

STATE OF THE PROFESSION 2025

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# THE CASE FOR A Mindset Shift



The Institute of  
**Internal Auditors**



WHAT'S ON

# The Agenda



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## STATE OF THE PROFESSION The Case for a Mindset Shift

Internal Audit's Role Has Transformed, Have You?

Building Stronger Risk Partnerships for Better  
Assurance

Mastering Technology with Continuous Learning

Owning the Future of Internal Audit

# The Case for a Mindset Shift

# How We Get There



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Shift Current Perceptions of Internal Audit



Embrace Technology



Expand Our Scope



Connect Internal Audit with Strategy



Grow Our Talent Pipeline

# Internal Audit's Role Has Transformed, Have You?

Current mindset: The core emphasis on assurance services establishes a strong basis for compliance, accuracy, and risk mitigation

# The Transition to Strategic Advisor: Expanding Our Impact

Internal audit is evolving from a compliance-focused function to a strategic advisor

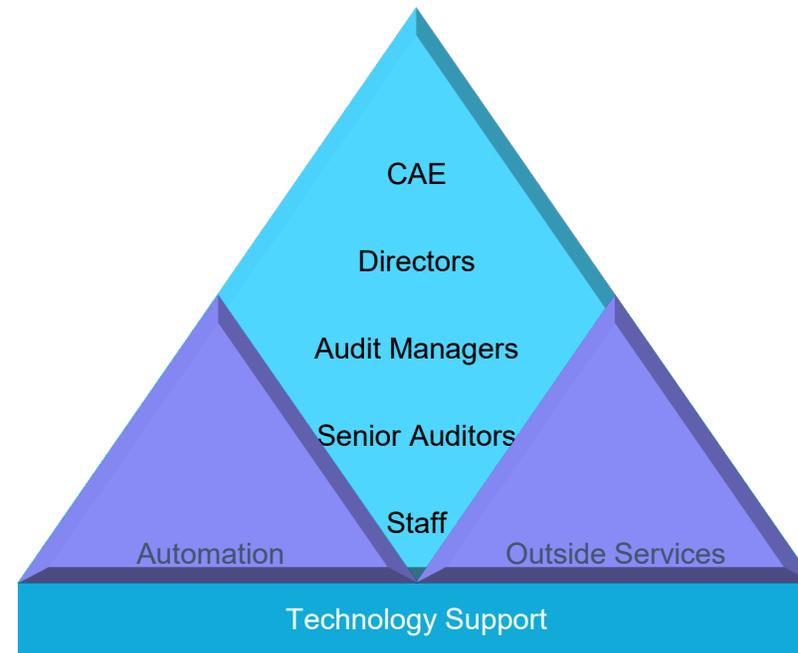


# Moving to a New Organizational Model

As demand for qualified and experienced internal auditors outpaces supply, CAEs must shift how internal audit departments will conduct daily activities



Traditional Model



New Model

Internal Audit's Role Has Transformed, Have You?

# Top Challenges for CAEs in 2025

# 76%

CAEs rank advancing auditors' use of data and analytics as their top priority

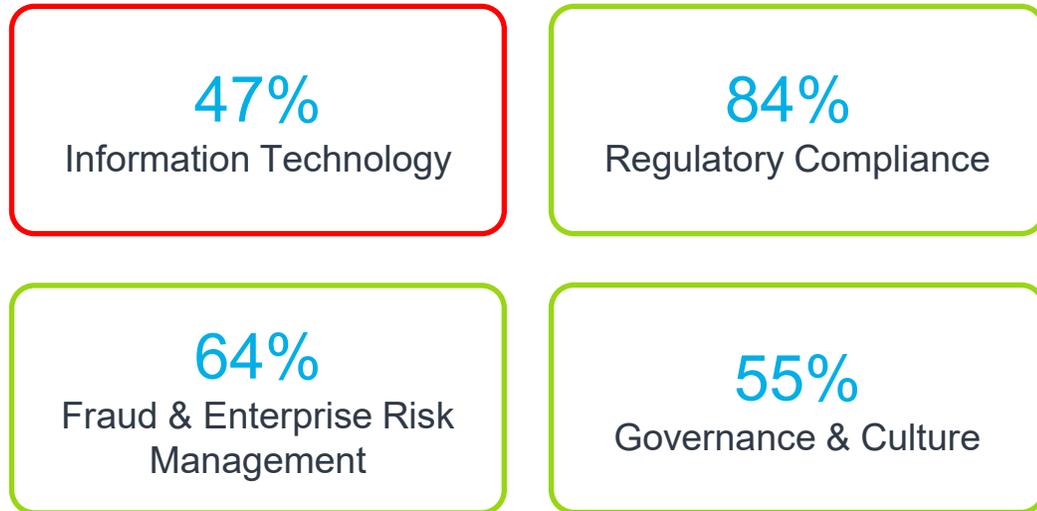
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Gartner

# Evolving Work Demands of Internal Auditors

## Top Areas In Audit Scope Now



## Expected to be Increased in Future Audit Scopes



# Changes in Scope Tend to Align with Rising Risks

## Trends for Top 5 Risks Worldwide

### Last Year's Risk

1 Cybersecurity	73%
2 Human capital	51%
3 Business continuity	47%
4 Regulatory change	39%
<b>5 Digital disruption (including AI)</b>	<b>34%</b>
6 Financial liquidity	32%
7 Market changes/competition	32%
8 Geopolitical uncertainty	30%
9 Governance/corporate reporting	27%
10 Supply chain (including 3 <sup>rd</sup> parties)	26%
11 Organizational culture	26%
12 Fraud	24%
13 Communications/reputation	21%
<b>14 Climate change/environment</b>	<b>19%</b>
15 Health/safety	11%
16 Mergers/acquisitions	6%

### Current Year's Risk

1 Cybersecurity	73%
2 Business continuity	51%
3 Human capital	49%
<b>4 Digital disruption (including AI)</b>	<b>39%</b>
5 Regulatory change	38%
6 Market changes/competition	32%
7 Financial liquidity	31%
8 Geopolitical uncertainty	30%
9 Governance/corporate reporting	25%
10 Organizational culture	24%
11 Fraud	24%
12 Fraud Supply chain (including 3 <sup>rd</sup> parties)	23%
<b>13 Climate change/environment</b>	<b>23%</b>
14 Communications/reputation	20%
15 Health/safety	11%
16 Mergers/acquisitions	6%

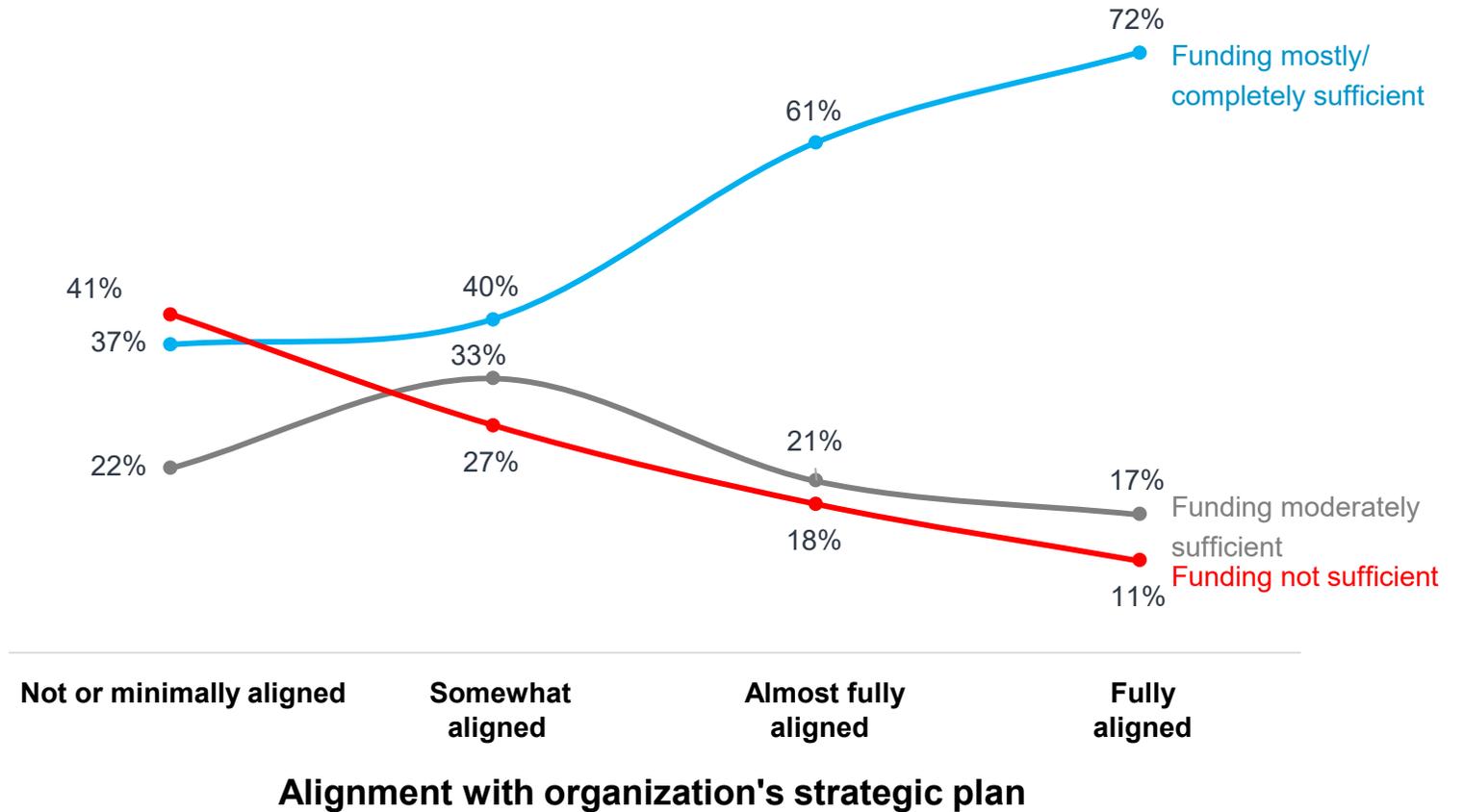
### Risk Expectations in 3 Years

1 Cybersecurity	69%
<b>2 Digital disruption (including AI)</b>	<b>59%</b>
3 Business continuity	47%
3 Human capital	42%
4 Regulatory change	37%
<b>5 Climate change/environment</b>	<b>39%</b>
6 Financial liquidity	31%
7 Market changes/competition	30%
8 Geopolitical uncertainty	25%
9 Governance/corporate reporting	24%
10 Supply chain (including 3 <sup>rd</sup> parties)	22%
11 Organizational culture	21%
12 Fraud	20%
13 Communications/reputation	15%
15 Health/safety	10%
16 Mergers/acquisitions	9%

# The Advantage of Alignment

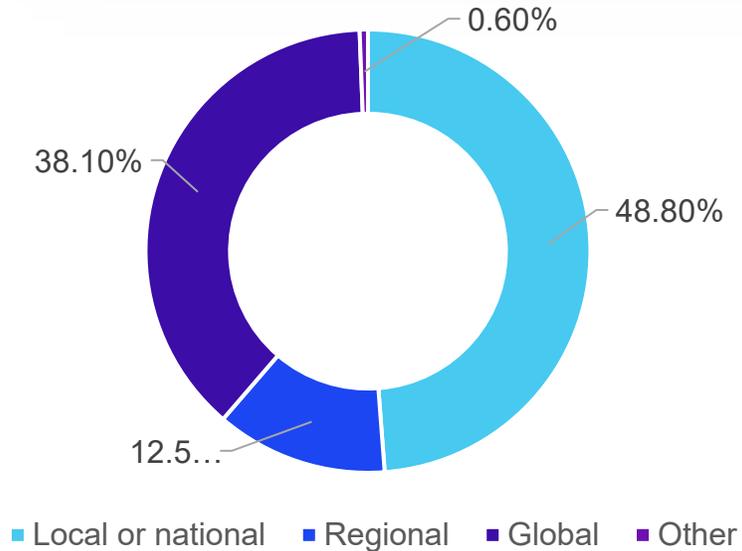
There is a strong correlation between internal audit funding and internal audit alignment with organizational strategy

Funding Sufficiency (Compared to Alignment with Strategic Plan)



# Benchmarking Success: The IIA's Internal Audit Hub

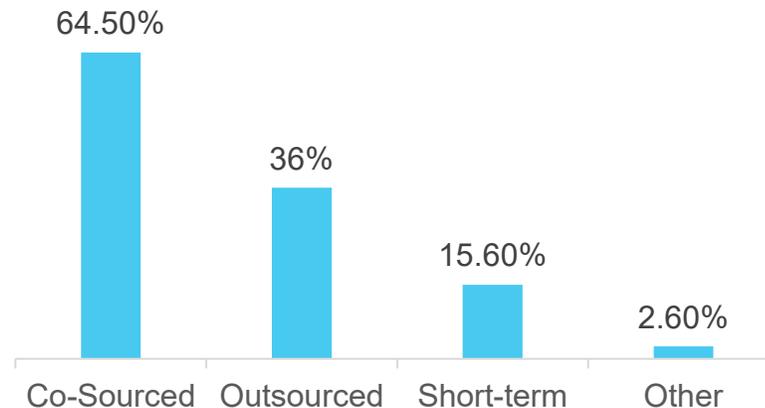
## Internal Audit Geographic Scope



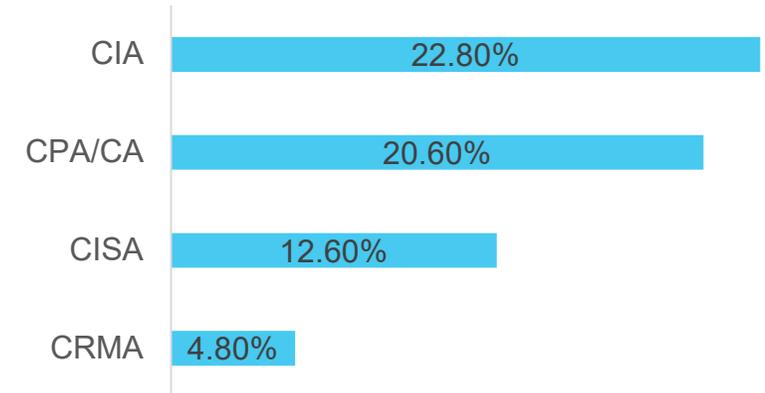
Innovative dashboard designed to meet benchmarking needs

Assess, measure, compare, and align with peers and industry leaders

## Types of Sourcing Utilized



## Average Percentage of IAs Per Function with a Certification



Benchmark by company size, assets, region, industry, etc.

Internal Audit's Role Has Transformed, Have You?

## Expanding Impact: Advocating for Internal Audit on the Global Stage



Based on GP4,  
focused on  
developing  
legislative language  
for institutes'  
targeted efforts



Legislation passed  
U.S. House with  
internal audit  
references



Continuous  
collaboration with  
the European  
Commission



Collaborating with  
institutes on African  
model legislation



Developing global  
report on Corporate  
Governance Codes

## IIA PAC: Supporting the Profession on Capitol Hill



Donate today!

- IIA PAC is a unique resource for promoting internal audit on Capitol Hill
- IIA PAC complements The IIA's advocacy in two primary ways:
  - Increases opportunities to engage with key lawmakers
  - Assists lawmakers who are supportive of IIA public policy priorities
- 100% of contributions to IIA PAC directly support The IIA's U.S. advocacy efforts

Internal Audit's Role Has  
Transformed, Have You?

# Making the Shift



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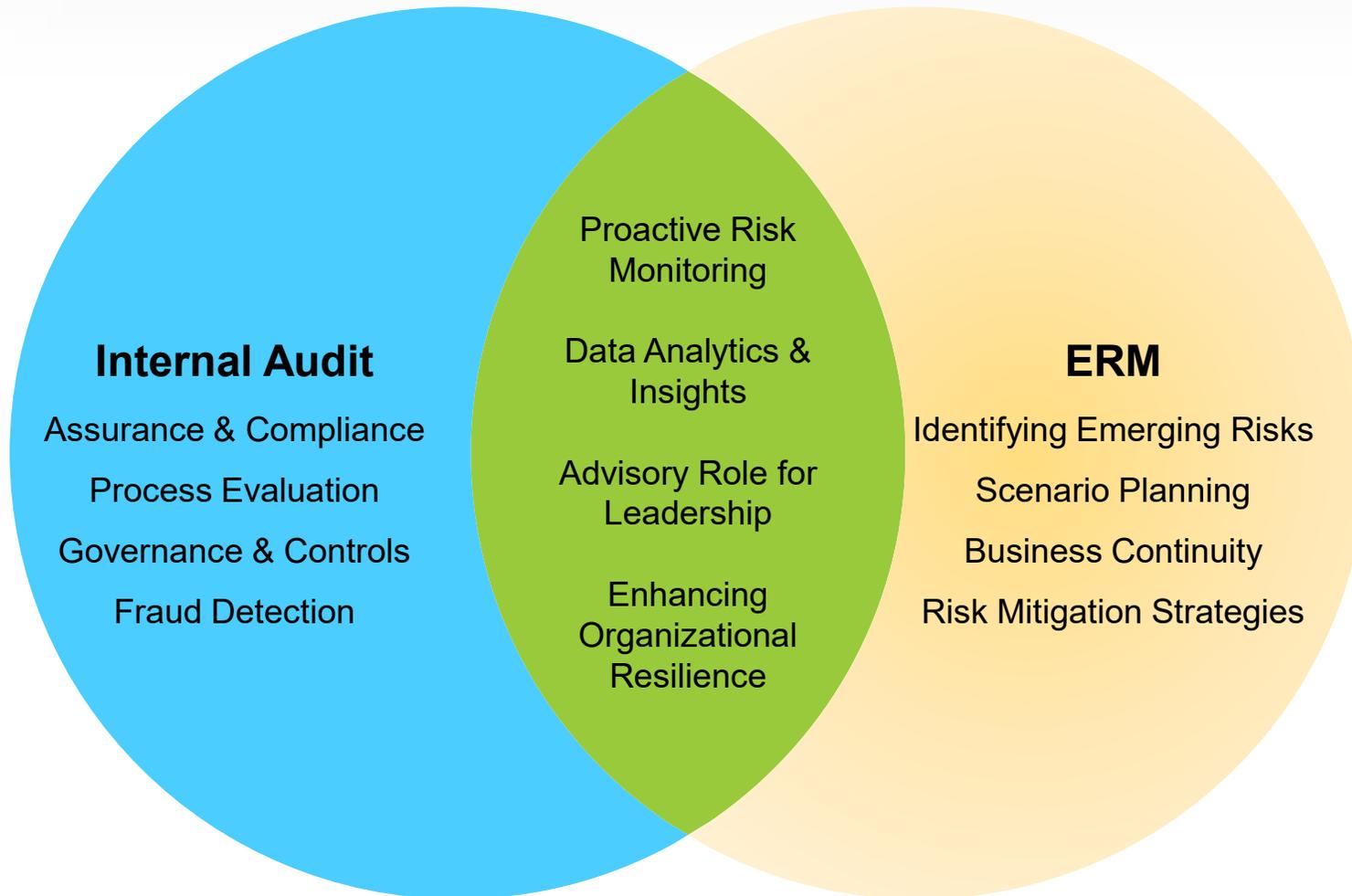
**Automate and adapt:** Stay ahead of emerging risks by making flexibility and technology your allies.

**Be the advisor:** Proactive enterprise risk management fuels smarter business decisions.

# Building Stronger Risk Partnerships for Better Assurance

Current mindset: Internal audit serves a supporting role in enterprise risk management

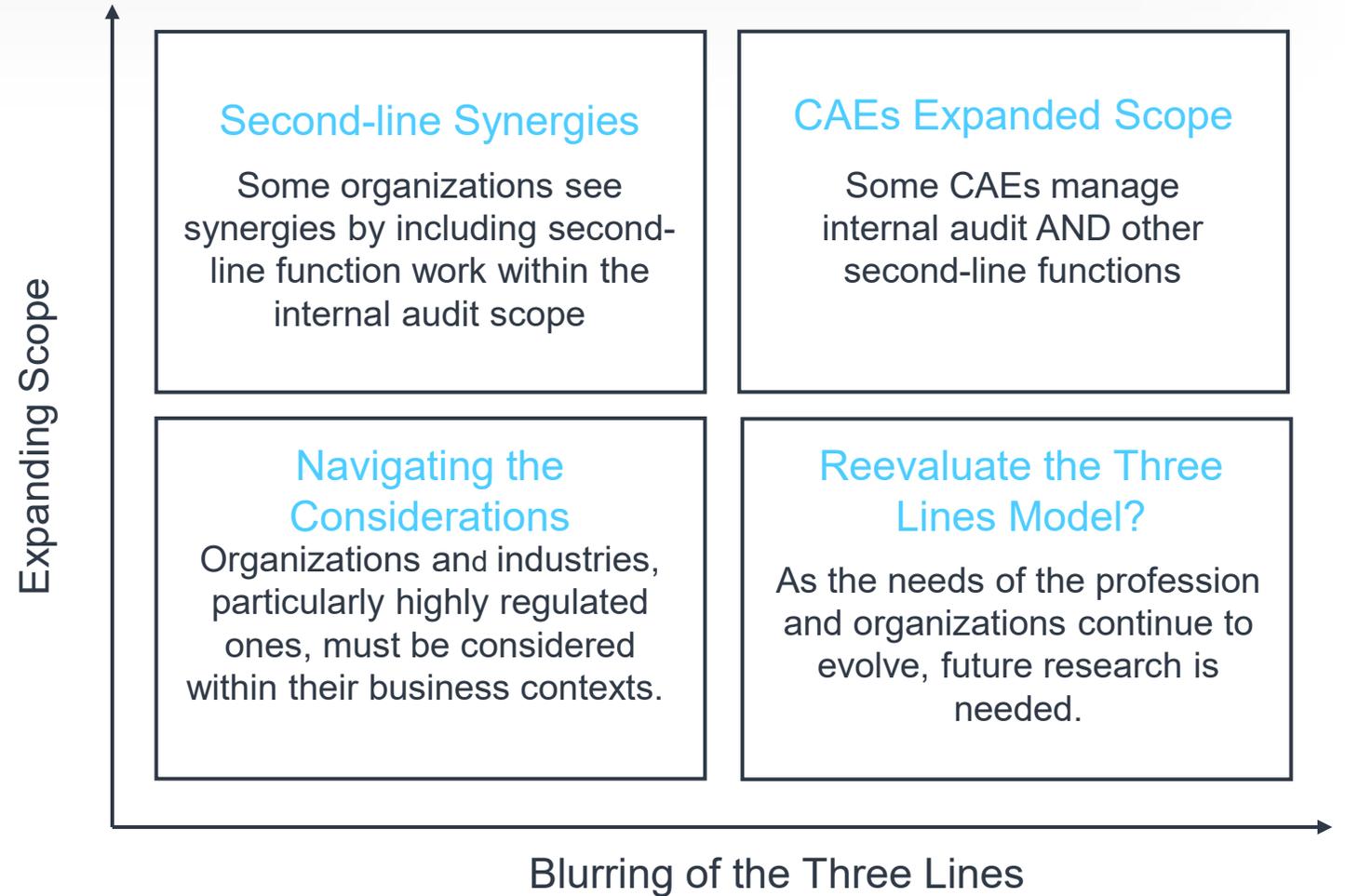
# The Interconnection of Internal Audit and Enterprise Risk Management



Internal audit and enterprise risk management collaborate to strengthen resilience and governance

# The IIA's Three Lines Model

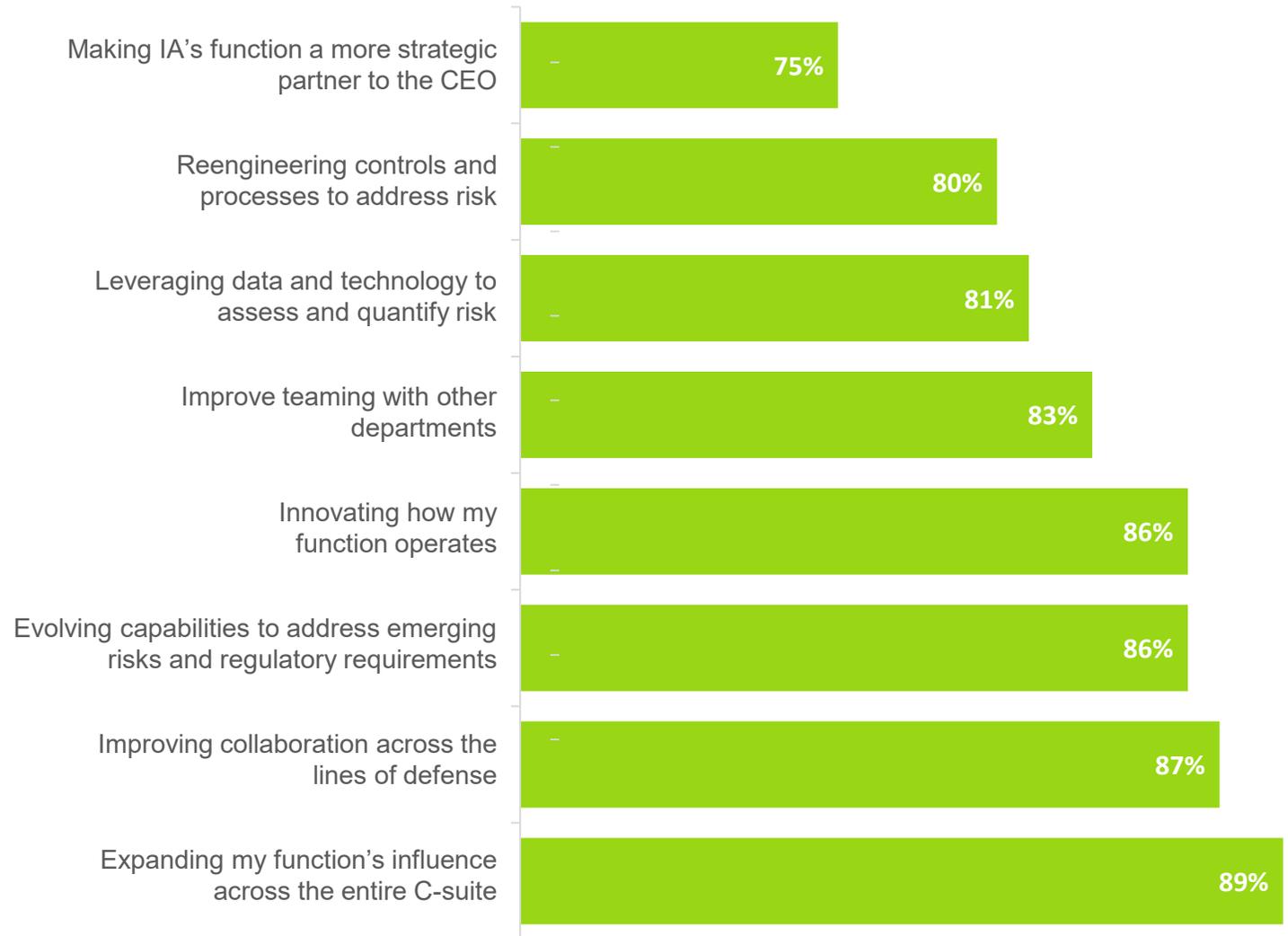
The Three Lines  
are already being  
blurred



When risk leaders align on strategic priorities, we can proactively address external threats, enhance resilience and drive innovation.

When this occurs, we see the following...

## Building Stronger Risk Partnerships for Better Assurance



# Prioritizing Human Capital to Address Risks

CAEs must enhance key competencies on staff to ensure all organizational risks are addressed effectively

Top 5 Areas for Competency Improvement



Building Stronger Risk  
Partnerships for Better  
Assurance

# Making the Shift

**CAEs must collaborate with ERM:** Better partnerships mean stronger governance and smarter risk mitigation.

**Cybersecurity and talent take priority:** Leverage tools and teamwork to stay resilient.



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# Mastering Technology with Continuous Learning

Current mindset: Trust and rely on traditional internal audit methods

# Technology Will Continue Shaping the Evolution of Internal Audit



97%

of respondents agree new technology will increase the volumes of complex data available to analyze and assess.



96%

of respondents agree new technology will enhance an experienced internal auditor's skills to stay relevant.



93%

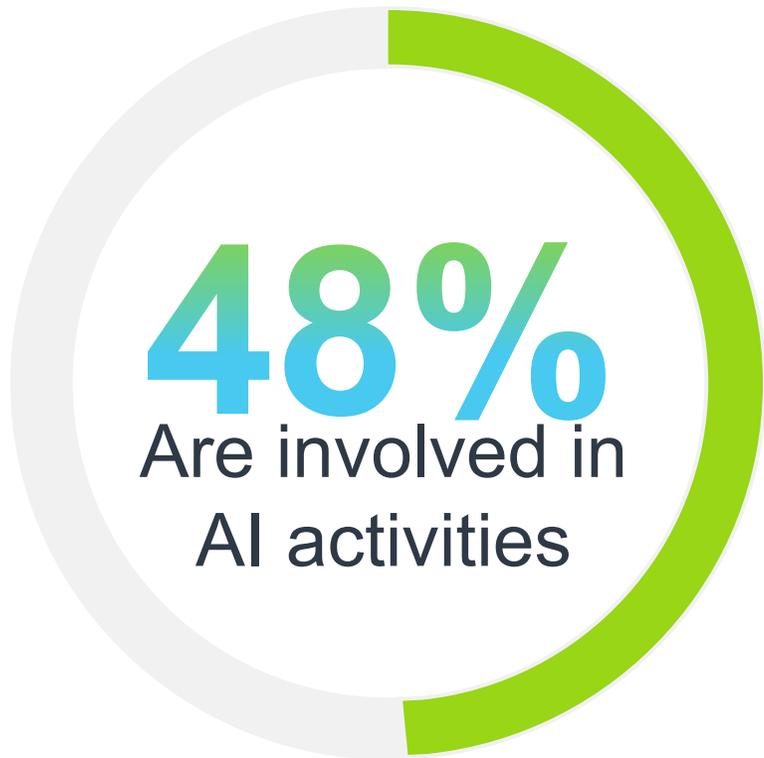
of respondents agree new technology will develop better insights for internal audit recommendations.



92%

of respondents agree new technology is key to helping internal audit add more value to their organization.

# AI in Internal Audit: Optimism vs. Action



Researching future use of artificial Intelligence



Using artificial intelligence for internal audit activities



Auditing use of artificial intelligence in the organization



Providing advisory services for policies related to artificial intelligence



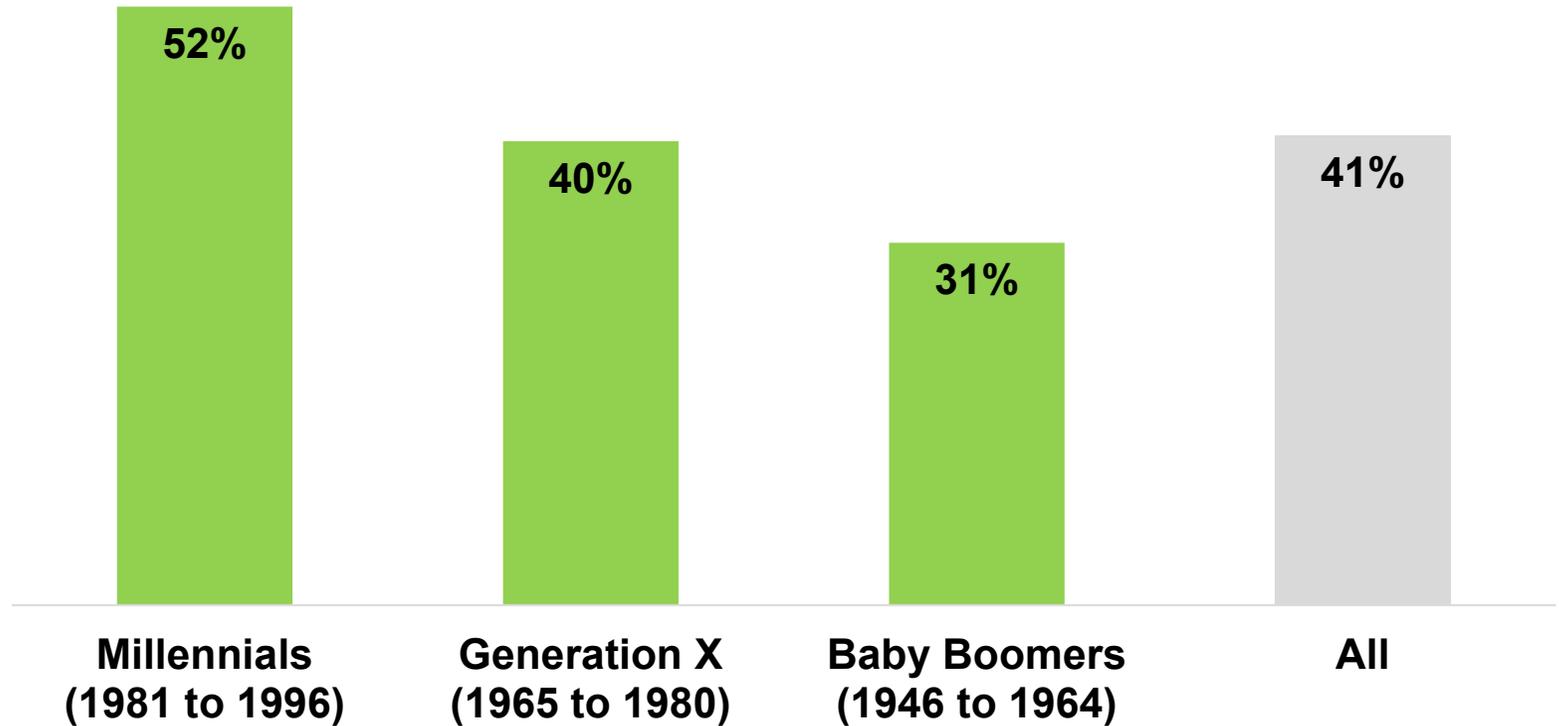
Pre-implementation advisory services on artificial intelligence projects



# Internal Audit and GenAI

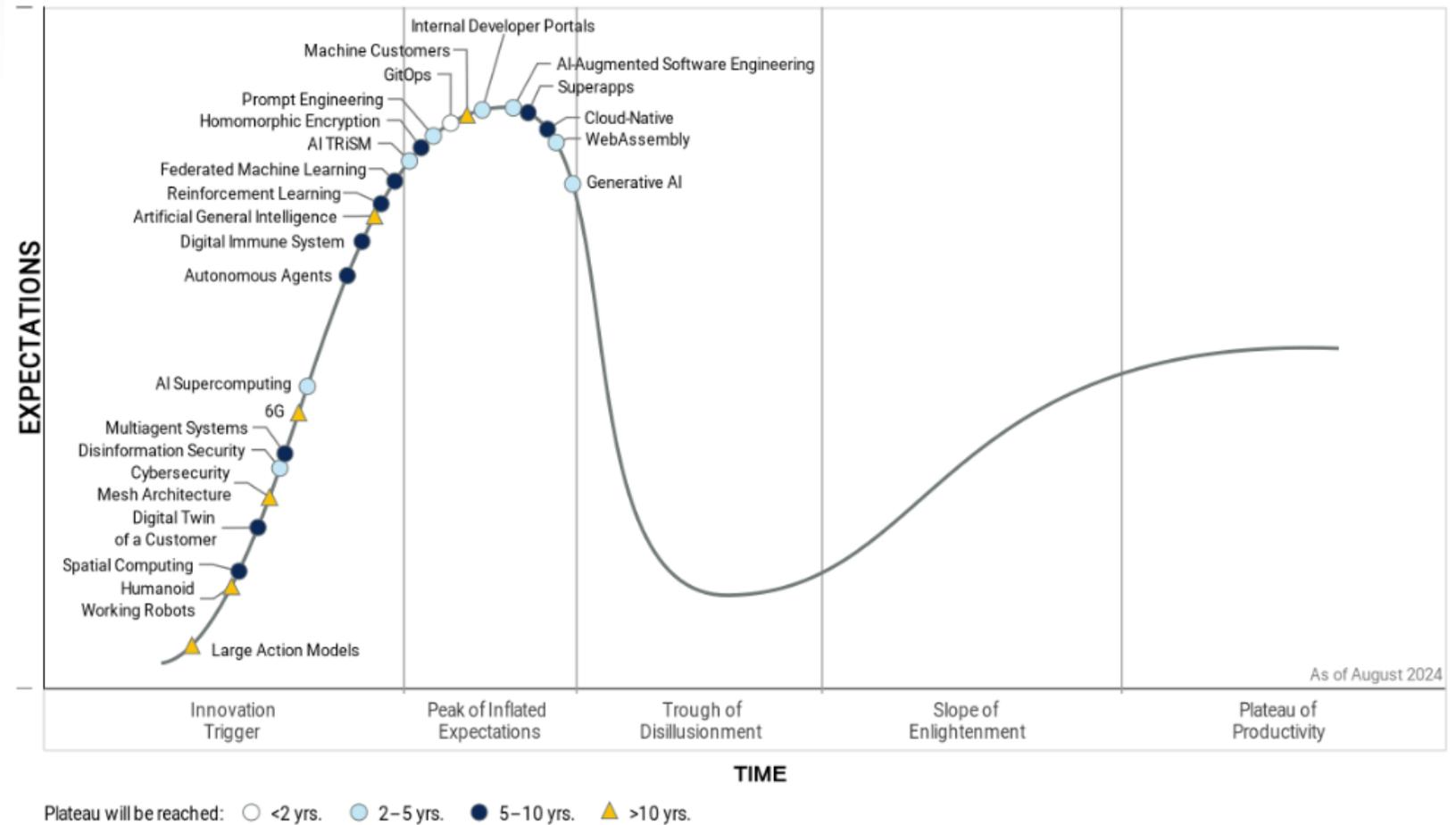
On average, **41% use GenAI for internal activities** – but there is a notable difference between generations

Functions Currently Using GenAI for Internal Audit Activity  
(Compared to CAE's Generation)



# Gartner Hype Cycle for GenAI

These technologies have the potential to deliver transformational benefits over the next decade



**Data analytics is the most important technology skill for the future, but few functions have advanced implementation**

92%

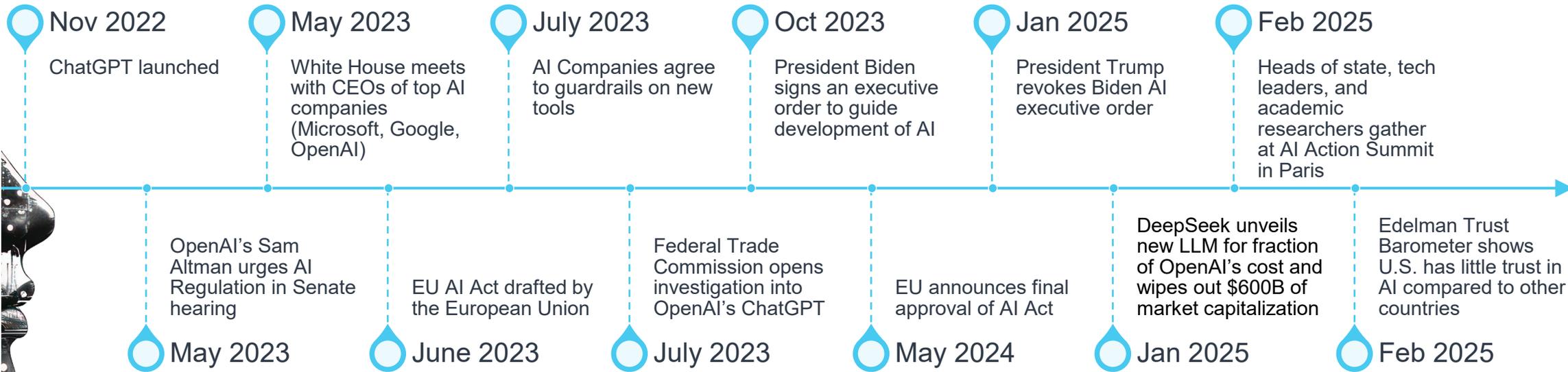
Say data analytics is an extremely/very important technology for the future of the profession

28%

Say their internal audit function uses data analytics at an advanced or high level

Embracing AI as a Catalyst for Change

# Road to AI Regulation

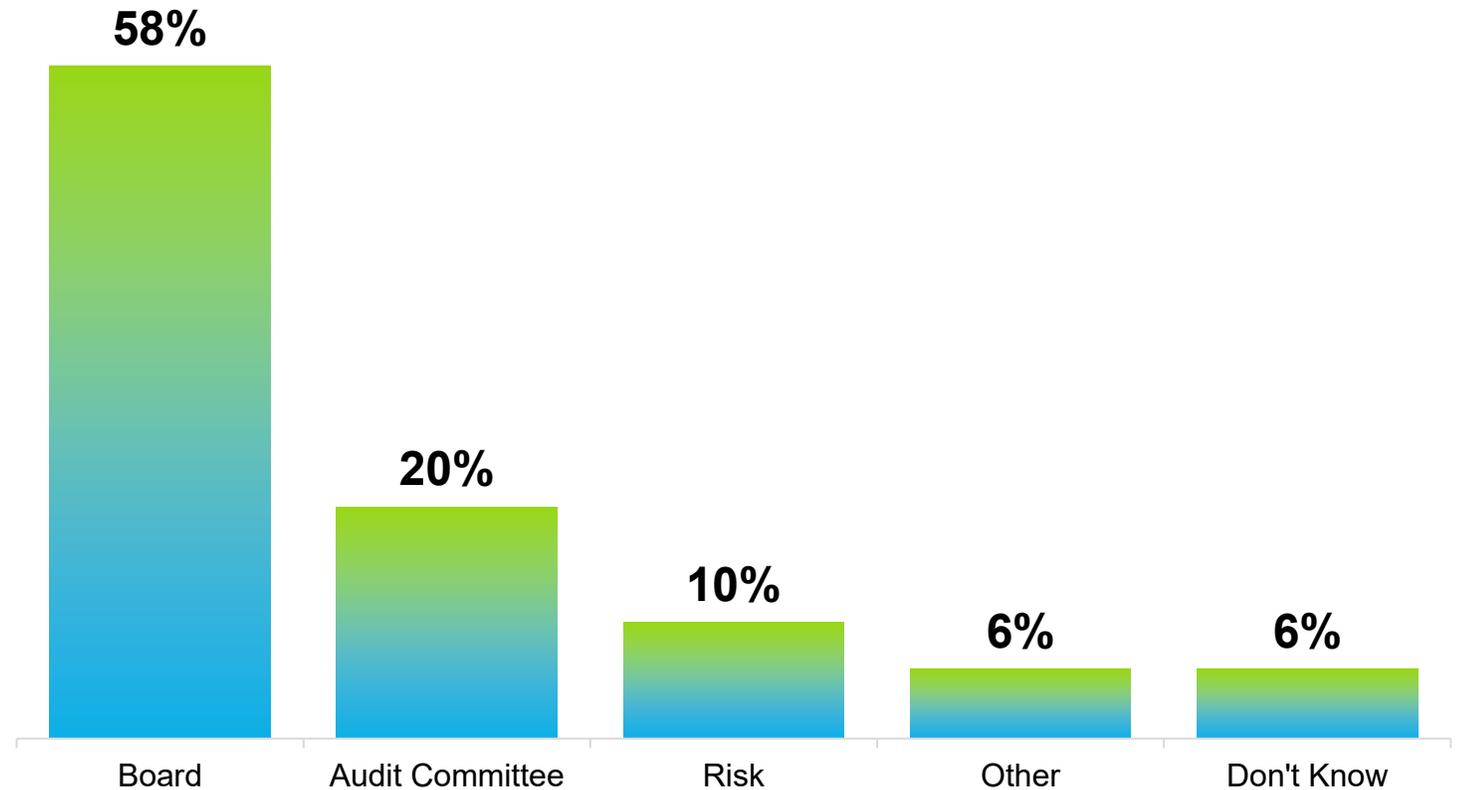


*“We believe that excessive regulation of the AI sector could kill a transformative industry just as it's taking off, and we'll make every effort to encourage pro-growth AI policies.” – U.S. Vice President JD Vance*

# AI Governance: A Growing Priority

The prioritization of governance is growing among boards and audit committees

## AI Governance



# Empowering Auditors with Relevant Education and Resources

Feb 2025

Certificate: IT General Controls  
Topical Requirement: Cybersecurity

April 2025

GTAG: Auditing IT Governance  
Course: Fundamentals of Cybersecurity Auditing  
Course: Auditing Artificial Intelligence (AI): A Hands-On Course for Internal Auditors

June 2025

Certificate: Auditing the Cybersecurity Program  
Cyber Risks in Healthcare  
Course: Auditing the Data Privacy Policy  
Certificate: IT General Controls  
GTAG: IT Essentials for Internal Auditors  
Course: Leveraging Artificial Intelligence in Internal Audit

Sep 2025

Certificate: Auditing the Cybersecurity Program  
Certificate: IT General Controls  
Course: Leveraging Artificial Intelligence in Internal Audit  
Certificate: Data Analytics

Nov 2025

Certificate: Fraud Analytics for Internal Auditors

Certificate: Auditing the Cybersecurity Program  
Certificate: Fraud Analytics for Internal Auditors  
Course: Leveraging Artificial Intelligence in Internal Audit  
Course: Auditing Artificial Intelligence (AI): A Hands-On Course for Internal Auditors

March 2025

GTAG: Auditing and Understanding Big Data  
Course: Essentials for AI Auditing

May 2025

Certificate: Fraud Analytics for Internal Auditors  
Course: Essentials for AI Auditing

Aug 2025

Cybersecurity Virtual Conference  
Course: Auditing the Data Privacy Policy  
Course: Fundamentals of Cybersecurity Auditing  
Cyber Risk Management  
Cyber and the Move to the Cloud  
Certificate: Data Analytics

Oct 2025

Course: Auditing the Data Privacy Policy

Dec 2025

Mastering Technology with  
Continuous Learning

# Making the Shift



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**AI and data analytics boost audits:** Auditors must invest more to maximize impact.

**AI governance and cybersecurity are top priorities:** Auditors play a key role in managing risk and strategy, and The IIA is providing updated resources and Standards in these areas.

# Owning the Future of Internal Audit

Current mindset: The market will drive the growth of the profession

# New Global Internal Audit Standards™

Aligning with the shifting role of internal auditors by emphasizing:

- Enterprise risk management and governance
- Stakeholder engagement
- Use of technology
- Contribution to strategic objectives
- Focus on continuous improvement



# Addressing the Pervasive Global Risk Areas with Topical Requirements



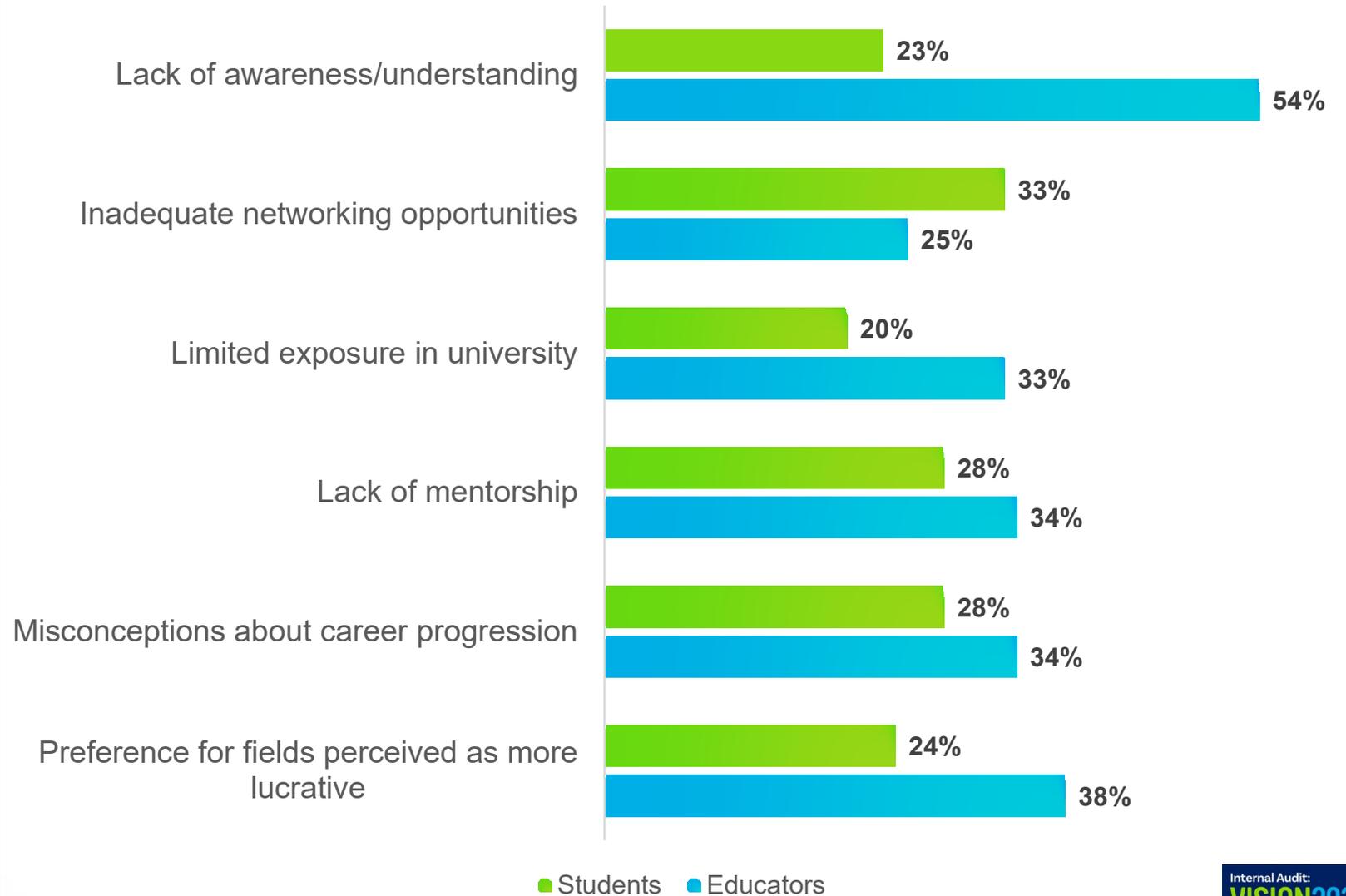
## Topics Approved by Global Guidance Council

- Cybersecurity
- Third-Party
- Culture
- Business Resiliency

- Anti-Corruption/Bribery
- People Management
- Fraud Risk Management
- Sustainability: ESG

# The Challenge of Attracting Talent

Educators and students have different opinions on what keeps students from pursuing an internal audit career



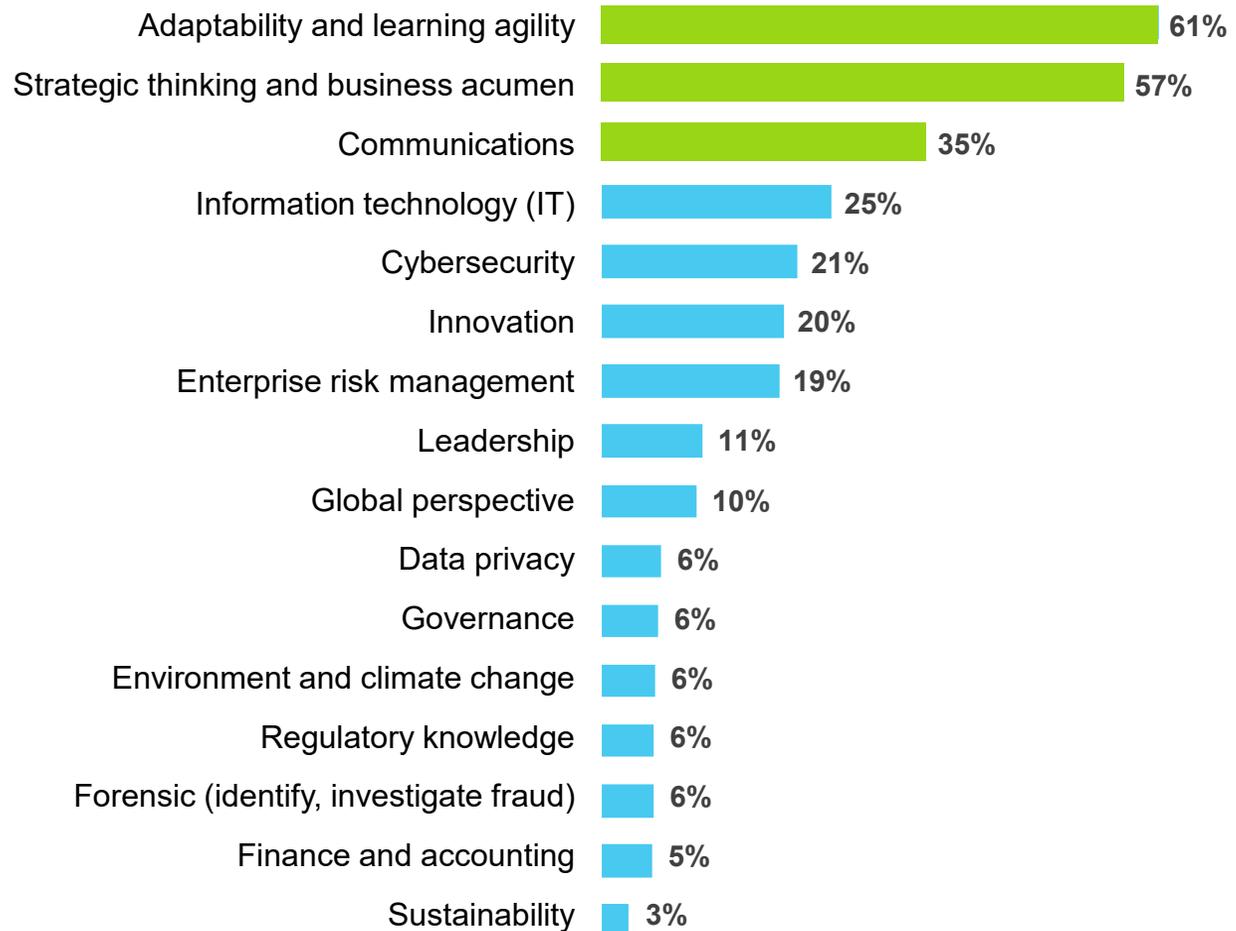
Owning the Future of Internal Audit

# Skills for the Future: Adaptability, Strategy, and Business Acumen

# 61%

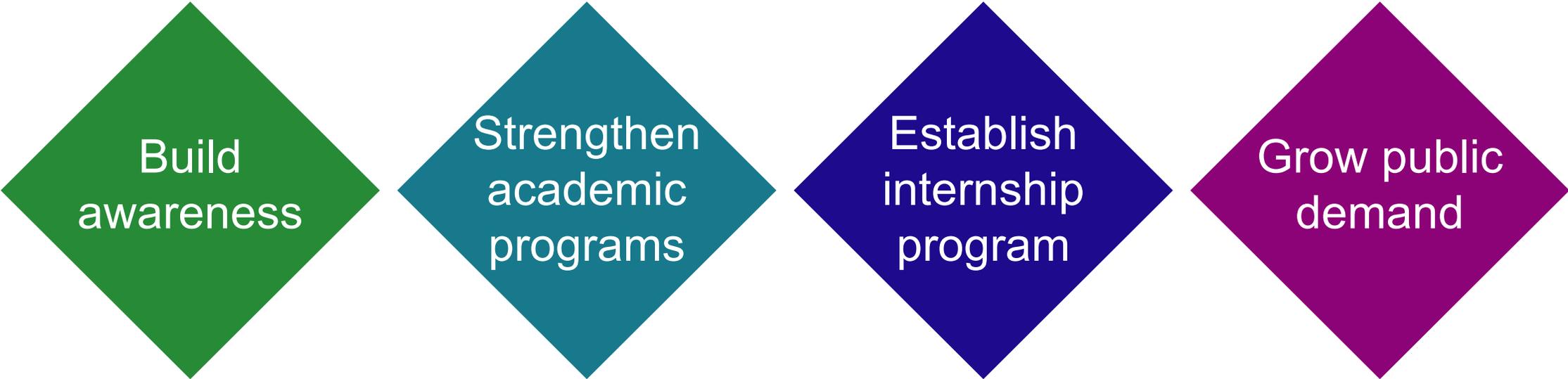
CAEs who rank adaptability and learning agility as the most critical skill for internal auditors over the next decade

## Top 3 Skills Most Critical for Internal Auditors in 10 Years



# Strengthening the Profession's Pipeline

The IIA is hyper-focused on the pipeline – and here is how we aim to grow it over the next decade:



Build  
awareness

Strengthen  
academic  
programs

Establish  
internship  
program

Grow public  
demand

# Level Up: The Next Generation CIA Exam Is Here!



- The current IAP exam will now be Part 1 of the CIA exam
- Up-to-date with the current practice of internal auditing
- Greater alignment between the CIA syllabi and the new Standards
- Reduced duplication and overlap among the three exam parts
- Home in on knowledge, skills, and abilities candidates must have to pass the exam



Learn more

Owning the Future of  
Internal Audit

# Making the Shift



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**Attract top talent by meeting them where they are:** Raise awareness, offer internships, and align with their values.

**Stay agile and keep learning:** Focus on emerging tech and updated certifications like the new CIA exam.

# Propelling the Profession Forward

Key Insights to Advance the Profession

# The New Mindset

**Embrace Technology for Impact:** Invest in AI, data analytics, and automation to stay ahead of emerging risks and enhance audit effectiveness.

**Shift from Reactive to Proactive:** Take an advisory role and collaborate with ERM, driving smarter decision-making and strengthening governance.

**Prioritize Key Risks:** Cybersecurity, AI governance, and human capital must be top priorities, with auditors playing a critical role in managing risk and strategy.

**Build the Future of the Profession** – Attracting top talent requires raising awareness, creating internships, and aligning with younger professionals' values.



embracing change.  
elevating standards.



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CONFERENCE**  
TORONTO • 14-16 JULY 2025

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THANK YOU!



Mike Varney CIA, CPA  
Past Chairman of the IIA  
North American Board

