commercially available quantum machines could appear within 3-5 years. As a result, some organisations have begun reviewing cryptography and key management strategies.



HUMAN CAPITAL, DIVERSITY, TALENT MANAGEMENT AND RETENTION



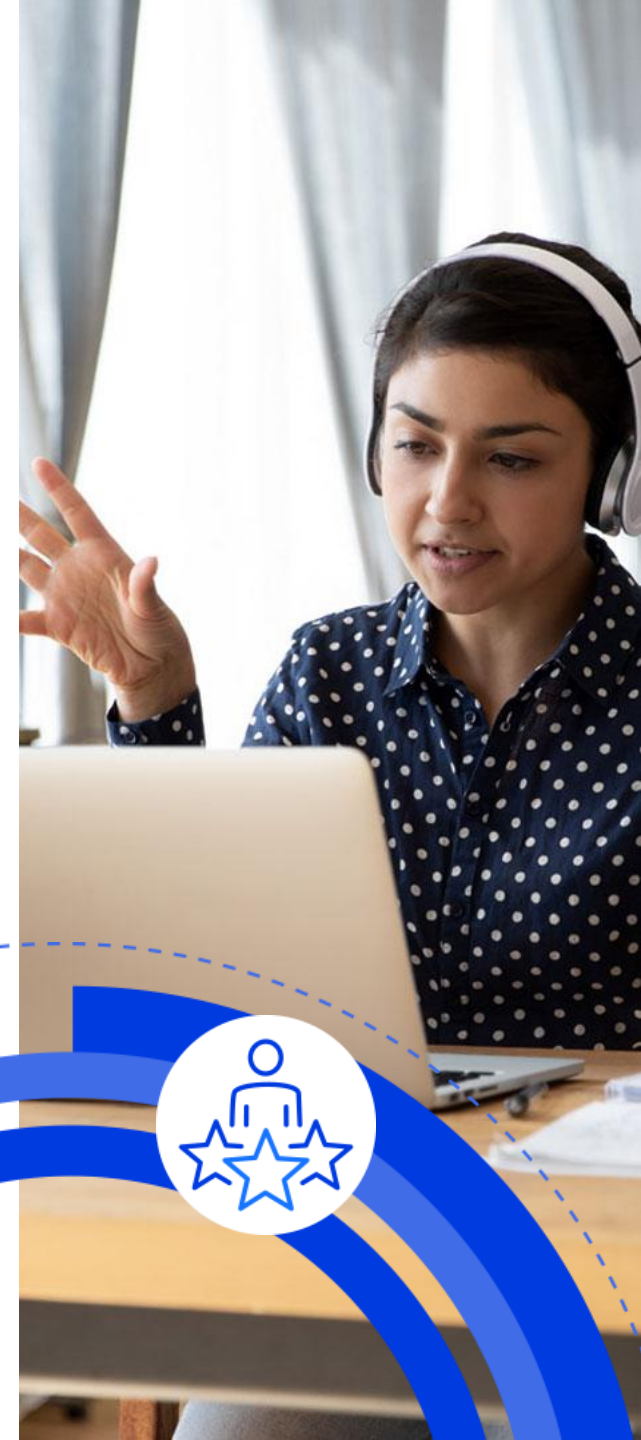
Note: The Risk in Focus survey was first conducted for the 2019 edition of the report. The 2020 edition was the first year that the question on the area that auditors spend the most time and effort was first asked. Over the years, the name of this risk has evolved.

HUMAN CAPITAL, DIVERSITY, TALENT MANAGEMENT AND RETENTION

- The 2024 survey saw 58% of CAEs highlighting this as a top 5 risk. Overall, it was seen as the second biggest risk in the survey after cybersecurity and data security. Until the pandemic, human capital was never a top-five risk in the survey rankings. Frustrated, one CAE at the roundtable on the issue said attracting and retaining the right people was his organisation's "biggest nightmare"
- The 2021 report saw this risk appear in the top 5 for the first time. New ways of working and organising personnel were already underway in the lead up to the pandemic, with a trend towards more flexible working arrangements and

greater autonomy as generational attitudes to work shifted. By forcing remote working almost instantaneously, the pandemic accelerated that gradual evolution.

- By 2023, the impact of the Pandemic was still being felt. It was thought that the global talent shortage was likely to increase, particularly in organisations looking to employ people with technical expertise, because luring people back into workplaces while ensuring their psychological wellbeing has moved higher up the agenda.

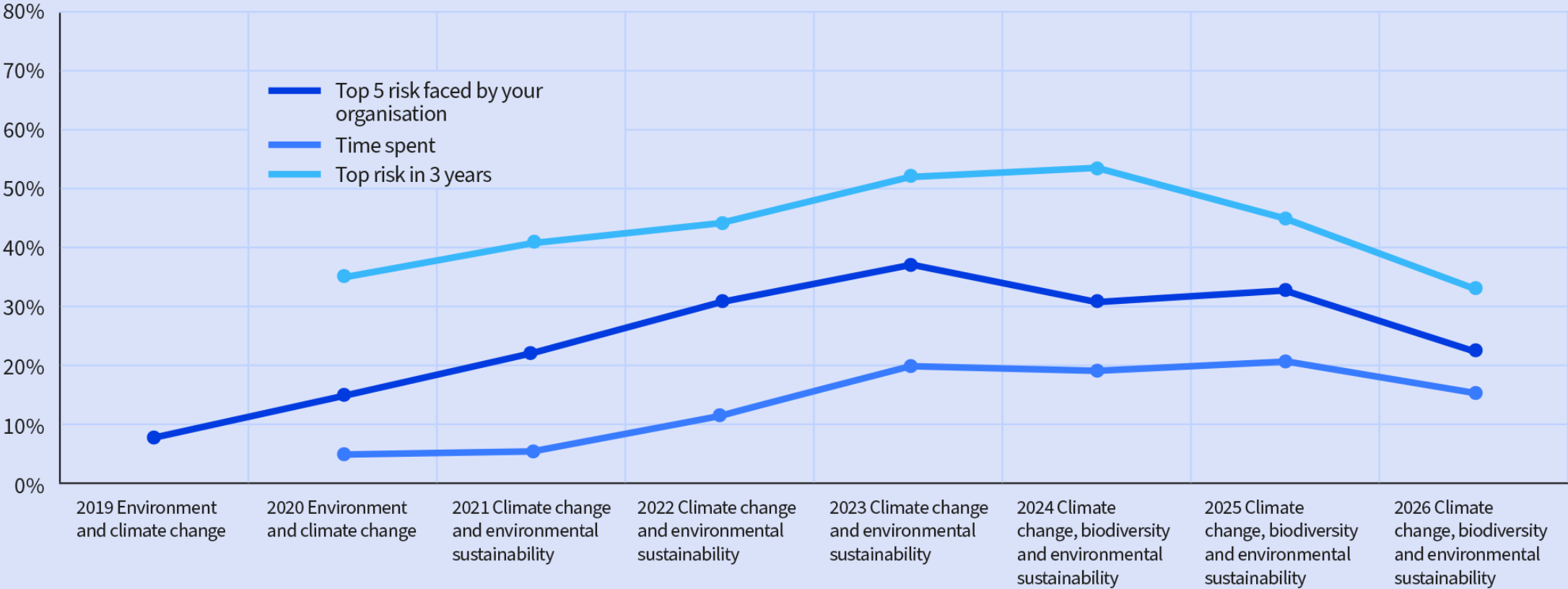


HUMAN CAPITAL, DIVERSITY, TALENT MANAGEMENT AND RETENTION

- This risk has risen in importance over the years, particularly post-pandemic and has held on as the second biggest risk according to chief Audit executives for several years.
- In this year's report, this risk remained the 2nd largest threat to organisations in 2026. A major focus was to create a skills strategy fit for the era of AI. Fears of deskilling, talent shortages and uncertainty over how careers could be transformed by the technology were core concerns.



CLIMATE CHANGE THROUGH THE YEARS



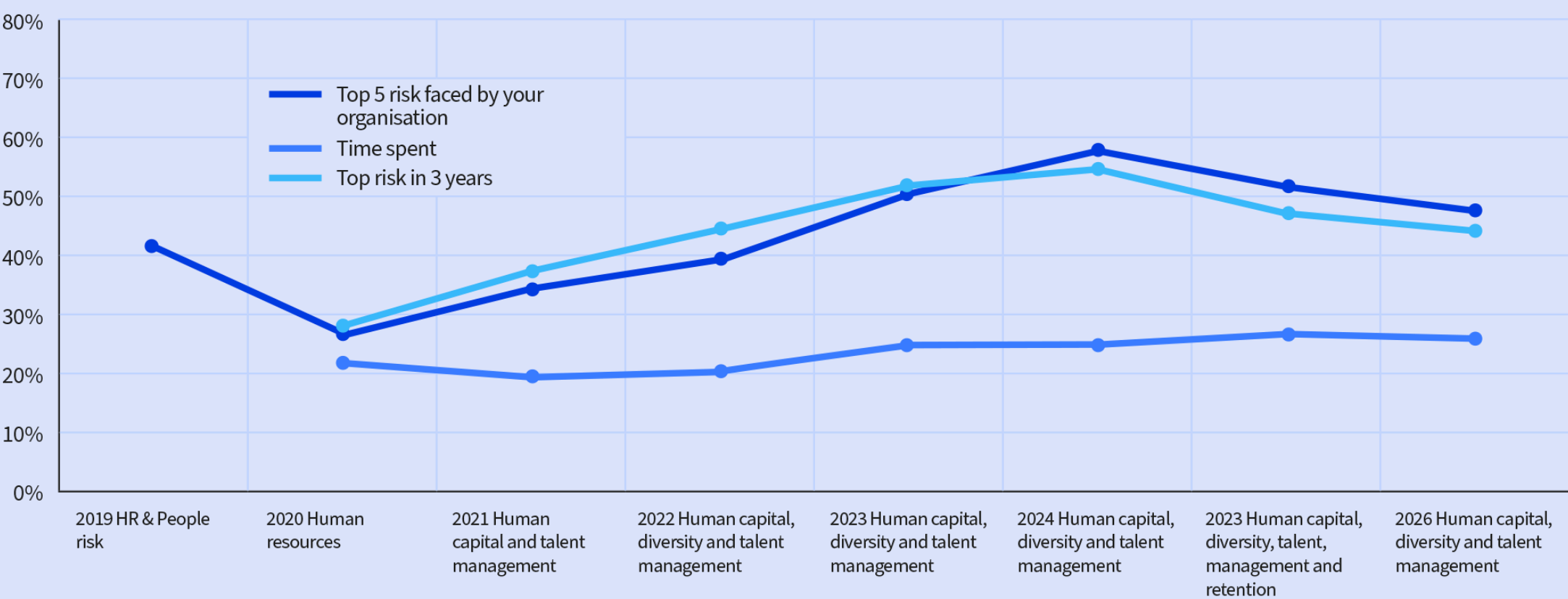
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CLIMATE CHANGE THROUGH THE YEARS

- This risk has seen a gradual rise over the years in terms of importance for Chief Audit Executives. In 2023, 37% ranked it as a top 5 risk; since then, it has seen a gradual decline in terms of a top 5 risk.
- The 2023 edition of Risk in Focus saw that it was moving higher up on the agenda of internal audit and they were implementing environmental issues in every audit.
- Risk in Focus 2019 highlighted the importance of sustainability reporting requirements, which were a welcome development. The role of internal audit was to ensure that this reporting requirement was being fulfilled but many were going further by seeking evidence of how processes are being developed to improve the maturity of such reporting, such as the number of KPIs measured and the accuracy of data collection.
- Risk in Focus 2024 saw a slight drop in the Risk rankings despite extensive new rules and reporting requirements. Roundtable participants said burgeoning regulation was the biggest risk for organisations operating in Europe.
- The 2026 survey dropping from 6th to place to 10th place in the risk rankings. CAEs at the roundtable expressed frustration over regulatory uncertainty shaped by changing political attitudes.



MACROECONOMIC AND GEOPOLITICAL UNCERTAINTY THROUGH THE YEARS



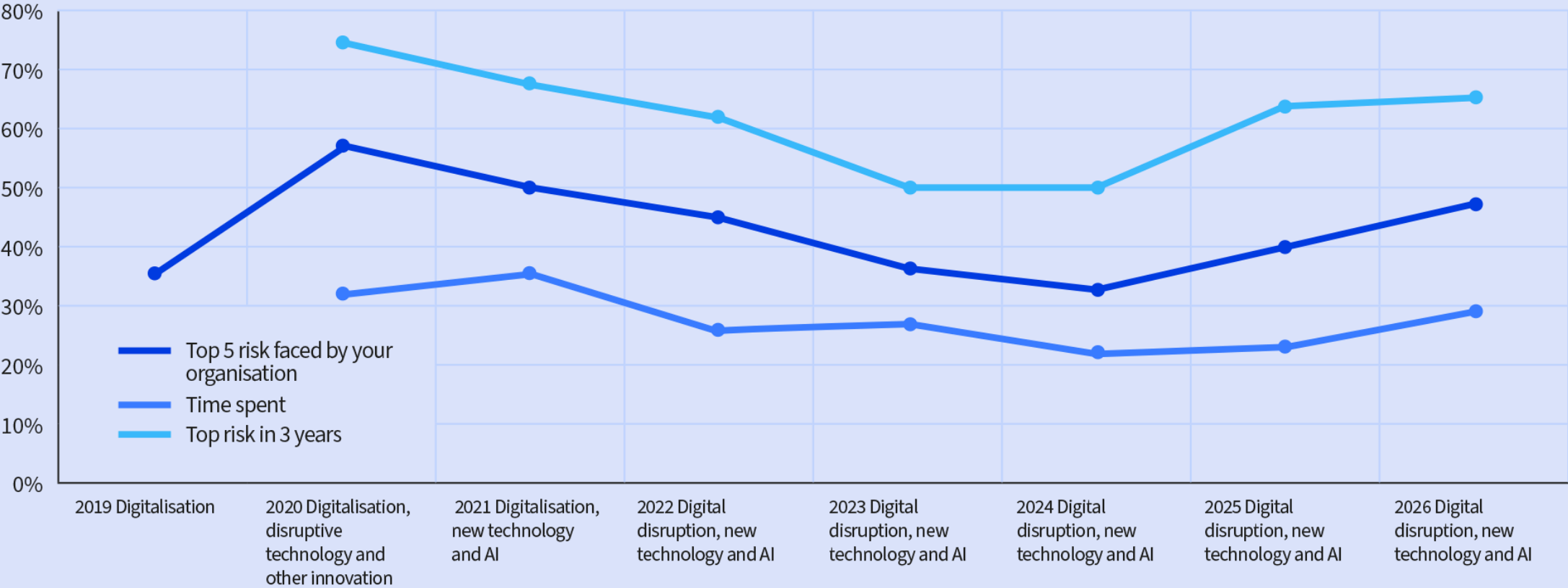
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MACROECONOMIC AND GEOPOLITICAL UNCERTAINTY THROUGH THE YEARS

- Since 2023 macroeconomic and geopolitical uncertainty has maintained its position as a top 5 risk for businesses according to Chief Audit Executives.
- The 2023 report highlighted a significant jump in the risk rankings from 7th place in 2022 up to 3rd place in 2023, with 46% of CAEs citing it as a top 5 risk. The War in Ukraine forced businesses into swift, often large-scale action. Some organisations sold Russian subsidiaries at rock-bottom prices while others scrambled to source supplies of goods and services from outside the country.
- Despite this being a top 5 risk, it has often ranked lowest in terms of audit effort. In 2024, it ranked in last place (16th) in terms of internal audit effort. But that could be partly an artefact of the nature of the risk because huge amounts of effort are expended on the consequences of those threats.
- The 2018 report highlighted uncertainty following Brexit and the knock-on effect this could have on businesses' workforces and supply chains. CAEs were on high alert to monitor the impact of Brexit, have a plan in place and react accordingly based on developments.
- The 2026 report saw this risk in 4th place. Continuing conflicts and the threat of a global tariff war meant that 32% of CAEs who chose this category said it was their number one risk.



DIGITAL DISRUPTION THROUGH THE YEARS



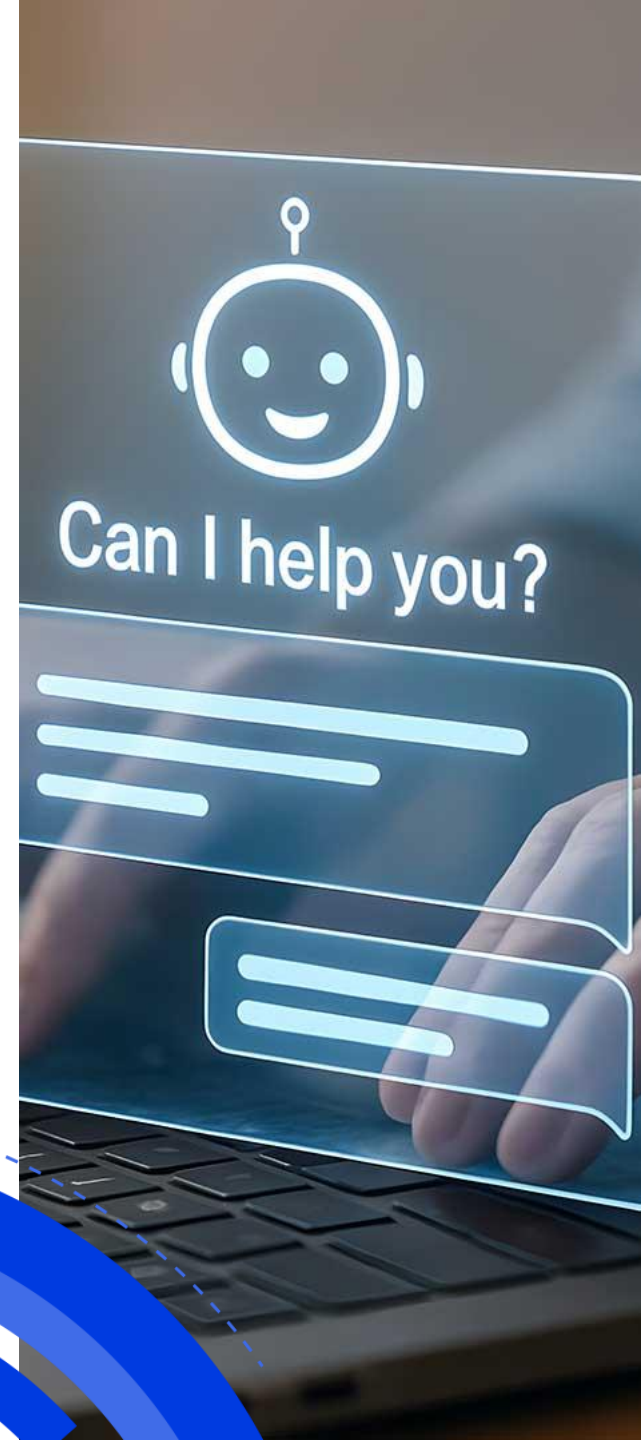
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DIGITAL DISRUPTION THROUGH THE YEARS

- In 2020, this Risk peaked with 58% of CAEs saying it was top 5 risk. The advent of generative artificial intelligence has seen this risk re-emerge as a top risk in the risk rankings as businesses get to grips with this emerging technology.
- The 2021 report, in the height of the pandemic, required organisations to press ahead in meeting their digital goals. Businesses had no choice but to transition to digital service provision during mass lockdowns. 50% of CAEs saw this as one of their top 5 risks.
- Digital disruption was the fastest-growing risk in 2025 this was largely down to the speed of development of AI. Its popularity and the rapid

integration of AI into services offered by major technology companies have helped make the safe adoption of all AI a key issue for organisations.

- The 2026 report saw this risk continuing to rise to rise, moving from 4th to 3rd in the risk rankings. Given the high speed of AI developments, organisations were concerned about vendor lock-in. Organisations were adopting a multi-provider approaches and benchmarking key services and technologies regularly. But overdependence on US providers exposed them to higher risk from geopolitical threats.



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