

2025

RISK IN FOCUS

Hot topics
for internal
auditors

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 **ECIIA**

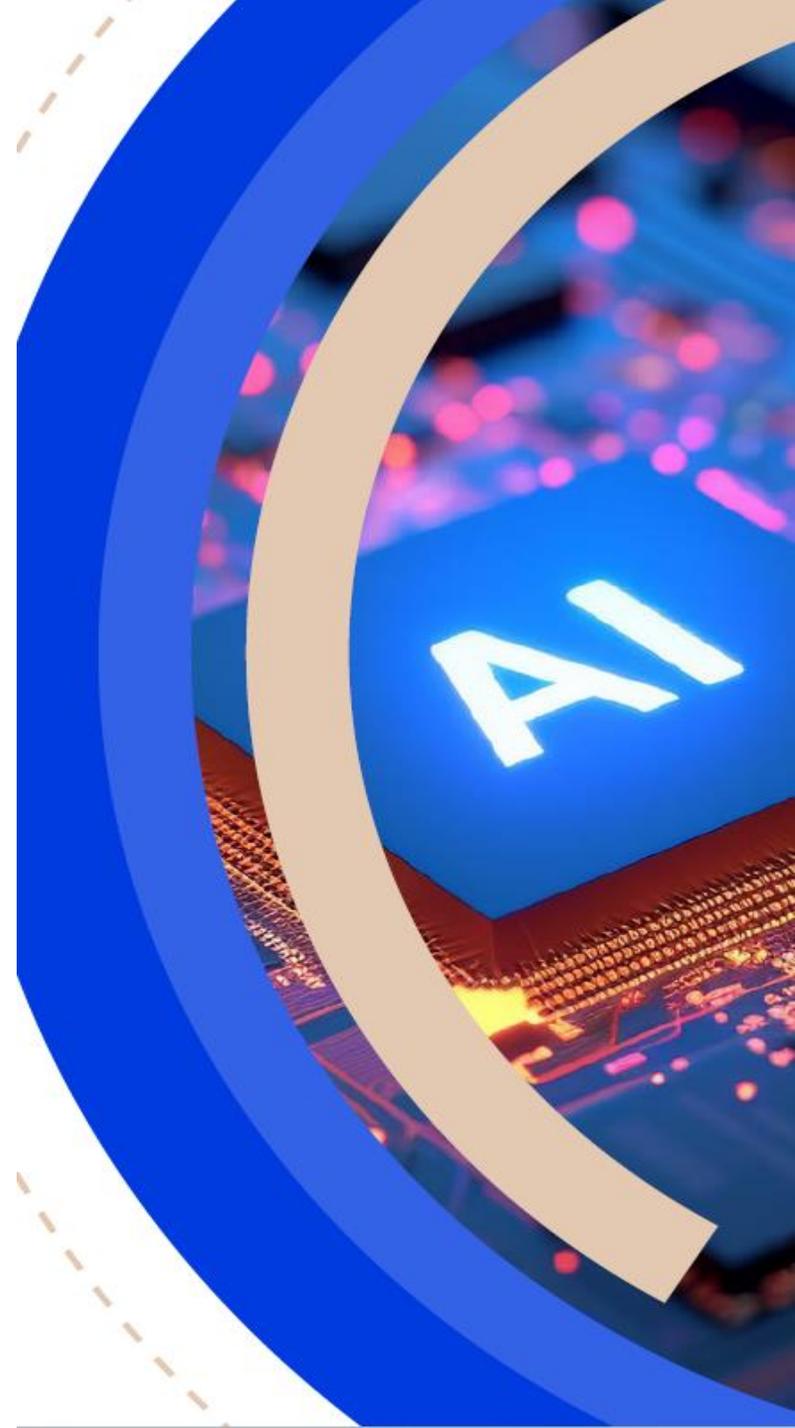


The Institute of
Internal Auditors
Luxembourg



Context – AI is a key strategic focus and a risk

- Organisations across Europe are rushing to adopt new technologies to gain an advantage in a volatile and fast-moving risk landscape.
- Risks continue to be interconnected across Europe, it's crucial Chief Audit Executives (CAEs) support their organisations.
- Governance was the second-highest area of effort for CAEs with 64% saying it was a top 5 topic.

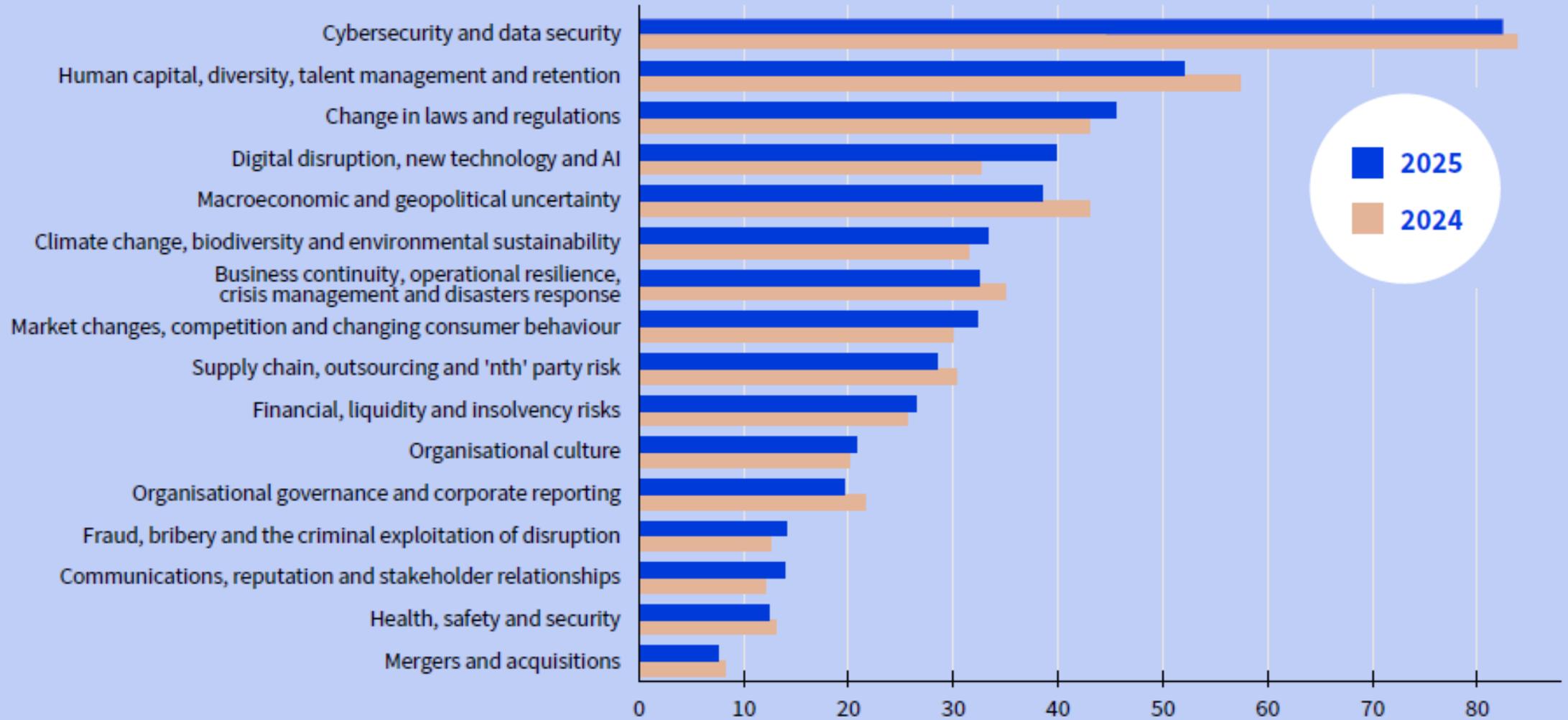


Risk in Focus 2025 - Methodology

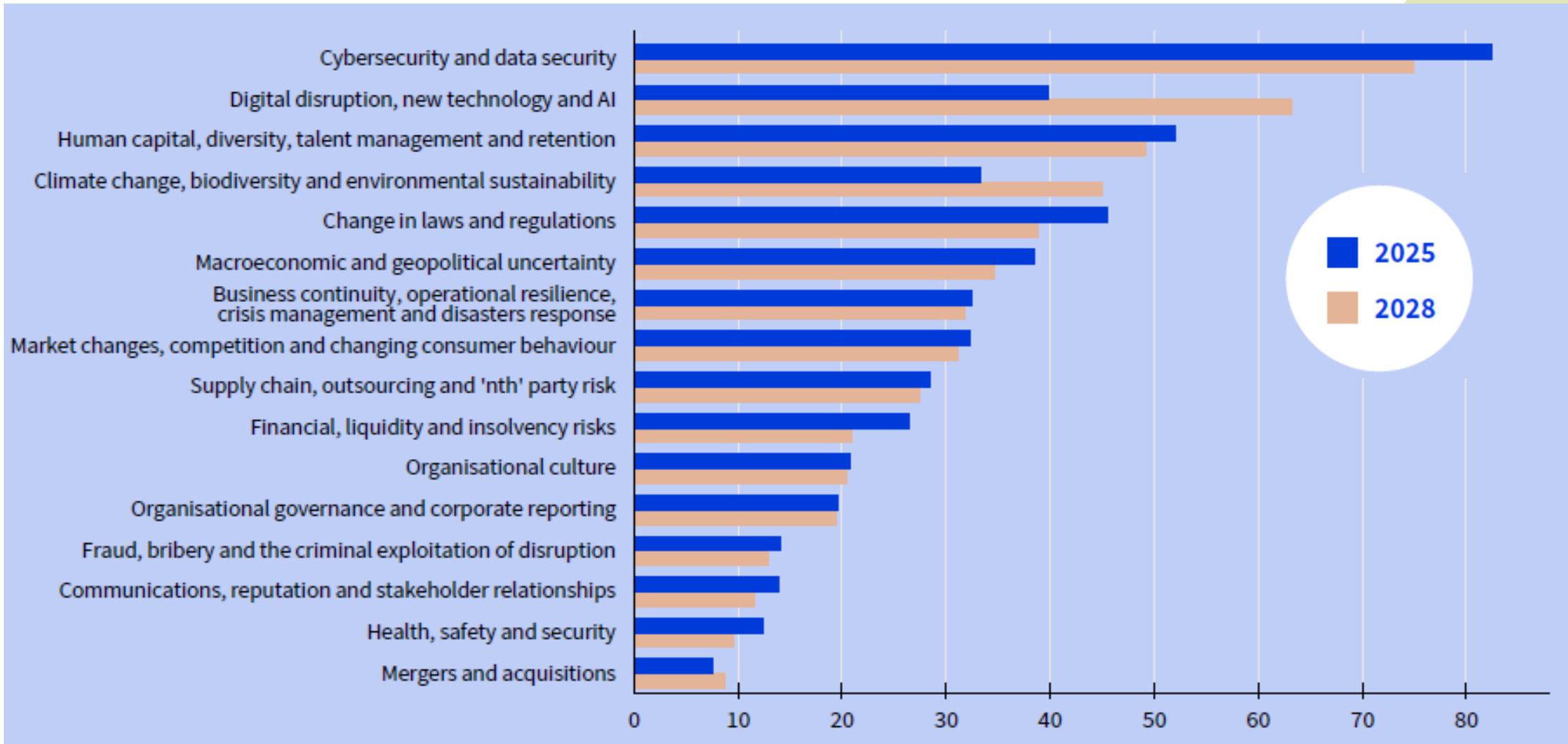
- In the first half of 2024, a quantitative survey was distributed among chief audit executives (CAEs) by 19 European Institutes of Internal Auditors, spanning 20 countries.
- The topics in this report were determined by a range of CAEs, non-executive directors, academics and industry experts to determine the areas of focus in this report.



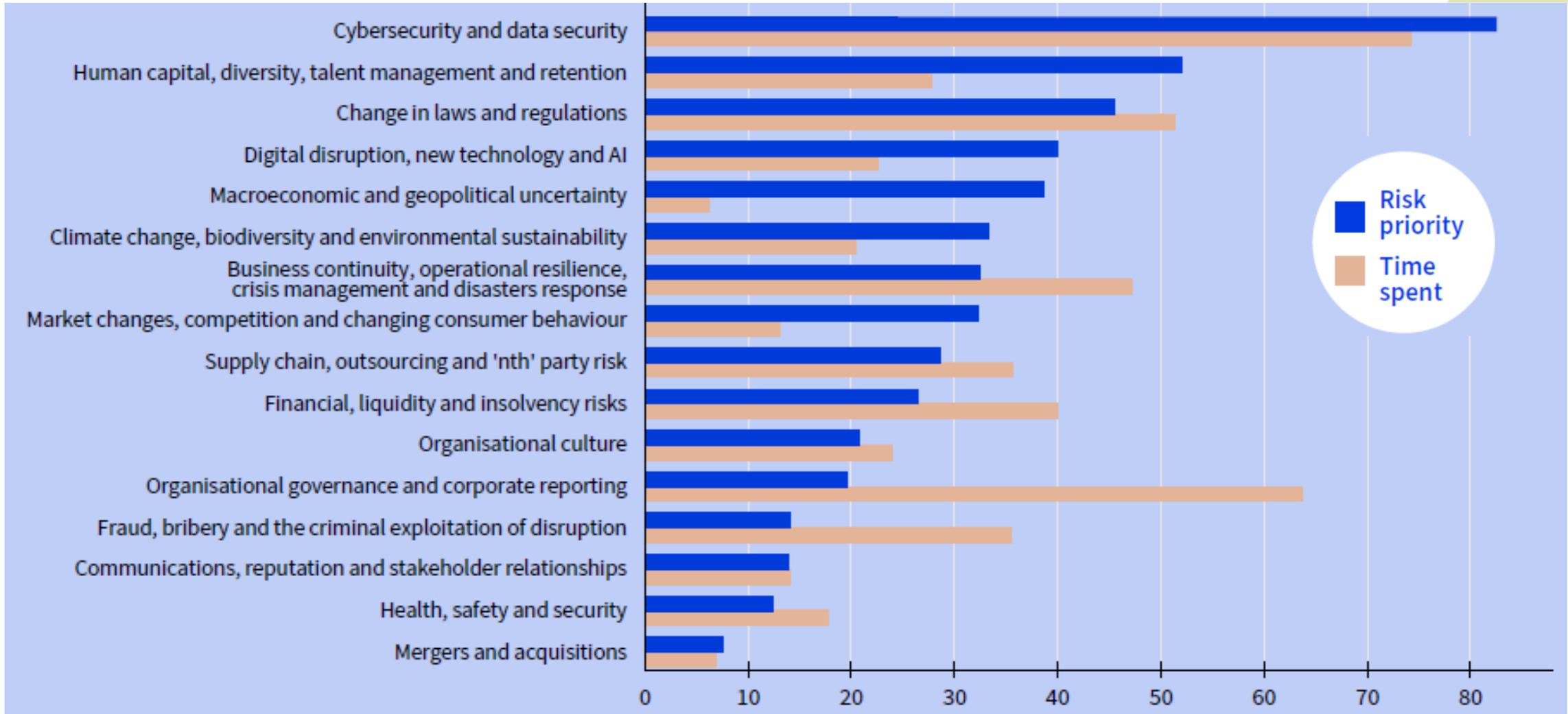
Risk in Focus 2024 – 2024 v 2025



Looking Ahead – Risk today ‘v’ risk tomorrow...



Risk vs audit priorities – How is internal audit devoting its time?



Digital disruption new technology and AI



- Digital disruption new technology was the fastest-growing risk area in this year's survey and is expected to rise from 4th to 2nd place by 2028.
- The speed of development of AI and the launch of ChatGPT and its integration into services offered by major companies have made the safe adoption of AI a key issue for boards.
- Organisations are also looking to deal with complex ethical risks associated with the use of AI.

“Each audit assignment will take into consideration privacy, data governance, transparency, diversity, social risk and environmental exposure”

Cybersecurity and Data Security:

Tackling hybrid cyberattacks



83% of respondents said cybersecurity and data security was a top five risk. Almost 4 in 10 (37%) said it was their top priority.



- Cybersecurity and data security remained the top risk for organisations with 83%, it was also ranked in the top place as the area of effort with 74%.
- The volume of cyberattacks has climbed sharply over the past few years, thanks partly to the growth of generative AI.

“Audits are crucial, but dialogue with IT management and executive management to ensure they focus on these areas, share information across the business and raise awareness is also fundamental if you want to become resilient”

- Many EU countries are preparing for updated regulatory compliance including the Network Information System, with the UK being alerted of similar changes ahead.

Human Capital, Diversity & Talent Management:

Cultivating a better culture



- Human capital, diversity, talent management and retention is the second biggest risk organisations in Europe continue to face, according to the Risk in Focus 2025 survey.
- Not all CAEs that identify human capital as a top risk can provide assurance services in this area.
- In the wake of the Pandemic, demographic shifts, social challenges and a multigenerational workforce we are seeing shifting expectations of work.
- Digitalising HR process can provide businesses with the data it needs on recruitment, retention and attribution.



Macroeconomic and Geopolitical Uncertainty:



- Geopolitical shockwaves meant that it remained a top 5 risk with 39% of CAEs yet only 6% of CAEs said they spent significant internal audit time on the issue.

- War and Conflict, digitalisation and new technologies mean that the reported rise in state-sponsored cyberattacks across Europe suggests an intensifying hostilities by Russia and China

“In a volatile world, resilience has moved from historically being about having enough capital and strong cybersecurity, to how fit your business model is, and how robust your governance processes are”

- Geopolitical uncertainty at an all-time high as changing political agendas could affect the business landscape.



Climate Change, Biodiversity & Environmental Sustainability:

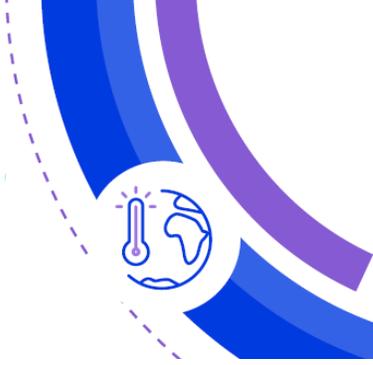
Boosting resilience through compliance



33% of respondents said **climate change, biodiversity and environmental sustainability was a top 5 risk.**

15% said it was their top priority.

- Respondents to the Risk in Focus 2025 survey ranked climate change, biodiversity and environmental sustainability in 6th place, expecting it to rise to 4th place in 2028.
- CAEs identified reporting readiness as the number one area of focus in the face of annual reports being published by the Task Force in Climate-Related Financial disclosures.
- Businesses are increasingly auditing business continuity and resilience in the face of climate change.
- Transitioning to a greener economy presents both a huge business model risk and opportunity.



Thank You



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