

2026

RISK IN FOCUS

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for internal
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ASIA PACIFIC



Internal Audit
FOUNDATION



Asian Confederation of
Institutes of Internal Auditors

ABOUT GLOBAL RISK IN FOCUS

Know Your Risks. Plan Strategically.

Risk in Focus is the Internal Audit's Foundation's premier annual initiative to identify the five most significant risks impacting organizations around the world.

Learn what internal auditors are saying about the:

- Five highest risks in their region
- Five top priorities for internal audit effort
- Key considerations for boards and audit committees

Risk in Focus uses survey results, regional roundtables, and interviews with local experts to reveal key insights about regional risks along with perspective on risks worldwide.

The [Internal Audit Foundation](#) gratefully acknowledges the work of IIA Institutes and IIA regional bodies who make this research possible: African Federation of Institutes of Internal Auditors ([AFIIA](#)), Arab Confederation of Institutes of Internal Auditors (ARABCIIA), Asian Confederation of Institutes of Internal Auditors (ACIIA), European Confederation of Institutes of Internal Auditing ([ECIIA](#)), and Fundación Latinoamericana de Auditores Internos ([FLAI](#)).

Special appreciation goes to the European Institutes Research Group (EIRG), who developed the Risk in Focus research approach in 2016 and continues to publish the report for Europe through the [ECIIA](#).

Reports and board briefings are free to the public for:

- Africa
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WORLDWIDE RESEARCH PARTICIPATION

131
countries/
territories

4,073
survey
responses

18
roundtables with
182
participants

24
in-depth
interviews



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EXECUTIVE SUMMARY

Digital Disruption, Geopolitical Risks Unsettle Diverse Economies

Asia Pacific's diverse business landscape makes characterizing the region's risk environment difficult. A complicated mix of obvious and subtle threat differences exists among China's and India's technology and population hubs; Japan's manufacturing centers; Australia's service-driven economy; Singapore's global trade and technology; and growing service sectors in Indonesia, Malaysia, and the Philippines.

The region shares a clear concern over growing geopolitical uncertainty, driven by sudden changes in U.S. trade policies and ongoing conflicts in Ukraine and the Middle East. Simultaneously, organizations face unrelenting threats from cybersecurity and new technology, fueled by the adoption of AI at a record pace.

This Risk in Focus report provides important benchmarking data and insights from internal audit leaders and subject-matter experts to help decipher the region's complex risk landscape while delving into specific challenges for each of four subregions: East Asia, Pacific, South Asia, and Southeast Asia.

East Asia

- Human capital (60%) edged out cybersecurity (59%) as the most cited Top 5 risk (Section 2, Exhibit 1).
- Despite being the third highest ranked risk (58%), market changes/competition ranked eleventh in audit priority (Section 2, Exhibit 1).
- Business resilience and cybersecurity were closely matched as high-risk and high audit priorities (Section 2, Exhibit 1).

Internal auditors can support assurance and advisory services for market changes/competition and geopolitical uncertainty by developing a greater understanding of their organization's strategies and staying up to date on industry changes. Concerns about supply chain disruptions and access to technology were the key drivers of business resilience concerns. Audit leaders should speak to their governing bodies about remaining agile and developing strategies for adapting to new uncertainties.

Pacific

- Business resilience tied with cybersecurity as the most cited Top 5 risk (Section 3, Exhibit 1).
- Human capital was the third highest ranked risk for the Pacific subregion (Section 3, Exhibit 1).
- Digital disruption (including AI) found its way into the Top 5 highest risks for the region (Section 3, Exhibit 1).

Internal auditors should include geopolitical uncertainty, supply chain, regulatory change, and market change risks in their business resilience reviews, with a focus on what is most important to their organization's success. To address high human capital risks, internal auditors can support

ASIA PACIFIC RESEARCH PARTICIPATION

- **865** survey responses
- **22** countries participating
- **3** roundtables with **26** participants
- **3** in-depth interviews



See more details in Acknowledgments.



EXECUTIVE SUMMARY

their organizations with relevant benchmarking and advice on recruiting and retention strategy effectiveness. CAEs should discuss turnover rates with executive management and governing bodies to identify accepted levels and audit for compliance with those established levels.

South Asia

- Technology risks were ranked higher for South Asia than other Asia Pacific subregions, with 75% rating cybersecurity as a Top 5 risk and 56% rating digital disruption as a Top 5 risk (Section 4, Exhibit 1).
- South Asia ranked highest in the region for geopolitical uncertainty risks (47% compared to the region average of 35%) (Appendix C, Exhibit 2).
- Human capital was the fifth highest ranked risk (41%) (Section 4, Exhibit 1).

For geopolitical uncertainty risk, internal audit should review business resilience plans in anticipation of additional disruption in global markets and trade. With digital disruption risks high, internal audit leaders should seek out strategic roles that support their organization’s adoption of AI. In response to human capital risks, CAEs must look for creative ways to upskill workers and leverage new technology as management pressure grows to integrate AI and keep headcount down.

Southeast Asia

- Cybersecurity and business resilience were at the top of the risk rankings and audit priorities for Southeast Asia (above 60%) (Section 5, Exhibit 1).
- While 52% of Southeast Asia survey respondents included digital disruption as a Top 5 risk, just 32% included it as a Top 5 audit priority (Section 5, Exhibit 1).
- Human capital ranked as the fourth highest risk (49%), yet only 26% ranked it as a Top 5 audit priority (Section 5, Exhibit 1).
- Geopolitical uncertainty edged out regulatory change and supply chain to be the fifth highest ranked risk (Section 5, Exhibit 1).

To address the gap between digital disruption risk and audit priority, audit leaders must be transparent with their boards and governing bodies about their current capabilities and resources. To enhance technology capabilities, internal audit can consider third-party services or collaboration with other risk or assurance functions within the organization. For geopolitical risks, internal audit should provide executive management and the governing body with a clear understanding of internal audit’s processes for providing assurance in related audit areas, such as supply chain, regulatory change, market change/competition, and financial/liquidity risks.

Asia Pacific Subregions

Countries/locations that participated in Risk in Focus research were organized into the following subregions for this report.

East Asia	Pacific	South Asia	Southeast Asia	Central Asia*
China	Australia	Bangladesh	Cambodia	Kazakhstan
Chinese Taiwan	Fiji	India	Indonesia	Afghanistan
Hong Kong, China	Maldives	Pakistan	Malaysia	
Japan	New Zealand	Sri Lanka	Myanmar	
South Korea			Philippines	
			Singapore	
			Vietnam	

*Note: The number of respondents for this subregion was not high enough to do a separate analysis.



SECTION 1.

ASIA PACIFIC'S RISK ENVIRONMENT

Geopolitical Risks on the Rise

As trade and political tensions rose worldwide, risk rankings increased for regulatory change (up 6 percentage points), geopolitical uncertainty (up 5 percentage points), and supply chain (up 4 percentage points).

With geopolitical risks demanding attention, the increase in digital disruption risk (including AI) was relatively small this year (up 3 percentage points). The biggest drop in risk rankings was for climate change/environment (down 9 percentage points), as short-term risks take precedence over long-term threats (Appendix C, Exhibit 4).

Cybersecurity risk stays high

Despite competing risks, cybersecurity remained the highest ranked risk for Asia Pacific overall (62%) (Appendix C, Exhibit 1). It was followed by business resilience (58%), human capital (56%), market changes/competition (49%), and digital disruption (including AI) (39%).

As noted earlier, important differences were seen among subregions (Appendix C, Exhibit 2):

- East Asia was the only subregion to rank market changes/competition as one of its Top 5 risks (58%). Digital disruption risk was relatively low.
- The Pacific subregion ranked business resilience risk as high as cybersecurity risk. It also had a high ranking for regulatory change.
- South Asia had the highest risk ranking in the region for geopolitical uncertainty (47% compared

to the regional average of 35%). South Asia also ranked highest in the region for technology risks – cybersecurity (75%) and digital disruption (56%).

- Southeast Asia was second only to South Asia for digital disruption risk (52%), with cybersecurity risk above the regional average as well (67%). Geopolitical uncertainty was among Southeast Asia's highest risks (37%), with regulatory change risk close behind (35%).



ASIA PACIFIC'S RISK ENVIRONMENT

Audit priority increases for geopolitical risk

Risk rankings provide a snapshot of the most prominent risks organizations face, while audit priority rankings show where internal audit spends most of its time and effort.

Changes in Asia Pacific audit priorities reflect a growing focus on risks related to geopolitical uncertainty (Appendix C, Exhibit 9). Regulatory change saw the greatest increase compared to the prior year (up 6 percentage points). It was followed by supply chain (up 4 percentage points) and human capital (up 3 percentage points). Concurrently, audit priority ranking decreased for market changes, communications, and climate change/environment.

Several internal audit leaders expressed concern about the decrease in both risk ranking and audit priority for climate change/environment, noting that climate affects other areas, including business resilience, supply chain, and human capital.

Gaps between risk levels and priorities

The comparison between Asia Pacific risk levels and audit priorities shows some notable gaps (Appendix C, Exhibit 11). There were only two areas where audit priority and risk levels were equally high: cybersecurity and business resilience.

In contrast, four of the areas with the most volatile risks were not among the top audit priorities: market changes/competition, geopolitical uncertainty, human capital, and digital disruption. The gaps ranged from 14 to 30

percentage points (Appendix C, Exhibit 11).

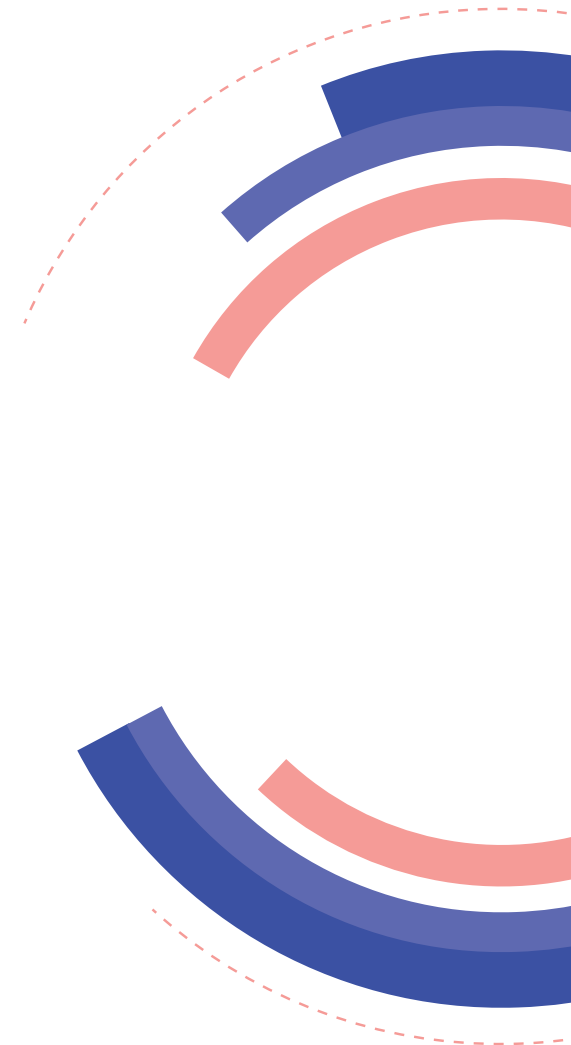
Internal audit leaders in the roundtables explained the gaps in two primary ways:

- Some areas of high risk are best addressed indirectly through other audit areas. For example, geopolitical uncertainty can be addressed through reviews related to fraud, business resilience, supply chain, and regulatory change. In addition, geopolitical uncertainty is likely to increase the amount of advisory work audit functions do, they said.
- Some risks are driven by situations outside of the organization's control. For example, internal audit leaders noted that tariffs, trade restrictions, and wars greatly impact risks, but related internal controls that can be audited are limited.

Deeper analysis from roundtables

Internal audit leaders at three Risk in Focus roundtables for the region addressed the interrelated nature of rising risks (such as digital disruption, regulatory change, geopolitical uncertainty, and supply chain), as well as the ongoing risks related to human capital and market changes/competition.

Understanding risk relationships within each subregion is key to painting an accurate picture of the region's complex risk environment. This year's Asia Pacific report addresses each of the region's four major areas separately to provide better insights and more precise observations.



SECTION 2. EAST ASIA

Geopolitics Spur Focus on Competition, Business Resilience

East Asian organizations are focused on staying competitive in a region that has become a target for aggressive U.S. trade policies, particularly as tariffs and trade restrictions put stress on supply chains and markets.

One internal audit consultant who works with various Chinese organizations said the restrictions weigh heavily on the minds of business leaders in his country.

“When it comes to Chinese companies, they are focused on access to critical technology,” he said. “We’ve seen that growing concern around export restrictions, particularly from the U.S., and how they affect things like semiconductors, high-end manufacturing tools, and AI-related hardware.”

Market changes/competition

Supply chain and tariff concerns are well-founded in East Asia, where risk levels for market changes/competition were the highest in the world (58%) (Section 2, Exhibit 1). The next highest level was North America, at 34% (Appendix D, Exhibit 1).

Internal auditors are keenly aware of how potential trade limitations could impact their organizations’ viability, according to Risk in Focus roundtables. Internal auditors are testing supply chain reliability, monitoring technology adoption, supporting quality control and compliance, and even vetting new business strategies.

“From the internal audit point of view, I think forward-looking teams are testing business model assumptions, monitoring competitor behaviors or moves, and identifying early signs of margin squeeze. Those are the things that I think internal audit should do,” the Chinese audit consultant said.

Customer expectations

An audit leader at a Hong Kong bank urged internal auditors to stay informed about business strategies that support organizational competitiveness. “I think our biggest threat is not the bank next door,” she said. “It’s really the tech companies or even some small startups that compete with us fearlessly in certain niche markets.”

An internal auditor in China noted, “The rise of the digital platform is actually transforming consumer behaviors and business models. Traditional industries like retail and supermarkets are struggling to adapt. Online platforms are displacing traditional sales and delivery models.”

EAST ASIA SURVEY PARTICIPATION

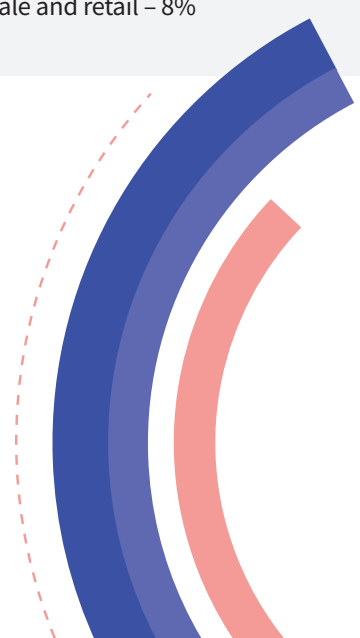
Countries/locations (number of responses)

- Japan – 307
- Chinese Taiwan – 192
- China – 51
- South Korea – 16
- Hong Kong, China – 1

TOTAL – 567

Primary industries

- Manufacturing – 42%
- Information and communication – 12%
- Financial and insurance – 10%
- Wholesale and retail – 8%



EAST ASIA

Focus on controls

One Japanese automotive industry audit leader noted that the key to handling uncertainty is to stay on top of issues that the organization can control. “It is obvious that we need to keep pace with rapid technologies and innovations such as electronic vehicles and autonomous driving,” she said. “But we face a shortage of semiconductors and the U.S. tariff issue, so we have to keep on top of quality compliance.”

An audit leader at a Mongolian bank said smaller developing countries have limited ability to influence markets, so businesses there must learn to be resilient and strengthen their commitment to effective governance structures and practices, with internal audit supporting such efforts.

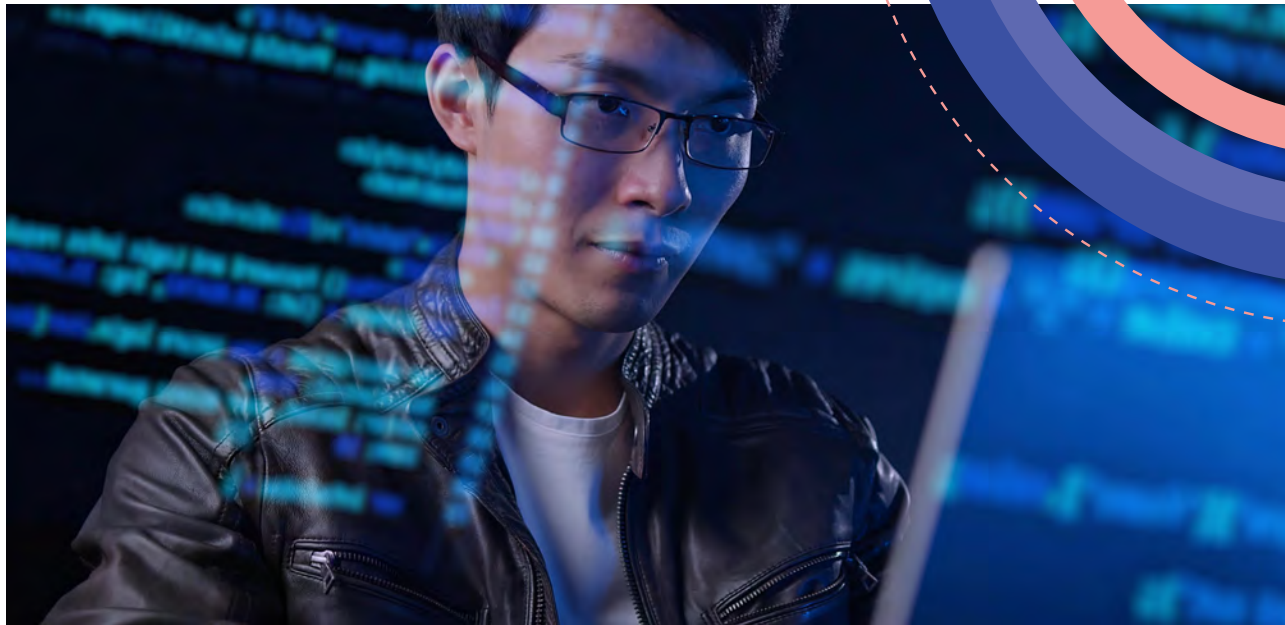
Market risks can be addressed through paying close attention to controls for governance/corporate reporting, financial/liquidity, supply chain, and digital disruption (including AI), roundtable participants said.

Advising the board

Roundtable participants provided a mixed view on how assertive internal audit should be when advising boards about strategies for remaining competitive. “This is very challenging,” a Hong Kong banking executive said. “I think we should stay really humble. Tell them we’re doing our best to understand what’s going on and staying on top of issues.”

Internal audit should work to keep its seat at the table by attending committee meetings and going to conferences and forums on emerging risk areas, she added. “We have to deepen our knowledge and expertise in our area. At the same time, we must remain open-minded to new things just to keep our jobs safe.”

Messaging to the board need not be limited to assurance, a Chinese audit consultant added. “I think the board needs to hear not just what’s wrong internally, but that internal audit can provide insights into blind spots, such as digital channels, customer behaviors, or shifts in pricing dynamics.”



EAST ASIA

Human capital

East Asia was one of the few places where human capital edged out cybersecurity as the highest risk (Section 2, Exhibit 1). Having sufficiently skilled labor to attain market goals and push innovation is key to remaining competitive. In this diverse region, the type of challenge depends greatly on the size and location of the organization.

For multinational organizations, the challenge is to work across cultures successfully. “I think companies are struggling to maintain good management across different jurisdictions, especially in some fragile or high-risk regions,” said the China-based audit consultant. “For example, operations in the Middle East and Africa have different local practices. They have different cultures, different legal frameworks.”

For smaller or emerging markets, the difficulty is in finding people with the right skills. A banker in Mongolia commented, “We’re a developing country, and what we are facing is a brain drain,” she said. “It’s really difficult for us to find experts.”

Attracting new talent for internal audit

Internal audit leaders also feel the strain of finding new talent, especially those with specific skill sets, such as IT auditors. These difficulties are compounded by the tendency of younger workers to change jobs often. “We recruit a lot of young people, but another challenge is that for young people, two years at the same company is a

long time,” the Hong Kong banking executive commented. “Although they are tech literate and tech savvy, after two years, they are gone.”

As younger people are incorporated into internal audit functions, workforces can span four generations – Baby Boomers, Generation X, Millennials, and Gen Z. A Taiwan-based internal audit consultant noted that too much focus on younger workers could negatively impact corporate culture. “If we only focus on the younger generation, we miss taking advantage of all the generations, including seniors, in determining how to build the good and right cultures for our organizations,” he said.

“We recruit a lot of young people, but another challenge is that for young people, two years at the same company is a long time.”



EAST ASIA

Still others worry that the scramble to add new skilled workers could come at the price of diversity and ethics training.

Despite human capital's high risk ranking and the associated considerations addressed by internal audit leaders, the elevated level of concern is not yet reflected in audit priorities, with audit effort 18 percentage points lower than risk ranking (42% vs 60%) (Section 2, Exhibit 1).

Business resilience

Business resilience has easily taken its place among the five highest risks in East Asia, driven by supply chain uncertainty and insecurity about access to technology (57%) (Section 2, Exhibit 1).

"The primary concern related to business resilience is supply chain," the Japanese automotive executive said, adding that concern about potential conflicts (U.S. and China, North Korea and South Korea, China and Taiwan) are not new for Japanese manufacturers. "This is why we really focus on business resilience, especially how we supply our product to the customers; how we should export our product to other countries."

The focus for China remains access to technology, a China-based audit consultant said, as the [U.S. curbs shipments](#) of chip design software, chemicals, and other strategic resources to China.

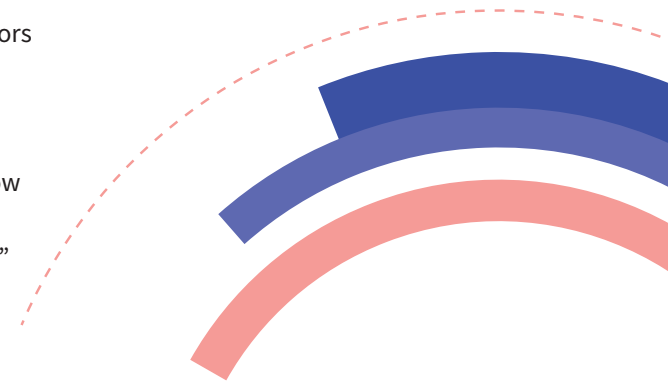
Board strategies for uncertainty

The Taiwan-based audit consultant urged audit leaders to speak to their governing bodies about adapting to new uncertainties. "We need to talk to the board respectfully about how to be forward-looking and not get lost in those uncertainties," he said. "Especially for some manufacturing operations, which can be quite capital-intensive and are not easily moved from one place to another."

He added that boards need to understand that AI disruptions and human capital are interrelated with business resilience as risks. "Without those technologies and the human capital, we cannot really adopt good approaches for business resilience," he said. "So for those risks, we need to have comprehensive risk overviews, and then we can manage that for the future."

The China-based audit consultant urged internal auditors to find ways to get their boards to look beyond current challenges. "I think auditors actually need to become analytical and forward-looking because the world is changing so fast," he said. "I think it's not just about how to make plans for the company; it's trying to help the company adjust as best it can in a fast-changing world."

"I think auditors actually need to become analytical and forward-thinking because the world is changing so fast."



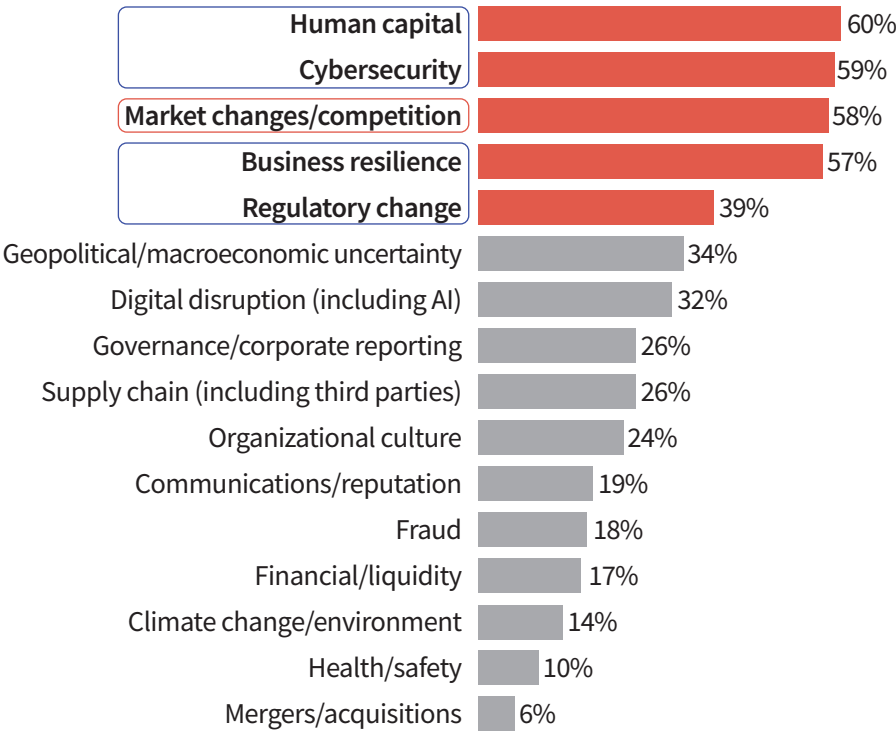
EAST ASIA

Exhibit 1. East Asia – Risk vs. Audit Priorities

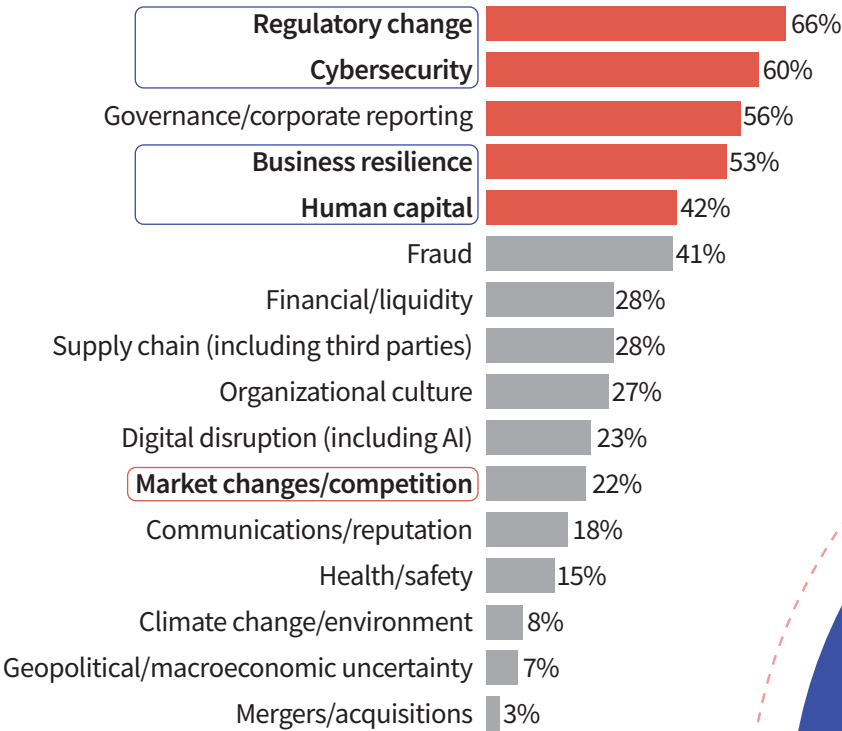
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

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

East Asia – Highest Risks



East Asia – Highest Audit Priorities



■ Highest risks and audit priorities

■ Areas with both high risk and high audit priority

■ Areas with high risk but lower audit priority

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 567$ for East Asia.



EAST ASIA

Key Points

Survey findings

- Human capital (60%) edged out cybersecurity (59%) as the Top 5 risk cited most often by East Asia survey respondents (Section 2, Exhibit 1).
- Business resilience, along with cybersecurity, were closely matched as high-risk and high audit priorities in East Asia (Section 2, Exhibit 1).
- East Asia risk levels for market changes/competition were the highest in the world (58%) (Section 2, Exhibit 1). The next highest level was North America, at 34% (Appendix D, Exhibit 1).

Internal audit strategies

- Develop a keen understanding of business strategy.
- Test supply chain reliability.
- Monitor technology adoption.
- Support quality control and compliance.
- Provide consulting services for new business strategies.
- Stay up to date on industry changes.
- Speak to governing bodies about adapting to new uncertainties.
- Become forward-looking to respond to a fast-changing world.



SECTION 3. PACIFIC

Business Resilience, Human Capital Dominate Concerns

Cybersecurity and business resilience shared first place as the highest ranked risks in the Pacific subregion (61%) (Section 3, Exhibit 1). This elevation was fueled by ongoing wars, growing uncertainty over tariffs and trade restrictions, and what one internal audit leader sees as a trend toward more domestically focused economies.

“In speaking to risk and internal audit leaders in Australia and contacts throughout the Asia and Oceania region, there are a lot more governments focusing on their own sovereignty, given these heightened uncertainties,” said Stephen Tiley, internal audit and risk assurance director for Australian Red Cross Lifeblood. He added that lessons learned about supply chain disruption during the COVID pandemic contribute to changing views about global markets.

This new business reality, where uncertainty and disruption are becoming the norm, also raises concerns about human capital, regulatory change, and digital disruption in the subregion.

Business resilience addresses multiple risks

In planning for business resilience, roundtable participants from the Pacific said they are focused on supply chain, related regulatory risks, and business continuity planning.

Government entities are encouraging organizations to be prepared. In June 2025, Australia implemented new requirements for banks and insurers to examine business resilience, business continuity, supply chain, and more ([CPS 230](#)).

“When I look at it, it’s actually asking, ‘How prepared is the organization?’” an internal auditor from an Australian financial services organization commented. “Because it’s

not only about our organization; it’s about our dependence on our third parties and our fourth parties.” The upcoming reporting requirements of CPS 230 are likely factors in regulatory change and governance/corporate reporting being high audit priorities in the subregion (Section 3, Exhibit 1).

Business continuity planning is a top priority for a New Zealand-based financial services internal audit leader. This includes internal audit testing business continuity and disaster recovery plans. He noted that part of his review includes digital disruption because of its potential to affect business continuity. “I know it [digital disruption] is called out as a separate risk, but [business continuity planning and digital disruption] are so interlinked to each other because every firm is a technology company right now,” he said. He added that New Zealand, as a somewhat isolated island nation, is particularly vulnerable to supply chain disruption and cyberattacks that target vital infrastructure, either of which could easily shut down a business.

Human capital risks have wide range

Internal auditors in the Pacific subregion ranked human capital as the third highest risk facing their organizations, driven by AI’s influence on the workforce, generational challenges, and labor poaching (Section 3, Exhibit 1).

PACIFIC SURVEY PARTICIPATION

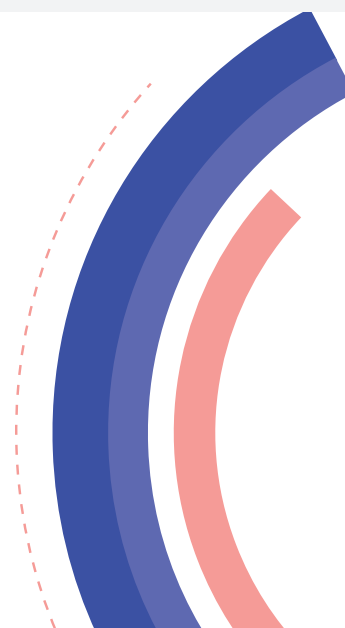
Countries/locations (number of responses)

- Australia – 29
- Fiji – 18
- New Zealand – 8
- Maldives – 2

TOTAL – 57

Primary industries

- Financial and insurance – 26%
- Public sector – 18%
- Health and social work – 9%



PACIFIC

Digital disruption reshapes the workforce

Digital disruption, including AI, has profoundly reshaped several industries, including retail, e-commerce, customer service, marketing, and banking.

“The landscape of banks is changing,” a New Zealand-based financial services auditor said. “Branches are closing down, and you have to reprioritize those people. Rules that were there before limiting IT teams are no longer there, and new roles are being created around developing artificial intelligence models.”

Indeed, AI is behind amenities such as hyper-personalized services based on customer data, enhanced security measures, and improved operational efficiencies. This means organizations must ensure they are getting the best value from employees while providing opportunities to grow and upskill them, he said.

Generational challenges

Developing audit teams and general workforces that are primed to embrace technology and improve productivity involves diversity and building intergenerational work cultures, according to Pacific subregion audit leaders.

“New Zealand is a very diverse country, and I think that’s where the strength lies,” a financial services audit leader said. “But how are you bringing the diversity together and making sure it’s cohesive?”

The diversity includes challenges fueled by multi-generational workforces, Tiley said. “These workforces work very differently. They just do,” he said. “Sitting in the office using headphones to listen to music or podcasts was unheard of when I started my career. I wouldn’t think of doing that in front of my boss. I’m not saying it’s good or bad. It’s just different, and we need to adapt.”

Internal audit’s role in how organizations manage diversity and generational differences is to provide benchmarking, particularly for analyzing recruiting and retention approaches. “Organizations always want to know what everybody else is doing,” Tiley said. “For example, if I look at labor drain, often it’s about wages. So, what sort of percentile are we remunerating people versus others?”

Monitoring employee turnover

For the newest generation of workers, it’s not just about wages. Deloitte’s [2025 Gen Z and Millennial Survey](#) of more than 23,000 young people concludes they are seeking a balance of money, meaning, and well-being.

Career fluidity is a defining feature of the modern workforce: Nearly one-third (31%) of Gen Zs plan to switch employers in the next two years. And while millennials may be more settled in their careers, 17% say they plan to leave their employers within two years. Their job hopping is not driven by a lack of loyalty, a recent article in [Forbes.com](#) notes. Many Gen Zs and millennials see it as a strategy to seek stability, better work/life balance, a greater sense of purpose, and an opportunity to learn and acquire new skills.



PACIFIC

Tiley noted that employee turnover is something internal audit should address with executive management and governing bodies, including setting and measuring acceptable levels of turnover. “In terms of human capital, as head of internal audit, I can primarily influence the recruitment and onboarding processes of our organization,” Tiley said. “But I think there’s a lot around human capital, about retention and attraction, that we can do as internal auditors to make sure that those programs are as robust and attractive as possible.”

But attracting and retaining young talent, maintaining acceptable levels of turnover, and adapting to a generation intent on genuine work/life balance may be disrupted by technology. Growing reliance on AI for basic work may soon redefine entry-level jobs.

Labor poaching

Technology aside, for some countries, the issue is more fundamental – simply keeping employees. Smaller countries, such as New Zealand and Papua New Guinea, face challenges from “labor poaching,” where much-needed talent is lured away by more attractive offers from larger countries. For example, two programs that aim to address Australian labor shortages, Pacific Australia Labour Mobility (PALM) and the newly introduced Pacific Engagement Visa (PEV), were singled out as sources of labor drain from Papua New Guinea and other Pacific islands.

An audit leader at a Papua New Guinea food manufacturer said the new PEV program creates additional strain on the

nation’s limited labor force. The drain on the workforce is a difficult risk to mitigate, Tiley said, noting that socioeconomic factors are often at the heart of the issue.

But even as Australia acts as a lure for workers from elsewhere in the subregion, it is struggling with output issues of its own. The nation’s productivity has slowed in the past decade, growing by less than a quarter of its 60-year average, according to a report from the [Australian Government’s Productivity Commission](#). Of significance is the report’s assertion that productivity gains can soften the impacts of geopolitical uncertainty.

Market risks on the horizon

Although market change/competition risks did not rank in the Top 5 for the Pacific subregion, roundtable participants said they were paying attention to it.

“There’s a lot around human capital...that we can do as internal auditors to make sure that those programs are as robust and attractive as possible.”



PACIFIC

“There’s a lot happening that certainly is changing market conditions,” Tiley said. “At the moment, there are a lot of ongoing wars and tensions, which do impact the market. We have protectionist tariffs out of the U.S. impacting a lot of countries. Also, there is a lot more discussion around who our actual allies are. The world has changed, and markets are feeling vulnerable.”

A food industry auditor in Papua New Guinea said that his industry focuses on shifts in tastes, the introduction of cheaper products, and competition from China. However, he noted that organizations generally should also pay attention to big-picture issues. “How innovative are we in product development, in market expansions?” he said. “I think that’s probably something we should have our eye on, depending on what is anticipated in your industry.”

Tiley agreed that auditors should go beyond simply providing assurance for risk management processes. “What I mean by that is don’t just document what’s happening,” he said. “You really need to understand strategic risks and the broader landscape or geography within which all organizations work. You can’t isolate yourself to a particular country or industry. So, that’s the first step. Internal audit should review the effectiveness of risk management to ensure not just that a process is being followed, but that the risk activity outcomes provide deep and holistic insight, which, amongst others, will assist internal auditors in understanding their landscape and expectations.”

Focus on fundamentals to manage chaos

Tiley concedes the chaos generated by growing geopolitical uncertainty, digital disruption, and market changes could seem overwhelming to internal audit leaders, especially those in smaller audit functions. But he urged them to take a step back and apply the fundamentals. “One of the first things that internal audit functions really can do quite easily is look at risk management, look at the controls, look at what’s actually happening, and use common sense,” he said. “Are we shoring up various aspects of our business?”

From a business resilience perspective, it’s about determining if the right funding, processes, and people are in place. “There’s a whole suite of things one needs to consider when you look at business resilience,” he said. “If warfare broke out close to the shores of Australia, what are we going to do? What do we do about people? Does it affect our funding? Does it affect our resources? I think internal auditors are certainly capable of understanding the various control mechanisms in place to address that.”

This provides a familiar starting point when addressing geopolitical risk, as well, he added. “Obviously we can’t influence foreign government policy,” he said. “But this leads to a greater understanding of the marketplace we operate in.”

Whether it is business continuity, supply chain, or coping with the vagaries of geopolitical uncertainty, it all comes back to internal auditors understanding what is most important to their organizations’ success.

“You really need to understand strategic risks and the broader landscape or geography within which all organizations work.”



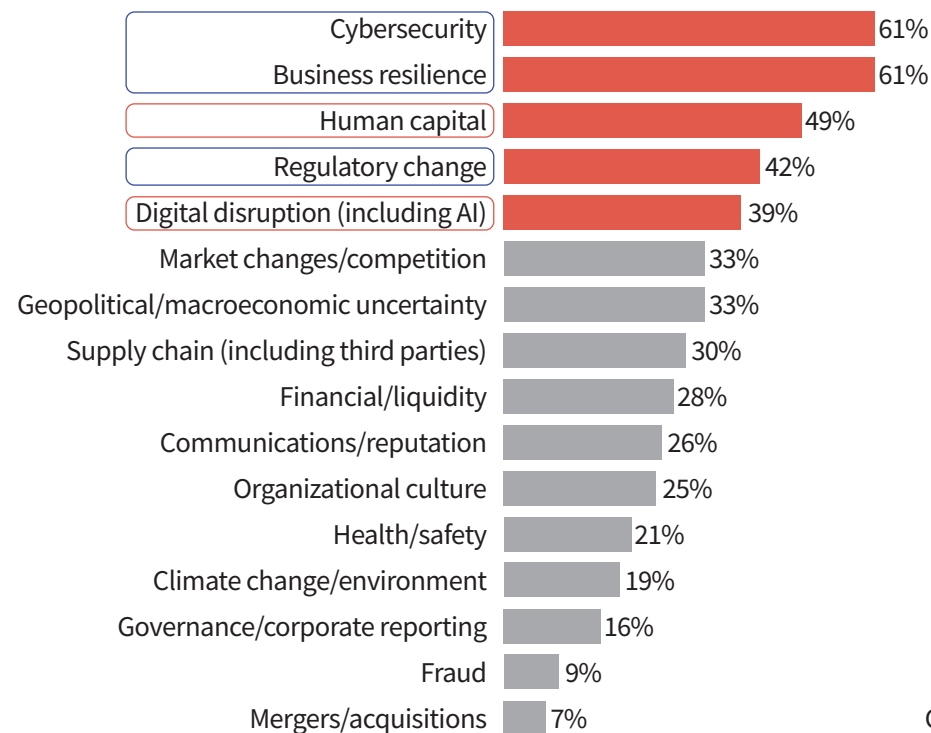
PACIFIC

Exhibit 1. Pacific – Risk vs. Audit Priorities

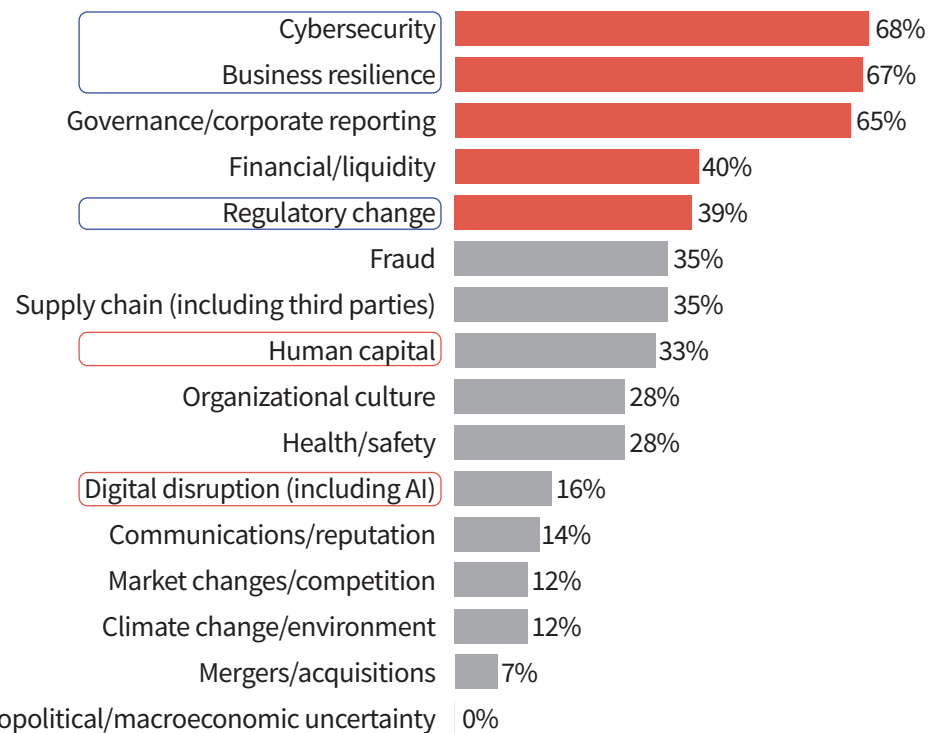
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

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

Pacific – Highest Risks



Pacific – Highest Audit Priorities



■ Highest risks and audit priorities

□ Areas with both high risk and high audit priority

□ Areas with high risk but lower audit priority

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 57 for Pacific.



PACIFIC

Key Points

Survey findings

- Business resilience tied with cybersecurity as the most cited Top 5 risk (Section 3, Exhibit 1).
- Human capital was the third highest ranked risk for the Pacific subregion (Section 3, Exhibit 1).
- Digital disruption (including AI) found its way to the Top 5 highest risks for the region (Section 3, Exhibit 1).

Internal audit strategies

- Understand what is most important to your organization's success to prepare for business resilience.
- Understand strategic risks and the broader risk landscape for your organization's industry.
- Consider whether audit plans are aligned to strategic plans and key risks.
- Provide benchmarking and advisory services for recruiting and retention programs.
- Stay current on AI's influence on workplace/labor strategies.
- Advise governing bodies on setting acceptable levels of employee turnover.
- Anticipate disruption in global markets and adjust audit plans accordingly.
- Stay current on new regulations and be prepared to provide assurance and advisory support.



SECTION 4. SOUTH ASIA

Cybersecurity, Trade, Political Tension Nexus of Greatest Concern

Growing concerns about U.S. tariffs and trade policies, tensions between India and Pakistan, and unrelenting digital disruption were evident in the risk rankings for South Asia.

Cybersecurity and digital disruption (including AI) were the highest risks, followed by business resilience, geopolitical uncertainty, and human capital (Section 4, Exhibit 1).

Potentially greater disruptions in the global marketplace could come, as countries adopt more protectionist strategies, a CAE at an Indian manufacturing company noted. “All countries are looking at protecting their own country and businesses,” he said. “In the good old days we thought, ‘We are a global market. We are a global world.’ Now we are going back to that micro thinking, that is ‘My country first. My business first.’”

Geopolitical uncertainty

The South Asia subregion ranked geopolitical uncertainty the highest of any of the four Asia Pacific subregions (Appendix C, Exhibit 2). In addition, at the time the survey was conducted (April 28 to June 6), tariff announcements from the Trump administration were just beginning. An internal audit leader at a Sri Lankan apparel design and manufacturing organization said he would rank geopolitical uncertainty as his organization’s highest risk if he were to retake the survey.

As tariff wars and their aftershocks continue, many organizations in the region will need to assess their impact and support their organizations in responding. Business

resilience is a crucial factor in responding to widespread policy changes, and CAEs in the region ranked this area as their second highest audit priority. CAEs say that they plan to focus attention on supply chain, regulatory change, and financial/liquidity risks, which also have relatively high audit priorities.

From an auditing perspective, there was general agreement in the roundtables that geopolitical risk is more likely to be audited indirectly than directly. This approach explains why audit priority ratings for geopolitical uncertainty are much lower than the risk ratings (Section 4, Exhibit 1).

Even trade disruptions outside of the region can create new and unpredictable challenges, said Manoj Agarwal, head of internal audit and risk at a large retailer in Mumbai. For example, when China restricted sales of [rare-earth magnets](#) with the intention of impacting the U.S., it also impacted manufacturers of electric cars in India.

Risk as opportunity

While some organizations face only negative impacts, one audit leader in manufacturing pointed out that the trade disruptions and geopolitical uncertainty can also create opportunity. “We have big business in Sri Lanka and Bangladesh, and the disruption is now a boon to the Sri Lankan textile industry. Many things which flowed out from

SOUTH ASIA SURVEY PARTICIPATION

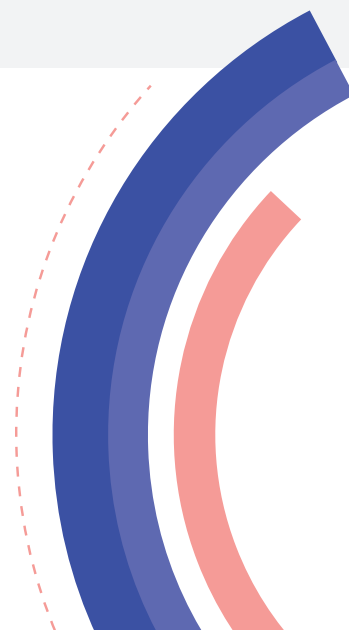
Countries/locations (number of responses)

- India – 60
- Bangladesh – 9
- Sri Lanka – 5
- Pakistan – 1

TOTAL – 75

Primary industries

- Financial and insurance – 35%
- Manufacturing – 31%
- Wholesale and retail – 7%
- Mining/energy/water – 7%



SOUTH ASIA

Sri Lanka to Bangladesh are coming back,” he said. “There are many risks hidden in geopolitical risks, and companies will have to look proactively to see the opportunities in those risks.”

Cybersecurity and digital disruption

South Asia ranked cybersecurity and digital disruption risks higher than any other Asia Pacific subregion (Appendix C, Exhibit 2). CAEs recognize that digital disruption creates risks and opportunities, particularly when it comes to AI. For example, advanced technology that strengthens cybersecurity can also be used to enhance cyberattacks and frauds.

One of the biggest challenges for internal audit leaders is keeping pace with advancing technologies and a shortage of those with the skill sets needed to audit them. To help develop audits for new technology such as AI, internal auditors can use a simple input-process-output methodology, a Sri Lankan audit leader suggested. The aim must be to provide executive management and the board with assurance that AI engines or platforms work as intended and are properly safeguarded.

Agarwal agreed that internal audit can review how AI tools, such as ChatGPT or Microsoft Copilot, are used. But he expressed concern that auditing outcomes from the use of generative AI tools may go beyond the abilities of the internal audit function.

Having internal auditors with the right skills is a key challenge, especially in organizations with advanced use of technology, according to an internal audit leader in manufacturing. “I will give you a very practical example. We have two plants that are...fully automated end-to-end. And, honestly, what to audit is not clear... At best, we can look at the input and output of the digital platforms, which are being used in a company.”

In contrast, some internal audit functions have advanced technology skills compared to their organizations, and they can encourage their organizations to increase use of technology. An internal audit leader at the Sri Lankan manufacturer took the initiative to identify processes where large language models such as ChatGPT could be used to improve processes at his organization. The internal auditors then started working with AI developers to develop potential solutions and eventually turned over the product to IT to integrate into existing systems. “We were appreciated because we took the initiative to bring that into the organization,” the CAE said. “As internal auditors, we have the full 360-degree view of the organization. It is good for us to identify opportunities where digital disruption is happening in our industry. We have to spark discussions or develop projects to implement.”

Similarly, an internal audit leader at a major Indian conglomerate said that internal auditors should look for ways to add value with technology at their organizations.



SOUTH ASIA

“Generally, we look at risk with a negative connotation. We miss the point to look at it from the opportunity-seizing perspective,” she said. “Suppose there is one area where we see a lot of manual intervention. As an auditor, I would definitely look for solutions or recommendations to convert manual controls to automated controls or manual systems to automated systems.”

Human capital

Human capital was the fifth highest ranked risk in South Asia, with 41% including it as a Top 5 risk (Section 4, Exhibit 1). As with other Asia Pacific subregions, the primary concerns involve skill set gaps, turnover, and competitive pressure to boost efficiency by leveraging technology.

Agarwal said his retail organization has a clear mandate from management to boost productivity and limit headcount. “What we are doing currently is equipping each and every back-end person with training on how to leverage various AI tools, including GenAI,” he said. “We are training them so that they understand AI. Once they understand, they should be able to think creatively and be able to find more ways to use the AI tools and improve productivity.”

Skills gaps

But even when new hires are approved, the organization struggles to find qualified candidates, Agarwal added. The manufacturing audit leader said a shortage of blue-collar workers is a reality in India, and a significant and growing risk. “We say we have manpower; we have population.

But people who are available to work on the floor – there is a real shortage to a point where factories are suffering production losses.”

The audit leader of a technology and energy company said his company faces unique challenges related to the need for specialized skills. The first involves the need for employees with technical skills in emerging industries, including electronic vehicles and renewable energy. The organization often must recruit talent from outside the country to fulfill its needs.

The second challenge, ironically, involves finding workers with specialized skills for old technology. “On the front of steel making, the problem is that it is very difficult to replace human capital with AI in the technical field,” he said. “For example, if I put in a blast furnace, it has to run for

“Generally, we look at risk with a negative connotation. We miss the point to look at it from the opportunity-seizing perspective.”



SOUTH ASIA

at least 30 years to give me the benefits. I cannot overwrite or replace a blast furnace with AI technology.”

Audit leaders said their organizations face various challenges in keeping employees, even when they can find them. Boosting benefits, such as offering deferred employee stock options, and additional training can help with retention, but other factors make the issue troublesome.

“Nobody wants to work on the core engineering, which used to be electrical and mechanical,” a manufacturing internal audit leader said. “Everybody wants to be a computer engineer these days. In the future, we will find those core engineering specialists are missing in action for all the industries that need them.”

He added that keeping younger workers is particularly challenging. “This new generation of Gen Z and Gen Alpha, they get bored very fast. Within two to three years, they need to move on and do something else.”

Sophisticated services

A leader of a risk management association imparted a more optimistic outlook on the issue, noting that India has created several global capability centers (GCCs). The centers, which number more than 1,700, have evolved from providing basic back-office services to becoming hubs of innovation and strategic operations, handling complex tasks in IT, research and development, finance, and more.

“It may be business, it may be engineering, it may be research, it may be design, or governance, risk, and control,” he said. “All these activities are currently being conducted from India.”

He also noted the inherent contradiction in a reluctance to invest in training. “Most organizations do not want to invest in training; they want a ready-made resource from the market,” he said. “If everybody follows the same philosophy, there will always be a need for training.”

Large industrial organizations have continued to invest in human resources, he added. While they also have turnover, it is far lower than in any other organizations.

“Most organizations do not want to invest in training; they want a ready-made resource from the market.”



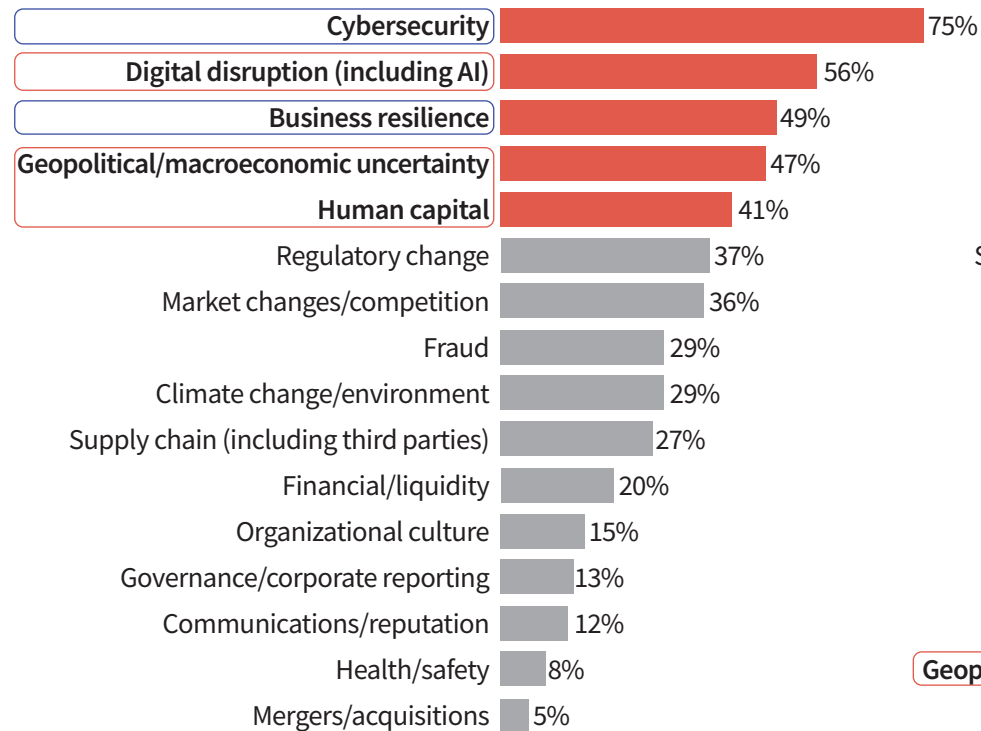
SOUTH ASIA

Exhibit 1. South Asia – Risk vs. Audit Priorities

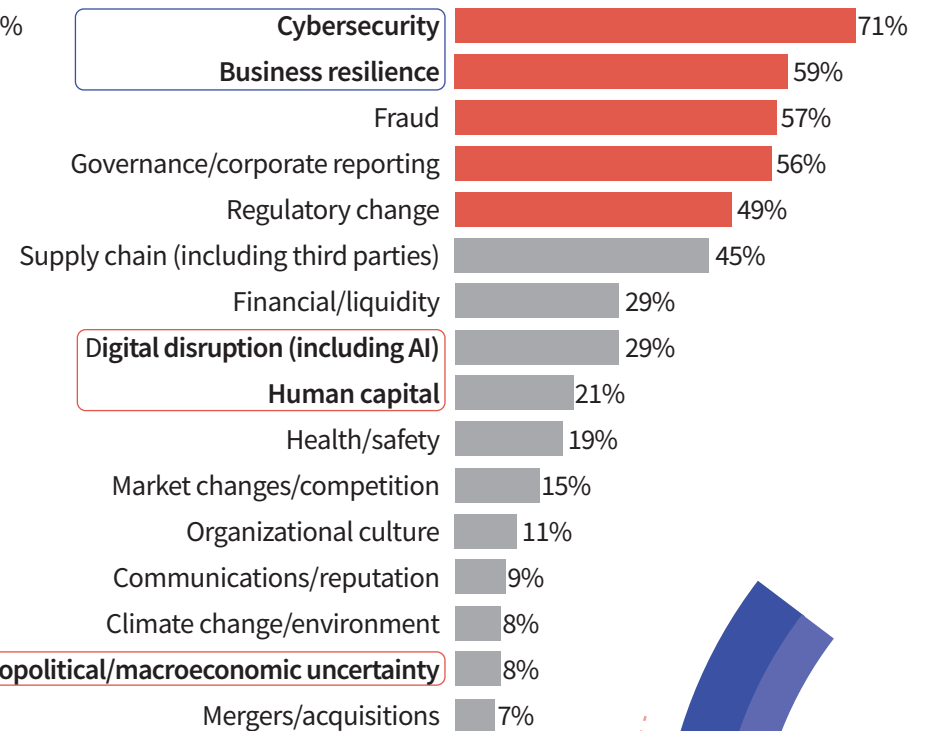
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

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

South Asia – Highest Risks



South Asia – Highest Audit Priorities



■ Highest risks and audit priorities □ Areas with both high risk and high audit priority □ Areas with high risk but lower audit priority

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 75$ for South Asia.



SOUTH ASIA

Key Points

Survey findings

- Risk rankings for business resilience (49%) and geopolitical uncertainty (47%) reflect the subregion's growing concern about the global marketplace (Section 4, Exhibit 1).
- South Asia ranked highest in the region for geopolitical uncertainty risks (47% compared to the region average of 35%) (Appendix C, Exhibit 2).
- Technology risks were ranked higher for South Asia than other subregions, with 75% rating cybersecurity as a Top 5 risk and 56% rating digital disruption as a Top 5 risk (Appendix C, Exhibit 2).
- Human capital was the fifth highest ranked risk (41%) (Section 4, Exhibit 1).

Internal audit strategies

- Test supply chain for reliability and test business continuity and disaster recovery plans.
- Anticipate disruption in global trade and markets and adjust audit plans accordingly.
- Understand how AI can be used in your organization, help implement AI, and provide relevant assurance over related controls.
- Embrace opportunities to lead your organization's adoption of AI and other technologies.
- Seek creative ways to upskill workers and leverage new technology.
- Look for the opportunity in risks and be prepared to advise governing bodies on how to leverage them.
- Monitor recruitment and retention approaches for effectiveness and return on investment.



SECTION 5. SOUTHEAST ASIA

Risks Raised by Technology, Tariff Wars, and Talent Shortages

Internal audit leaders in Southeast Asia are keenly aware that volatility and uncertainty on multiple fronts are impacting various interrelated risks. Artificial intelligence poses challenges in market competition and human capital; tariffs and trade disruptions raise supply chain and business resilience risks; and talent drain threatens to slow productivity.

Cybersecurity (67%) remained the top risk, followed by business resilience (62%), digital disruption (including AI) (52%), human capital (49%), and geopolitical uncertainty (37%) (Section 5, Exhibit 1).

Roundtable participants expressed concerns not only about the complicated relationship between risks, but also about whether internal audit has the resources and skills to help organizations manage risks while taking advantage of the opportunities those risks create.

Joseph Ian Canlas, a risk consulting leader in SGV & Co./EY Philippines, who facilitated the roundtable, stated that there are several strategies to address resource issues, including secondment options to leverage expertise from other areas within the organization and the use of third-party experts.

Digital disruption

The impact of AI and various digital disruption risks on business strategies was a primary concern for roundtable participants, especially regarding its implications for cybersecurity, business resilience, competition, and human capital. Additionally, concerns about internal audit's capacity to effectively assess AI and other technical domains further complicate the matter.

"Most of the risks that are associated with digital disruption for my organization are also part of market changes and competition," said the audit leader at a Philippines media company. "Digital disruption drives changes in revenue models, customer needs, viewership, and syndication collaboration with other partners."

Similar disruptions were noted by audit leaders in other trades, including one whose industry – palm oil production – is arriving late to the digital revolution. Digital disruption risk equates to risk of missing out for her organization, said the head of integrity/assurance at a large Malaysian agribusiness operation. "We're looking into using data analytics to assist us in terms of what we do, such as making informed decisions on yield predictions."

Evolution, not revolution

While digital disruption ranked as a top risk, one Malaysia risk consultant suggested that survey results likely reflect what respondents are hearing and thinking, but not necessarily what their organizations are experiencing yet. Many organizations continue to operate successfully without forging ahead on digital transformation, said the consultant, adding that digital disruption is more evolution than revolution for businesses in much of the subregion.

SOUTHEAST ASIA SURVEY PARTICIPATION

Countries/locations (number of responses)

- Philippines – 64
- Singapore – 37
- Indonesia – 30
- Malaysia – 21
- Vietnam – 4
- Myanmar – 2
- Cambodia – 1

TOTAL – 159

Primary industries

- Financial and insurance – 21%
- Manufacturing – 13%
- Public sector – 7%
- Wholesale and retail – 7%
- Mining/energy/water – 7%
- Professional/technical – 7%



SOUTHEAST ASIA

An audit leader at a Philippines manufacturer agreed. “In terms of digital disruption, maybe it isn’t a priority for some,” she said. “For some institutions, especially in Southeast Asia, they’re not yet into AI or other types of digital transformation. Some non-listed companies have not adopted AI or other transformative ERP [enterprise resource planning] systems. They might be prioritizing it in the future, but not now.”

Nevertheless, internal audit leaders said they are looking ahead to how digital disruption may impact operations at their organizations and within their internal audit functions. “In terms of internal auditing, we try and see, what are the technologies we have?” the roundtable participant from the Malaysian palm oil industry said. “Can they be used for data analytics, as well? Apart from the standard audit software or systems, or those used more for administrative purposes, what can help us do more with the resources that we have?”

AI impacts business resilience

A Philippines media audit leader said digital disruption can pose significant risks, even if the organization’s digital journey is just getting started. “The primary concerns are related to business resilience when it comes to digital disruption and digital transformation,” she said. “Are we ready? Do we have the right talent, the right technology, the right investment to address the risks of digital transformation? It’s also related to cybersecurity. Are we prepared? Do we have a plan? Do we have a governance

framework? Is the board informed? Are they aware of their responsibilities? What are the things that they have to know in terms of planning and establishing the framework? It’s all related to business resilience.”

Upskilling, retaining internal audit talent

Concerns about internal audit’s ability to audit AI and other advanced technologies were addressed on two fronts: skills and resources. “There’s really a need to upscale our people, so that they’ll be able to audit or assess the risks that they’re supposed to audit,” the Philippines media audit leader said. “It’s also an investment challenge. Are we able to acquire the right tools so that we can do the audits?”

The roundtable participant from the palm oil industry said upskilling challenges are complex. The biggest challenge may be balancing technical skills with internal audit knowledge, she added. “I think the challenge is to marry the two.”

The Malaysia risk consultant warned that AI is accelerating existing skills gaps in all departments and organizations aren’t looking far enough ahead in terms of training. “We don’t see a lot of organizations preparing [employees] to do their work in the next three to five years,” he said. “Many of them are still firefighting – looking at the current situations and training their people based on how they do their work now. Yes, that’s essential, but long term, they need to invest in future skills.”



SOUTHEAST ASIA

Canlas recommends internal audit functions approach the challenge in the same way they approach self-assessments in their quality assurance and improvement programs. They should assess their current maturity level related to internal audit resources, such as the number, specialization, skills, competencies, and alignment with audit plans based on the organization's top risks. Thereafter, internal audit teams should develop and identify strategies and actions to achieve the level where they want to be in the future.

"Another area where internal audit can begin or enhance is in the application of technology within their audit processes. Although the current utilization of technology, such as AI, may be minimal, it can be positioned as a key aspiration for the future," he noted. "Currently, they may be employing basic tools like minute-taking and data analytics, but this can serve as a starting point for leveraging technology to enhance the effectiveness and efficiency of internal audits. I would like to see a greater use of technology in areas such as audit planning, risk assessment, audit execution, continuous monitoring, fraud detection, predictive analytics, performance monitoring, reporting, and collaboration with other assurance providers within the organization, among others."

Keep boards informed

Audit leaders at the roundtable discussed how they're keeping their governing bodies informed on digital disruption risks, opportunities, and risk mitigation efforts, as well as internal audit's ability to provide related

assurance and advisory services. "Information provided to the governing body must include that we have a strategy moving forward to ensure that whatever money that's invested actually derives the returns that we want," the roundtable participant from the palm oil industry said.

Despite its high risk ranking, digital disruption was not ranked as a top audit priority (52% vs 32%). This may reflect internal audit leaders' concerns about having skills on staff to audit digital disruptions and other technologies. Canlas urged audit leaders to be transparent with their boards and governing bodies about their current capabilities and resources and how they impact audit planning and services.

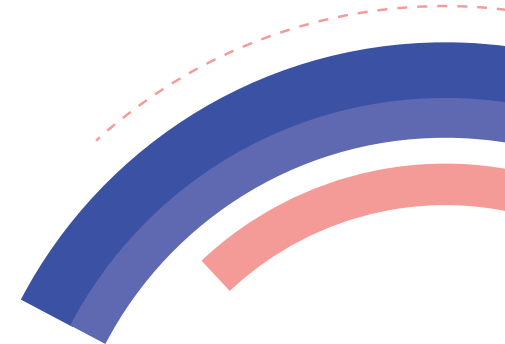
Human capital

Human capital was ranked the fourth highest risk by Southeast Asia survey respondents, with roundtable participants noting its influence on other risk areas, including business resilience and digital disruption. They said the lack of skilled workers in the subregion hurts productivity and competition, as well as internal audit's ability to provide relevant and timely assurance and advisory on digital disruption, AI, and cybersecurity.

Talent drain

A significant aspect of human capital risk involves the loss of workforce to other parts of the world. The Philippines manufacturing audit leader said filling the need for 3,000 blue-collar workers in her organization is significantly

"Although the current utilization of technology, such as AI, may be minimal, it can be positioned as a key aspiration for the future."



SOUTHEAST ASIA

hampered by workers leaving for better-paying jobs overseas. Her organization is building two steel beam manufacturing plants, but the nation's current workforce may not have enough people to operate the plants. "That's why we now have programs offering overseas Filipino workers the opportunity to come back to serve the Philippines."

The challenges from an internal audit perspective are similar, Canlas said. "For instance, cybersecurity has emerged as one of the top risks in Southeast Asia, and it has been really a challenge for internal audit teams to maintain auditors with relevant expertise. Currently, hiring IT auditors is particularly difficult, with countries like Singapore and Australia often sourcing talent from the Philippines."

Third-party help

Skipping audits of top risk areas where auditors lack the necessary skill sets is not an option, Canlas said. "That would not constitute risk-based auditing." One strategy for boosting internal audit resources is to leverage assurance and advisory services provided by external providers and second line functions within the organization. As noted in the Global Internal Audit Standards™, Standard 9.5 Coordination and Reliance, CAEs must coordinate with internal and external providers of assurance services and consider relying upon their work.

Canlas emphasized that seeking assistance from third parties or considering support from other risk

and compliance functions within the organization are viable options. Additionally, internal audit should focus on enhancing its skills by learning from these external sources. "This presents an opportunity for the internal audit team to develop similar expertise and competencies," he said. "I have observed numerous outsourcing activities where part of the scope includes training activities designed to educate the existing internal audit team."



SOUTHEAST ASIA

Geopolitical uncertainty

Southeast Asia leaders ranked geopolitical uncertainty fifth, saying it may be the most complex and interconnected risk of all. Shifting U.S. tariffs and trade restrictions, along with retaliatory responses, create uncertainty for organizations that rely on foreign suppliers or international clientele, as well as those with multinational operations. Canlas said this strategic risk is typically addressed directly at the highest levels of the organization, adding that internal audit oversight typically focuses on related risks, including supply chain, business resilience, market change/competition, regulatory change, and other risk areas.

The roundtable participant from the palm oil industry noted, “Because of the global footprint that we have and the nature of the business as a commodity, there are a lot of government regulations or licensing requirements that can be disrupted.” With operations in Indonesia and Papua New Guinea, as well as Malaysia, the company must stay on top of changing regulations. “For an industry that is quite old, we still need to be agile.”

In addition, impacts aren’t always obvious. A Malaysian business consultant said the Middle East conflict would appear to be having little direct effect on Southeast Asia, but that doesn’t mean it’s having no effect at all. For example, product boycotts in response to Middle East conflicts can have profound impacts on local businesses, he said.

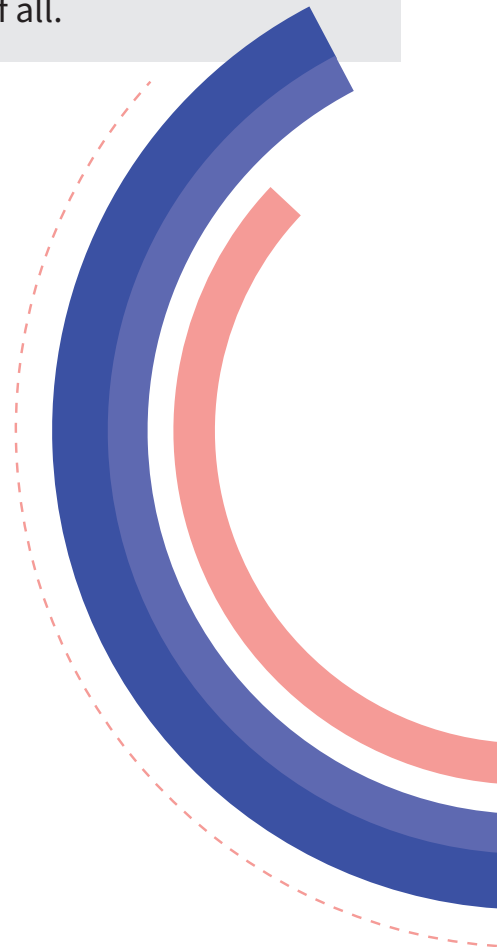
Keeping boards informed

These indirect influences make it essential for internal audit and executive management to make clear to governing bodies how geopolitical and related risks are being addressed. Executive management and the governing body should have a clear understanding of internal audit’s processes for prioritizing related audit activities, Canlas said. “It is essential to educate management on internal audit’s thought process to be able to explain why an annual audit plan may not be directly aligned with the top risk,” he said.

Comments from roundtable participants support Canlas’ view, with several participants noting geopolitical uncertainty is not easy to audit directly. While geopolitical uncertainty ranked fifth as a risk, it ranked next to last (15th of 16) as an audit priority (Section 5, Exhibit 1).

The Philippines manufacturing audit leader said the low audit priority for geopolitical risk could also reflect greater involvement from other assurance providers. “Sometimes the efforts by internal audit do not match the risks that we have identified, because it could be the case that our second line functions and first line functions are strong enough to cover those risks,” she said. “When we focus on those areas when instructed by our audit committee, we focus on areas that are basically not completely covered by the second and the first lines.”

Southeast Asia leaders ranked geopolitical uncertainty fifth, saying it may be the most complex and interconnected risk of all.



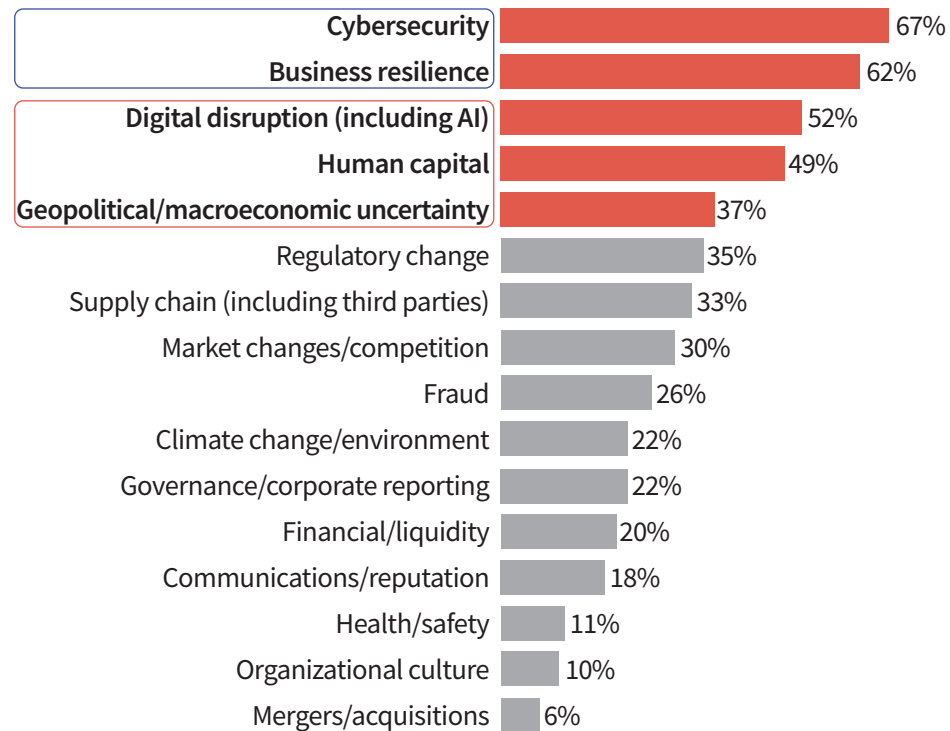
SOUTHEAST ASIA

Exhibit 1. Southeast Asia – Risk vs. Audit Priorities

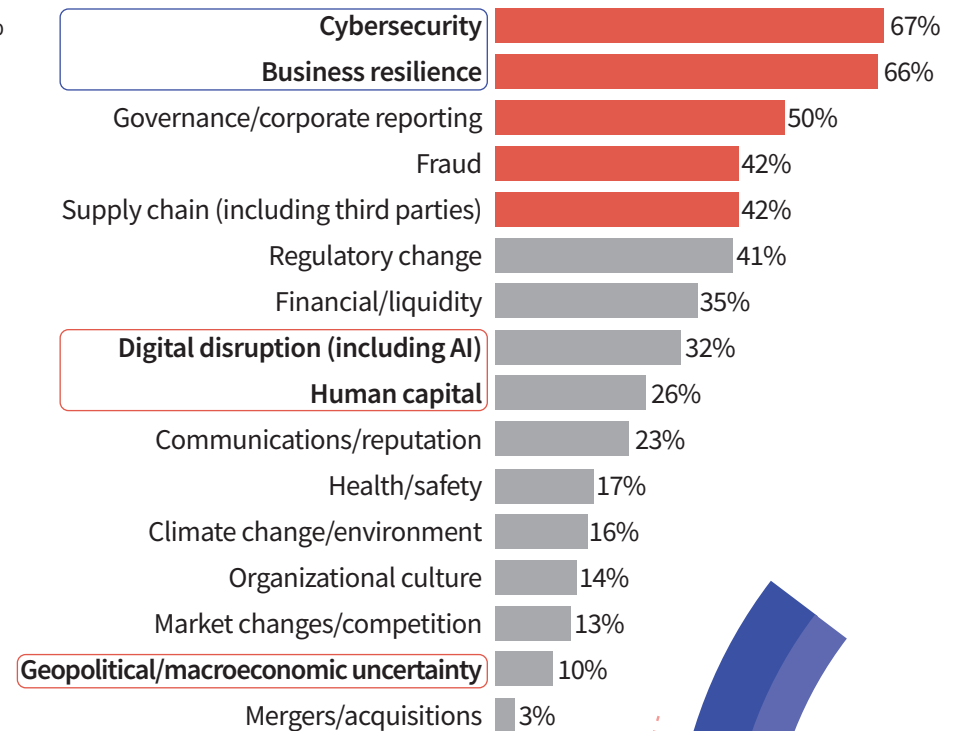
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

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

Southeast Asia – Highest Risks



Southeast Asia – Highest Audit Priorities



■ Highest risks and audit priorities

■ Areas with both high risk and high audit priority

■ Areas with high risk but lower audit priority

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 159$ for Southeast Asia.



SOUTHEAST ASIA

Key Points

Survey findings

- Cybersecurity and business resilience were at the top of the risk rankings and audit priorities for Southeast Asia (above 60%) (Section 5, Exhibit 1).
- While 52% of Southeast Asia survey respondents included digital disruption as a Top 5 risk, just 32% included it as a Top 5 audit priority (Section 5, Exhibit 1).
- Human capital ranked as the fourth highest risk (49%) (Section 5, Exhibit 1).
- Geopolitical uncertainty was the fifth highest ranked risk, with regulatory change close behind (Section 5, Exhibit 1).

Internal audit strategies

- Be transparent with your governing body (board) about their current capabilities and resources for auditing AI and other technologies.
- Look for third-party help or support from other risk and compliance functions within the organization to enhance internal audit capabilities.
- Communicate to executives and the governing body how internal audit allocates time and resources.
- Leverage outside resources to build internal audit staff skills.
- Monitor employee recruitment and retention programs for effectiveness and return on investment.
- Use internal audit quality assurance and improvement programs to set achievable goals for improving technology skills, including use of AI.



CONCLUSION

Audit Leaders Must Seize Opportunities

The challenges of managing Asia Pacific's risk environment are as diverse as the populations, cultures, and economic engines that drive its success. One need only review how internal audit leaders in its four subregions rank and respond to risks to understand its complexity.

The most common theme is the unrelenting pace of cybersecurity threats and digital disruption (including AI), as well as practitioners' concerns about providing effective related assurance and advice. However, for some regions, new geopolitical policy changes require significant attention at all levels of the organization.

Despite what would seem to be a chaotic mix of threats and influences, audit leaders in the region remain actively involved in their organizations' risk management efforts. They are increasingly taking proactive steps to understand and support organizational strategies, including leading the way for AI adoption in some organizations.

The Key Points sections of this report share necessary steps internal audit leaders can take to thrive in these challenging times and recognize opportunities to help lead their organizations toward success. A CAE at an Indian financial services firm eloquently captured this sentiment when he urged his colleagues to seize the day.

"How do we seize the opportunity and turn it to the advantage of the organization? Gone are the days of being recognized for only assurance work. We need to make a difference to the bottom line," he said. "We need to seize these opportunities, employ methods for identifying risk trends, and provide timely input so that the business can outpace the competition and come out on top. In managing these risks, we provide that competitive advantage to the organization."



APPENDIX A: METHODOLOGY

Survey, Roundtables, and Interviews

The survey was conducted by the Internal Audit Foundation and the European Institutes Research Group (EIRG) from April 28 to June 6, 2025, and received 4,073 responses. The survey was conducted online through contacts associated with IIA Institutes and regional bodies.

The 16 risk areas used in the survey are shown below. Respondents were asked two key questions related to these areas: What are your five highest risks, and what are the five areas where internal audit spends the most time and effort? The survey research was enhanced by roundtables and interviews with internal audit leaders in each region.

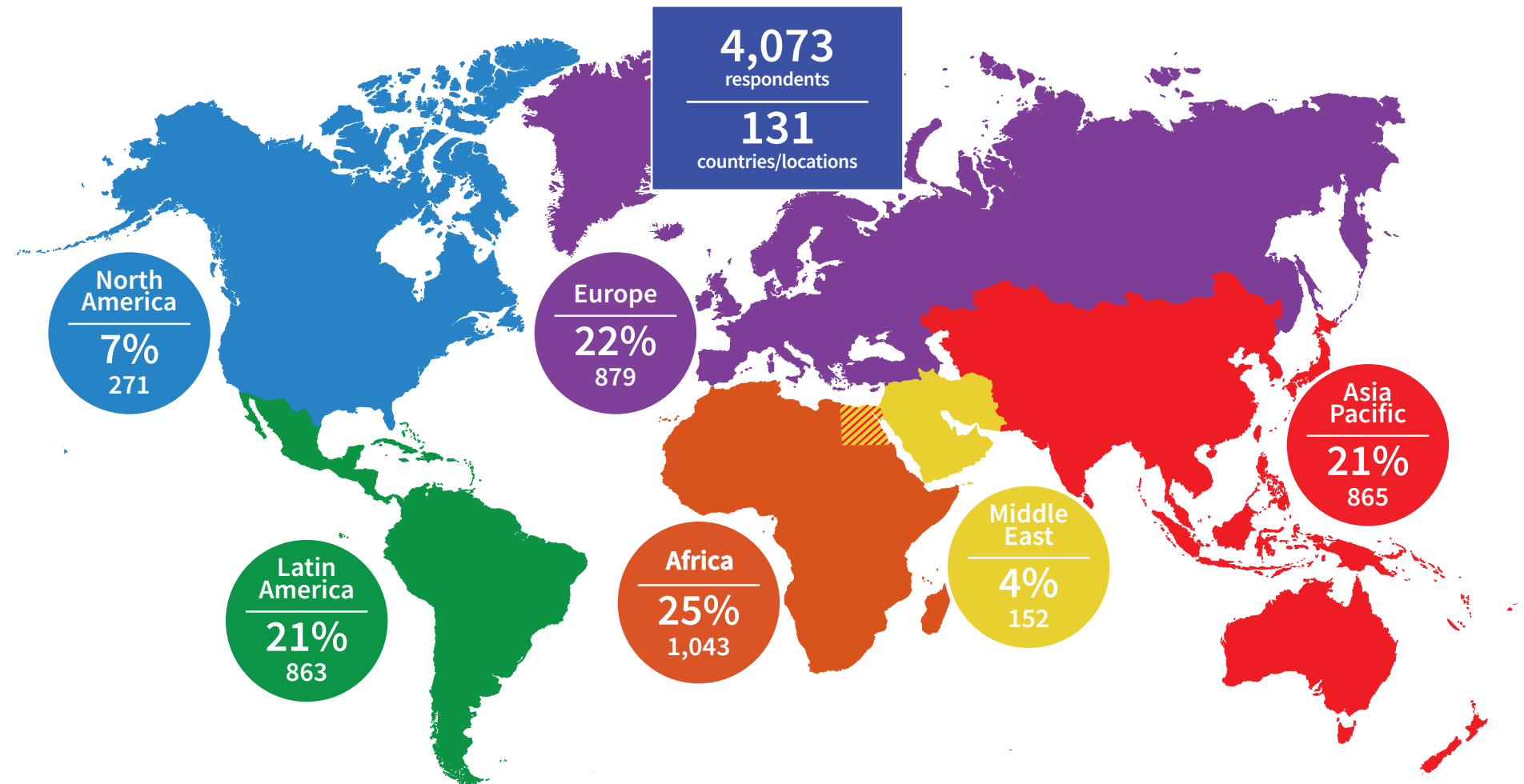
Risk Areas Used in the Survey

Risk Name	Risk Description Used in the Survey
Business resilience	Business continuity, operational resilience, crisis management, and disaster response
Climate change/environment	Climate change, biodiversity, and environmental sustainability
Communications/reputation	Communications, reputation, and stakeholder relationships
Cybersecurity	Cybersecurity and data security
Digital disruption (including AI)	Digital disruption, new technology, and AI (artificial intelligence)
Financial/liquidity	Financial, liquidity, and insolvency risks
Fraud	Fraud, bribery, and the criminal exploitation of disruption
Geopolitical/macroeconomic uncertainty	Macroeconomic, social, and geopolitical uncertainty
Governance/corporate reporting	Organizational governance and corporate reporting
Health/safety	Health, safety, and security
Human capital	Human capital, diversity, and talent management and retention
Market changes/competition	Market changes/competition and customer behavior
Mergers/acquisitions	Mergers/acquisitions
Organizational culture	Organizational culture
Regulatory change	Change in laws and regulations
Supply chain (including third parties)	Supply chain, outsourcing, and 'n th ' party risk



APPENDIX B: DEMOGRAPHICS

Exhibit 1. Global – Response Rate



Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 4,073$.

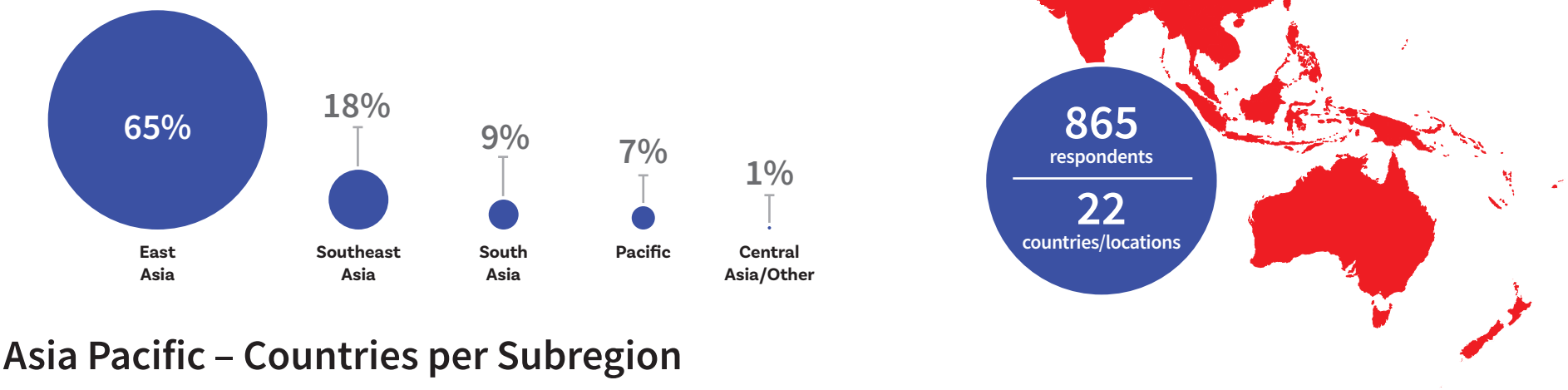
Note 2: The map shows regional groups used by The IIA for operational purposes. The regional groups do not represent any political position for The IIA or IIA Institutes.

Note 3: Egypt is shaded orange and gold to show its respondents are divided between Asia Pacific and the Middle East.



DEMOGRAPHICS

Exhibit 2. Asia Pacific – Response Rate



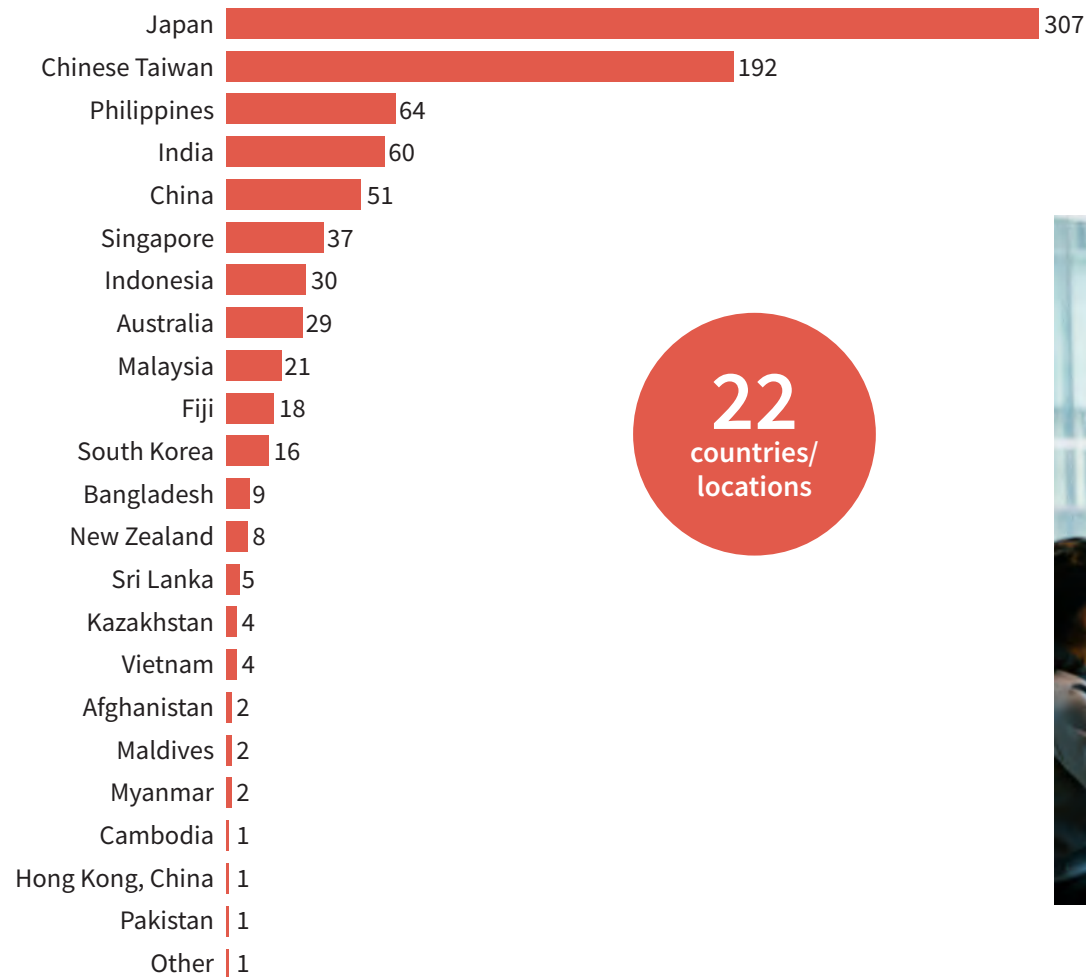
Asia Pacific – Countries per Subregion

East Asia		Pacific		South Asia		Southeast Asia		Central Asia/Other	
Japan	307	Australia	29	India	60	Philippines	64	Kazakhstan	4
Chinese Taiwan	192	Fiji	18	Bangladesh	9	Singapore	37	Afghanistan	2
China	51	New Zealand	8	Sri Lanka	5	Indonesia	30	Other	1
South Korea	16	Maldives	2	Pakistan	1	Malaysia	21	Total	7
Hong Kong, China	1	Total	57	Total	75	Vietnam	4		
Total	567					Myanmar	2		
						Cambodia	1		
						Total	159		

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 865 for Asia Pacific.

DEMOGRAPHICS

Exhibit 3. Asia Pacific – Responses per Country/Location



Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 865$ for Asia Pacific.



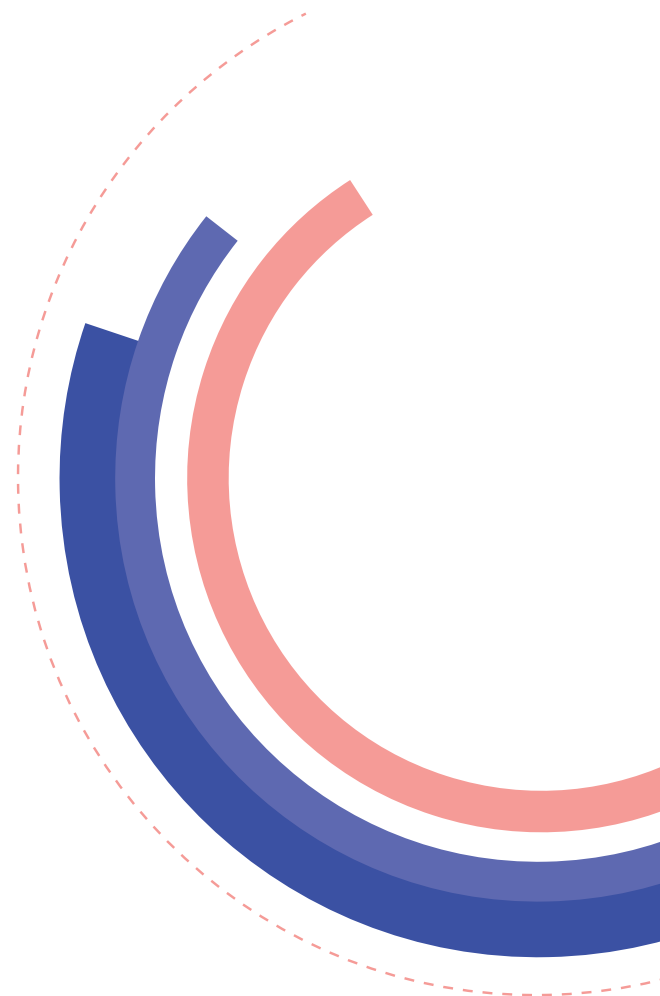
DEMOGRAPHICS

Exhibit 4. Asia Pacific – Industry

Industry	All	East Asia	Southeast Asia	Pacific	South Asia
Manufacturing	33%	42%	13%	5%	31%
Financial and insurance activities	15%	10%	21%	26%	35%
Information and communication	9%	12%	2%	2%	3%
Wholesale and retail	7%	8%	7%	7%	7%
Mining/energy/water supply	5%	4%	7%	7%	7%
Professional/technical activities	5%	4%	7%	7%	4%
Health and social work	4%	4%	4%	9%	0%
Transport/storage	4%	3%	6%	4%	5%
Public sector (government)	3%	1%	7%	18%	0%
Construction	3%	4%	2%	2%	3%
Real estate	3%	3%	5%	0%	0%
Education	2%	2%	5%	5%	1%
Agriculture, forestry, and fishing	2%	1%	5%	2%	1%
Accommodation and food services	1%	1%	1%	2%	1%
Administrative and support services	1%	1%	1%	2%	1%
Arts, entertainment, and recreation	1%	0%	3%	2%	1%
Charities	1%	0%	3%	0%	0%
Other	1%	0%	1%	0%	0%

■ Most common industries per region

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 865 for Asia Pacific.

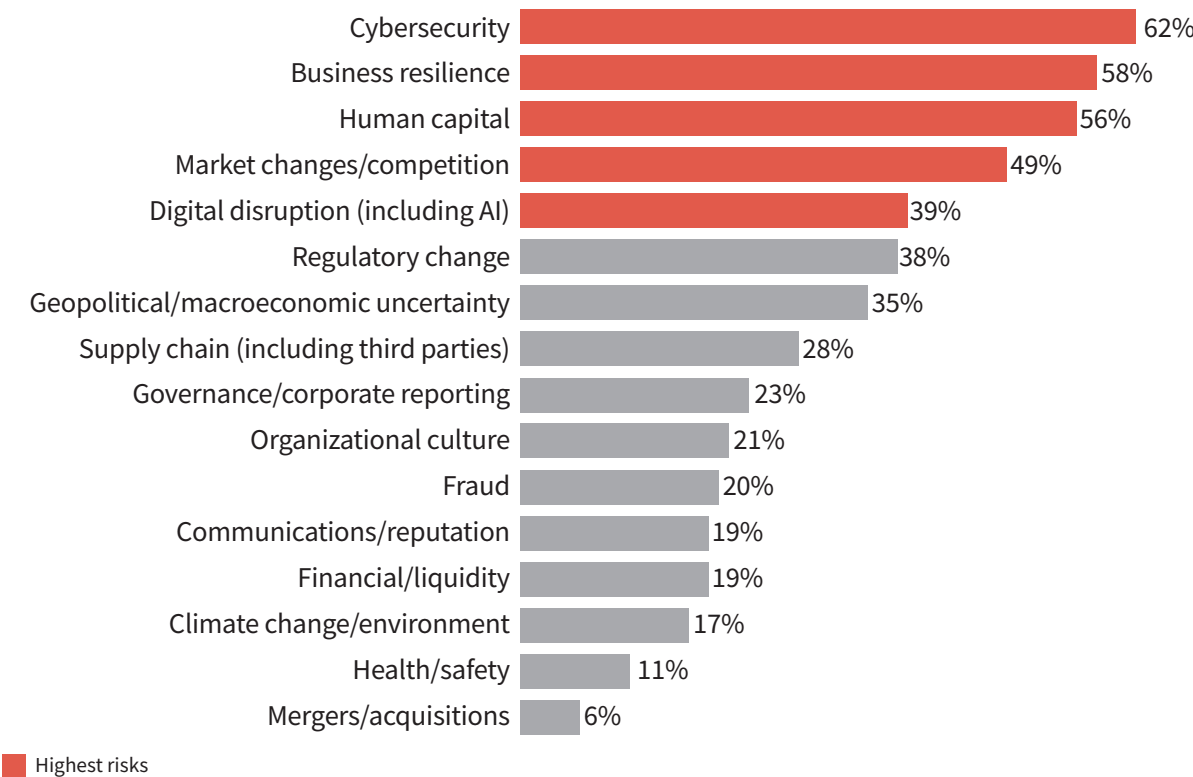


APPENDIX C: ASIA PACIFIC SURVEY ANALYSIS

Exhibit 1. Asia Pacific – Highest Risks

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

Asia Pacific – Highest Risks



Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 865 for Asia Pacific.



RISK LEVELS

Exhibit 2. Asia Pacific Subregions – Highest Risks

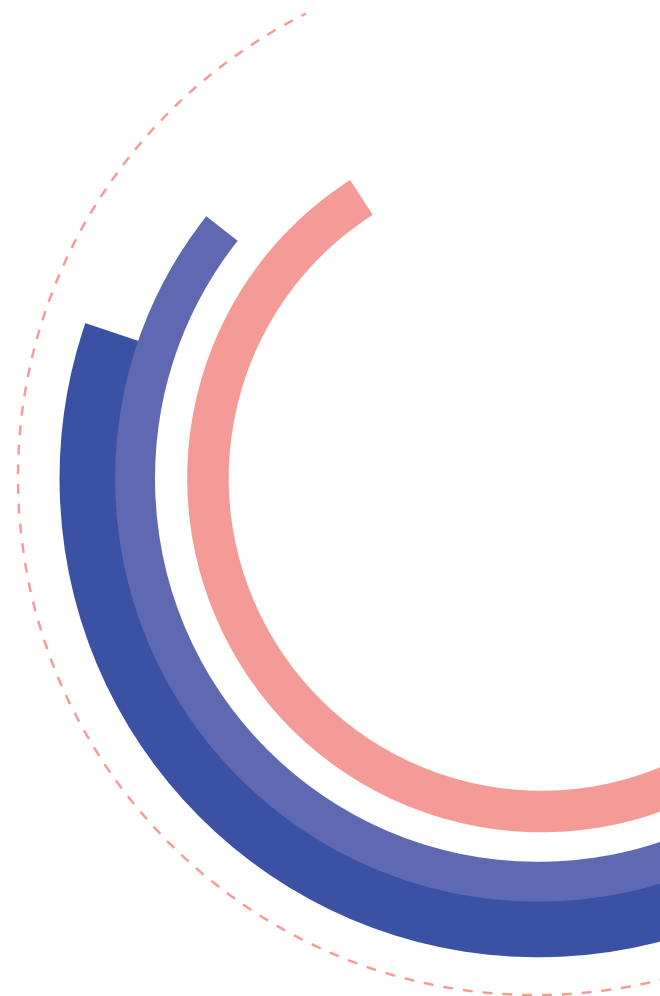
Survey question: What are the Top 5 risks your organization currently faces?

Risk area	All	East Asia	Southeast Asia	Pacific	South Asia
Cybersecurity	62%	59%	67%	61%	75%
Business resilience	58%	57%	62%	61%	49%
Human capital	56%	60%	49%	49%	41%
Market changes/competition	49%	58%	30%	33%	36%
Digital disruption (including AI)	39%	32%	52%	39%	56%
Regulatory change	38%	39%	35%	42%	37%
Geopolitical/macroeconomic uncertainty	35%	34%	37%	33%	47%
Supply chain (including third parties)	28%	26%	33%	30%	27%
Governance/corporate reporting	23%	26%	22%	16%	13%
Organizational culture	21%	24%	10%	25%	15%
Fraud	20%	18%	26%	9%	29%
Communications/reputation	19%	19%	18%	26%	12%
Financial/liquidity	19%	17%	20%	28%	20%
Climate change/environment	17%	14%	22%	19%	29%
Health/safety	11%	10%	11%	21%	8%
Mergers/acquisitions	6%	6%	6%	7%	5%

■ Highest risks per subregion

■ If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 567 for East Asia. *n* = 159 for Southeast Asia. *n* = 55 for Pacific. *n* = 75 for South Asia.

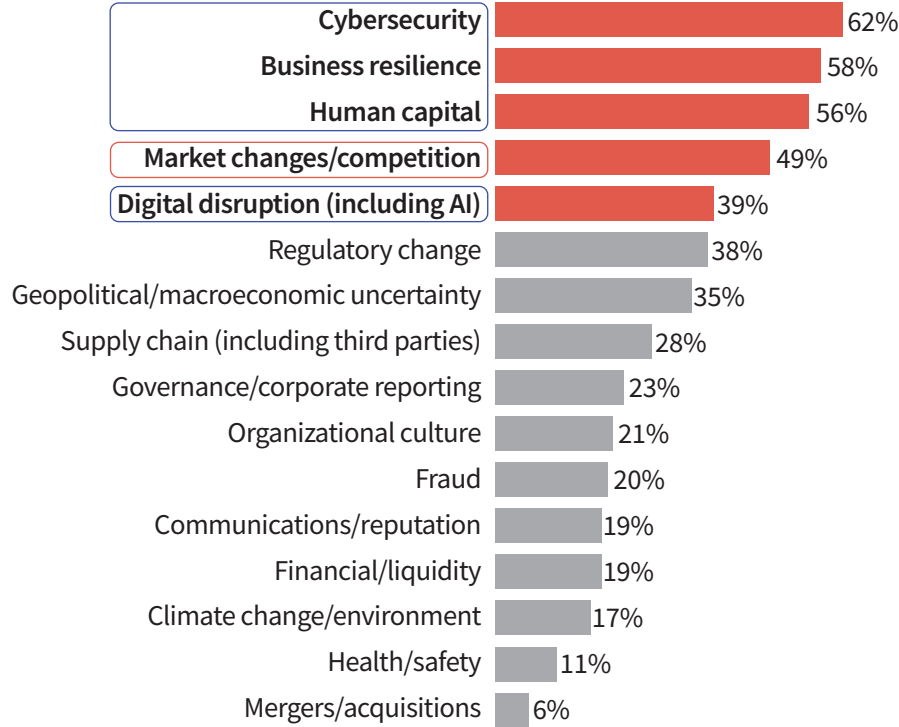


RISK LEVELS

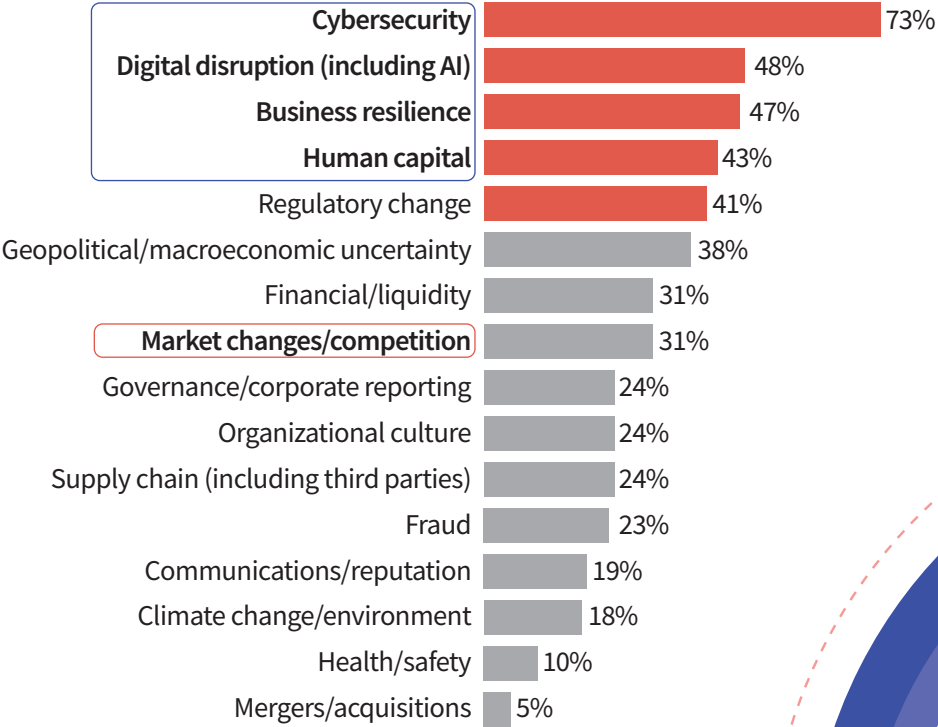
Exhibit 3. Asia Pacific vs. Global – Highest Risks

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

Asia Pacific – Highest Risks



Global – Highest Risks



■ Highest risks □ Areas with high risk levels for both the region and global □ Areas with high risk for the region but lower risk for global

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. n = 865 for Asia Pacific. n = 4,073 for global.



RISK LEVELS

Exhibit 4. Asia Pacific – Risk Level Trend

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
66%	64%	62%		-2	Cybersecurity
61%	62%	58%		-4	Business resilience
59%	57%	56%		-1	Human capital
47%	49%	49%		0	Market changes/competition
30%	36%	39%		+3	Digital disruption (including AI)
35%	32%	38%		+6	Regulatory change
28%	30%	35%		+5	Geopolitical/macroeconomic uncertainty
27%	24%	28%		+4	Supply chain (including third parties)
24%	22%	23%		+1	Governance/corporate reporting
23%	23%	21%		-2	Organizational culture
22%	22%	20%		-2	Fraud
18%	21%	19%		-2	Communications/reputation
21%	19%	19%		0	Financial/liquidity
22%	26%	17%		-9	Climate change/environment
12%	11%	11%		0	Health/safety
4%	4%	6%		+2	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. $n = 865$ for Asia Pacific.

Note 2: The orange and blue bars show the difference in risk level ratings from 2024 to 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.



RISK LEVELS

Exhibit 5. Global – Risk Level Trend

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	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 orange and blue bars show the difference in risk level ratings from 2024 to 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.



AUDIT PRIORITIES

Exhibit 6. Asia Pacific – Highest Audit Priorities

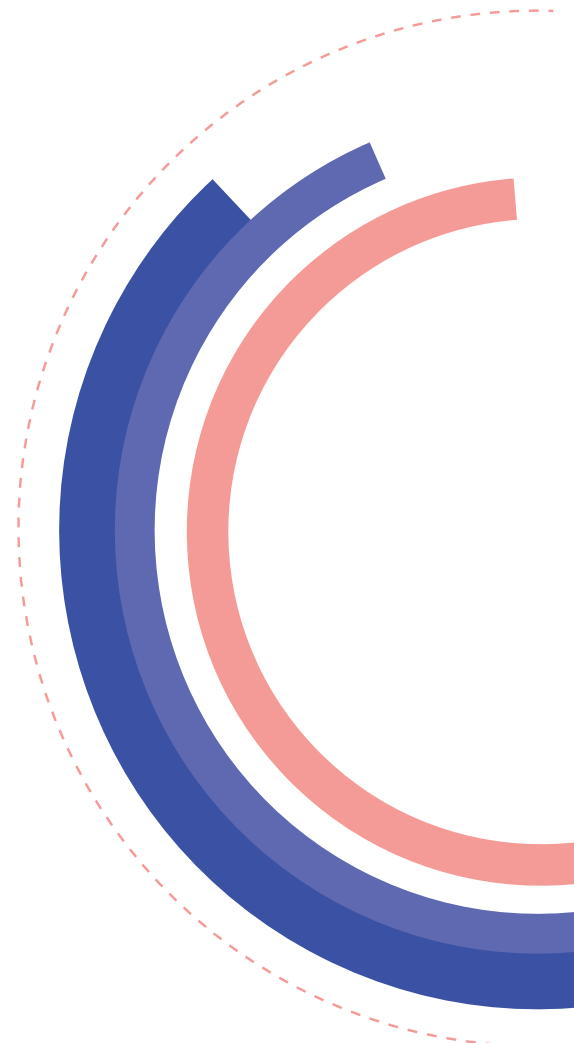
Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Asia Pacific – Highest Audit Priorities



■ Highest audit priorities

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 865 for Asia Pacific.



AUDIT PRIORITIES

Exhibit 7. Asia Pacific Subregions – Highest Audit Priorities

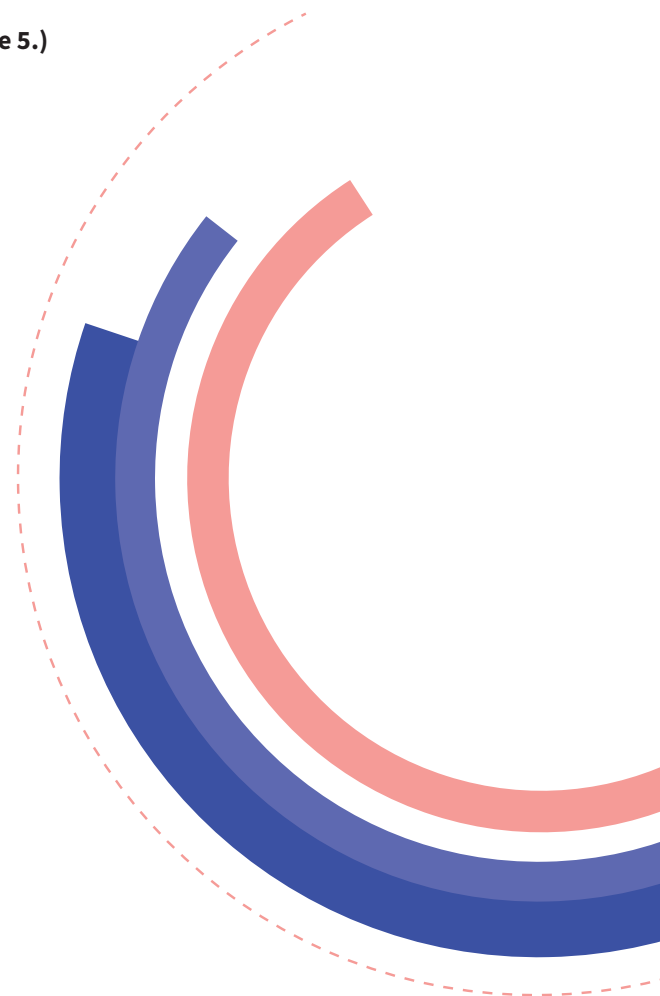
Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Audit area	All	East Asia	Southeast Asia	Pacific	South Asia
Cybersecurity	63%	60%	67%	68%	71%
Regulatory change	58%	66%	41%	39%	49%
Business resilience	57%	53%	66%	67%	59%
Governance/corporate reporting	56%	56%	50%	65%	56%
Fraud	42%	41%	42%	35%	57%
Human capital	36%	42%	26%	33%	21%
Supply chain (including third parties)	32%	28%	42%	35%	45%
Financial/liquidity	30%	28%	35%	40%	29%
Digital disruption (including AI)	25%	23%	32%	16%	29%
Organizational culture	23%	27%	14%	28%	11%
Market changes/competition	19%	22%	13%	12%	15%
Communications/reputation	18%	18%	23%	14%	9%
Health/safety	17%	15%	17%	28%	19%
Climate change/environment	10%	8%	16%	12%	8%
Geopolitical/macroeconomic uncertainty	7%	7%	10%	0%	8%
Mergers/acquisitions	4%	3%	3%	7%	7%

■ Highest audit priorities per subregion

■ If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 567 for East Asia. *n* = 159 for Southeast Asia. *n* = 55 for Pacific. *n* = 75 for South Asia.



AUDIT PRIORITIES

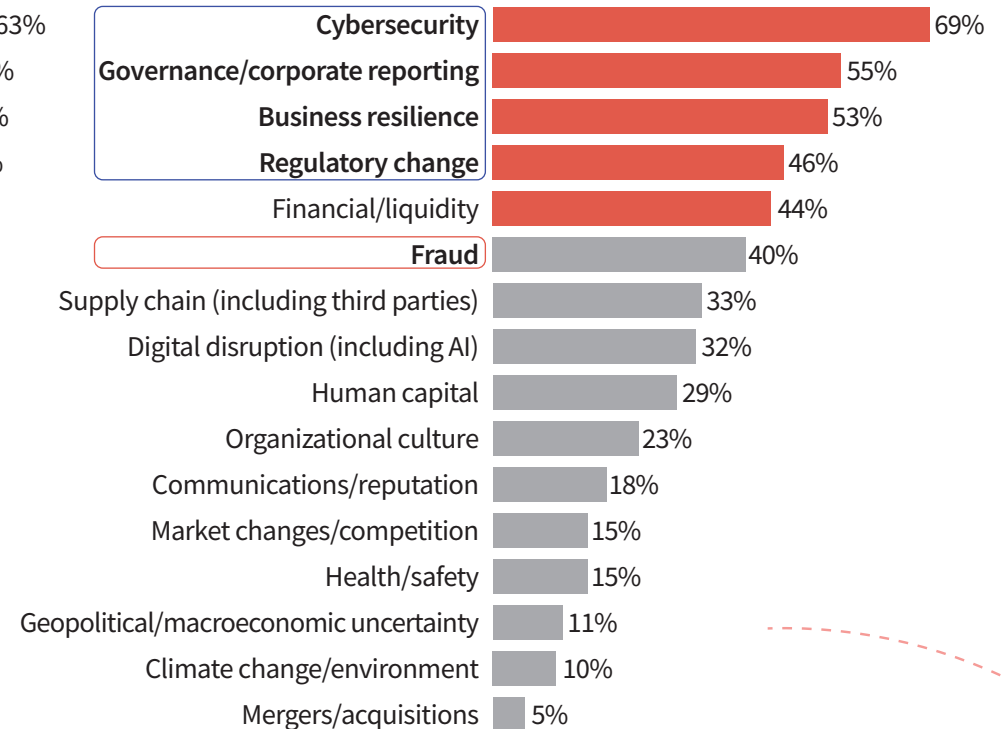
Exhibit 8. Asia Pacific vs. Global – Highest Audit Priorities

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Asia Pacific – Highest Audit Priorities



Global – Highest Audit Priorities



■ Highest audit priorities

■ Areas with high audit priority for both the region and global

■ Areas with high audit priority for the region but lower audit priority for global

Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 865 for Asia Pacific. *n* = 4,073 for global.



AUDIT PRIORITIES

Exhibit 9. Asia Pacific – Audit Priority Trend

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	Change	Risk area
66%	63%	63%		0	Cybersecurity
56%	52%	58%		+6	Regulatory change
59%	60%	57%		-3	Business resilience
54%	55%	56%		+1	Governance/corporate reporting
42%	43%	42%		-1	Fraud
33%	33%	36%		+3	Human capital
33%	28%	32%		+4	Supply chain (including third parties)
35%	30%	30%		0	Financial/liquidity
19%	23%	25%		+2	Digital disruption (including AI)
23%	25%	23%		-2	Organizational culture
23%	25%	19%		-6	Market changes/competition
21%	23%	18%		-5	Communications/reputation
18%	16%	17%		+1	Health/safety
10%	16%	10%		-6	Climate change/environment
6%	6%	7%		+1	Geopolitical/macroeconomic uncertainty
3%	2%	4%		+2	Mergers/acquisitions

■ Increased audit priority compared to prior year
 ■ Decreased audit priority 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. $n = 865$ for Asia Pacific.

Note 2: The orange and blue bars show the difference in audit priority ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest audit priority rating for 2025. The years indicate the year the survey was conducted.



AUDIT PRIORITIES

Exhibit 10. Global – Audit Priority Trend

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

2023	2024	2025	Change from 2024 to 2025	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	Communications/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	Mergers/acquisitions

■ Increased audit priority compared to prior year ■ Decreased audit priority 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 orange and blue bars show the difference in audit priority ratings from 2024 to 2025. The column labeled "change" shows the percentage point difference between 2024 and 2025. The areas are listed from the highest to lowest audit priority rating for 2025. The years indicate the year the survey was conducted.



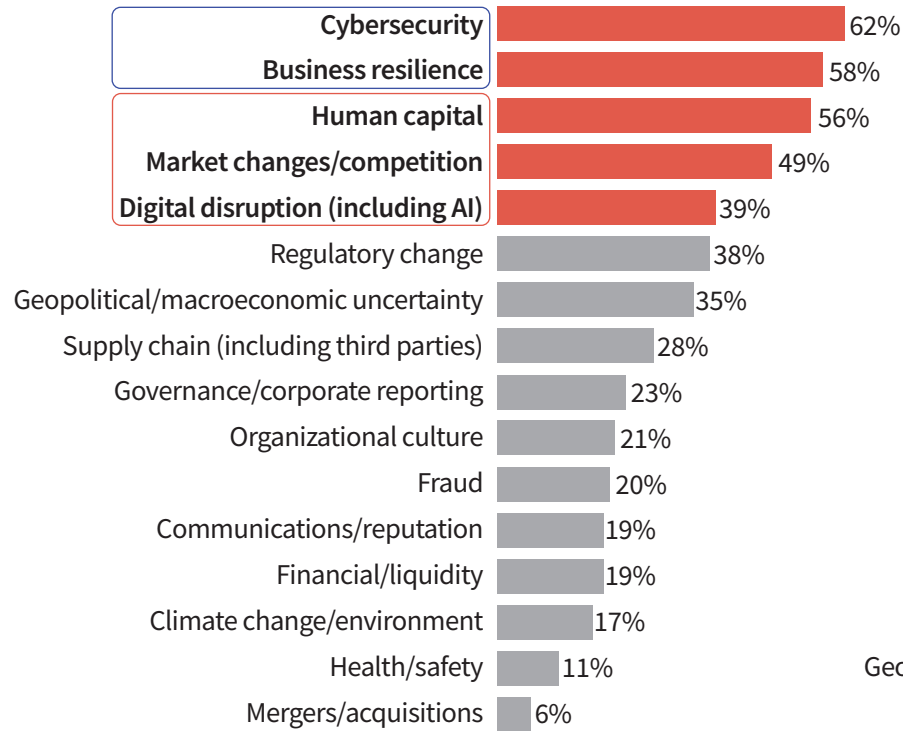
RISK VS. AUDIT PRIORITIES

Exhibit 11. Asia Pacific – Risk vs. Audit Priorities

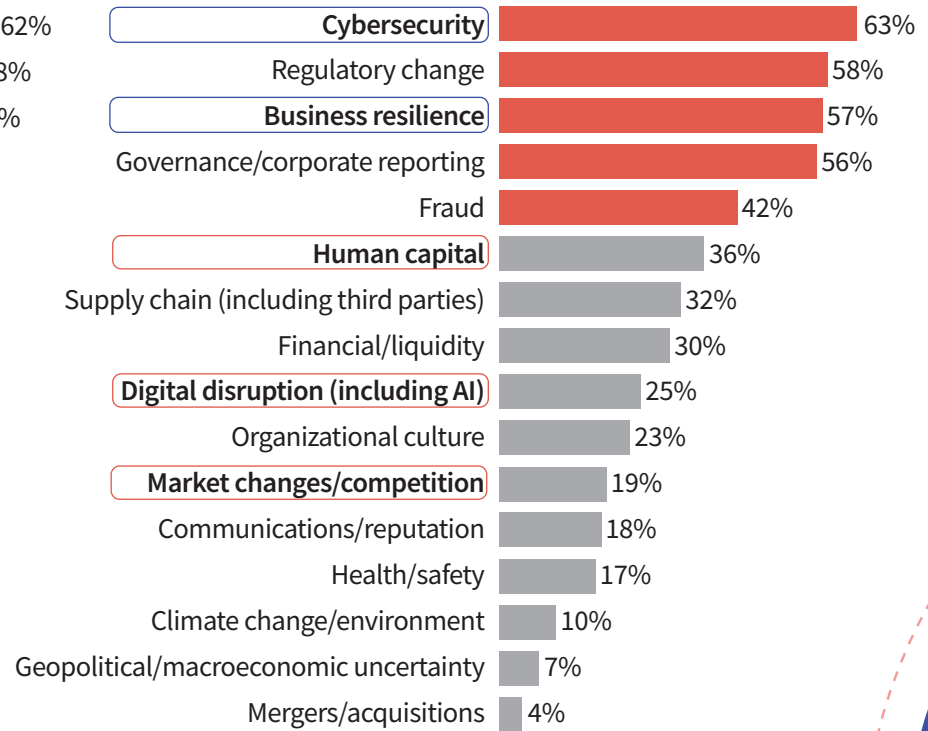
Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)

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

Asia Pacific – Highest Risks



Asia Pacific – Highest Audit Priorities



■ Highest risks and audit priorities □ Areas with both high risk and high audit priority □ Areas with high risk but lower audit priority

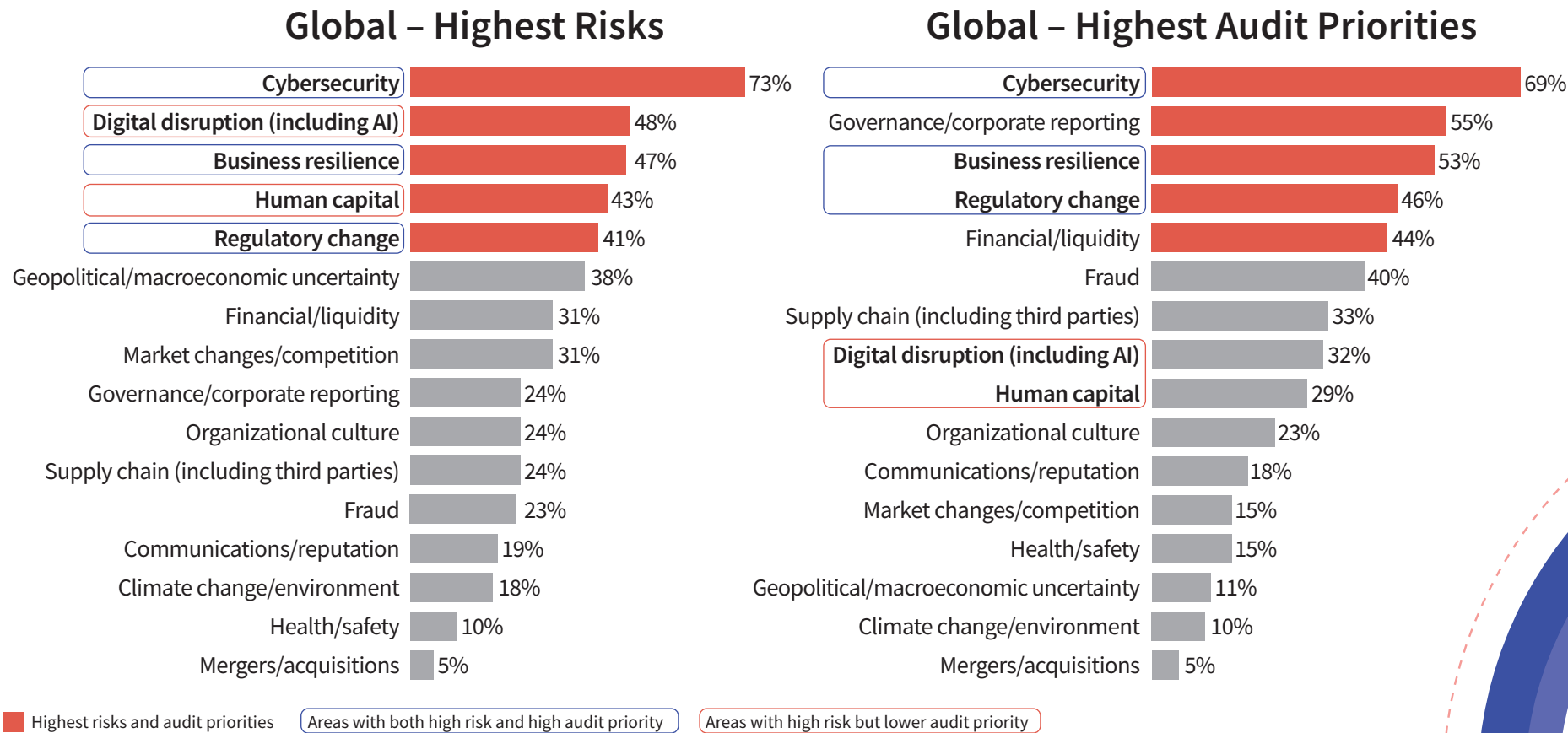
Note: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. $n = 865$ for Asia Pacific.



RISK VS. AUDIT PRIORITIES

Exhibit 12. Global – Risk vs. Audit Priorities

Survey questions: What are the Top 5 risks your organization currently faces? (Choose 5.)
What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)



Note: 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.



INDUSTRY ANALYSIS

Exhibit 13. Asia Pacific – Highest Risks per Industry

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

Risk area	All	Manufacturing	Financial services	Information/communication	Wholesale and retail	Mining/energy/water	Professional/technical	Transport/storage	Health/social work
Cybersecurity	62%	54%	78%	79%	63%	47%	69%	52%	69%
Business resilience	58%	60%	58%	53%	49%	60%	48%	73%	50%
Human capital	56%	57%	52%	51%	60%	42%	67%	48%	66%
Market changes/competition	49%	61%	40%	47%	63%	40%	40%	45%	34%
Digital disruption (including AI)	39%	33%	49%	47%	32%	27%	50%	33%	38%
Regulatory change	38%	36%	43%	42%	35%	53%	33%	36%	47%
Geopolitical/macroeconomic uncertainty	35%	48%	33%	30%	25%	33%	19%	39%	19%
Supply chain (including third parties)	28%	31%	19%	32%	30%	29%	21%	27%	22%
Governance/corporate reporting	23%	22%	21%	18%	30%	20%	33%	24%	22%
Organizational culture	21%	19%	16%	24%	21%	20%	36%	21%	28%
Fraud	20%	16%	25%	14%	27%	22%	7%	27%	19%
Communications/reputation	19%	14%	18%	22%	17%	22%	19%	6%	25%
Financial/liquidity	19%	14%	23%	11%	11%	22%	14%	27%	28%
Climate change/environment	17%	22%	16%	9%	11%	27%	19%	18%	3%
Health/safety	11%	10%	4%	11%	6%	31%	10%	15%	19%
Mergers/acquisitions	6%	4%	5%	9%	10%	4%	14%	6%	13%

 Highest risks per industry

 If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 865 for Asia Pacific.

Note 2: Industries with the highest response rates are shown. The column labeled “All” shows the average of all respondents.



INDUSTRY ANALYSIS

Exhibit 14. Asia Pacific – Highest Audit Priorities per Industry

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Audit area	All	Manufacturing	Financial services	Information/communication	Wholesale and retail	Mining/energy/water	Professional/technical	Transport/storage	Health/social work
Cybersecurity	63%	62%	72%	72%	57%	49%	71%	61%	53%
Regulatory change	58%	61%	61%	62%	67%	40%	62%	48%	59%
Business resilience	57%	59%	62%	53%	48%	69%	33%	58%	66%
Governance/corporate reporting	56%	53%	49%	53%	65%	60%	71%	58%	66%
Fraud	42%	41%	38%	41%	57%	40%	33%	52%	34%
Human capital	36%	34%	34%	43%	40%	27%	52%	45%	50%
Supply chain (including third parties)	32%	37%	24%	34%	25%	44%	26%	27%	38%
Financial/liquidity	30%	28%	33%	24%	30%	27%	26%	36%	34%
Digital disruption (including AI)	25%	22%	36%	30%	11%	22%	19%	9%	19%
Organizational culture	23%	23%	18%	22%	21%	22%	26%	33%	28%
Market changes/competition	19%	23%	19%	16%	21%	22%	17%	21%	16%
Communications/reputation	18%	14%	20%	14%	21%	20%	19%	18%	9%
Health/safety	17%	16%	8%	16%	10%	36%	17%	21%	19%
Climate change/environment	10%	13%	7%	7%	6%	18%	12%	9%	3%
Geopolitical/macroeconomic uncertainty	7%	10%	6%	9%	6%	0%	5%	0%	3%
Mergers/acquisitions	4%	3%	2%	4%	8%	4%	10%	3%	3%

 Highest audit priorities per industry

 If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: Risk in Focus survey conducted online from April 28 to June 6, 2025, by the Internal Audit Foundation and partners. *n* = 865 for Asia Pacific.

Note 2: Industries with the highest response rates are shown. The column labeled “All” shows the average of all respondents.



APPENDIX D. GLOBAL REGION ANALYSIS

Exhibit 1. Global – Highest Risks per Region

Survey question: What are the Top 5 risks your organization currently faces? (Choose 5.)

Risk area	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	73%	62%	62%	82%	76%	72%	86%
Digital disruption (including AI)	48%	44%	39%	47%	54%	50%	53%
Business resilience	47%	49%	58%	39%	35%	58%	46%
Human capital	43%	35%	56%	48%	40%	38%	42%
Regulatory change	41%	34%	38%	45%	49%	28%	51%
Geopolitical/macroeconomic uncertainty	38%	27%	35%	45%	45%	29%	45%
Financial/liquidity	31%	43%	19%	27%	32%	38%	27%
Market changes/competition	31%	19%	49%	32%	24%	29%	34%
Governance/corporate reporting	24%	33%	23%	20%	16%	38%	15%
Organizational culture	24%	29%	21%	19%	28%	26%	20%
Supply chain (including third parties)	24%	17%	28%	29%	15%	23%	30%
Fraud	23%	43%	20%	16%	32%	19%	11%
Communications/reputation	19%	25%	19%	12%	19%	19%	18%
Climate change/environment	18%	24%	17%	23%	25%	13%	7%
Health/safety	10%	11%	11%	12%	6%	11%	8%
Mergers/acquisitions	5%	3%	6%	5%	5%	6%	7%

■ Highest risks per region

■ If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: The global average is calculated by summing the average from each region and dividing by the number of regions.

Note 2: 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.



GLOBAL REGION ANALYSIS

Exhibit 2. Global – Highest Audit Priorities per Region

Survey question: What are the Top 5 audit areas on which internal audit spends the most time and effort? (Choose 5.)

Audit area	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	69%	60%	63%	72%	69%	69%	83%
Governance/corporate reporting	55%	51%	55%	58%	48%	64%	53%
Business resilience	53%	54%	57%	50%	40%	59%	60%
Regulatory change	46%	37%	58%	49%	53%	30%	50%
Financial/liquidity	44%	47%	30%	43%	51%	47%	44%
Fraud	40%	49%	42%	37%	51%	30%	30%
Supply chain (including third parties)	33%	31%	32%	39%	24%	35%	37%
Digital disruption (including AI)	32%	30%	25%	29%	30%	36%	43%
Human capital	29%	32%	36%	27%	27%	35%	15%
Organizational culture	23%	26%	23%	21%	29%	19%	19%
Communications/reputation	18%	23%	18%	14%	21%	19%	14%
Market changes/competition	15%	13%	19%	13%	16%	14%	13%
Health/safety	15%	13%	17%	17%	12%	14%	15%
Geopolitical/macroeconomic uncertainty	11%	12%	8%	8%	16%	13%	10%
Climate change/environment	10%	14%	10%	16%	9%	8%	4%
Mergers/acquisitions	5%	3%	4%	5%	6%	4%	7%

 Highest audit priorities per region

 If there is a tie for the fifth highest percentage, the tied percentages are highlighted in a lighter color

Note 1: The global average is calculated by summing the average from each region and dividing by the number of regions.

Note 2: 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.



ACKNOWLEDGMENTS

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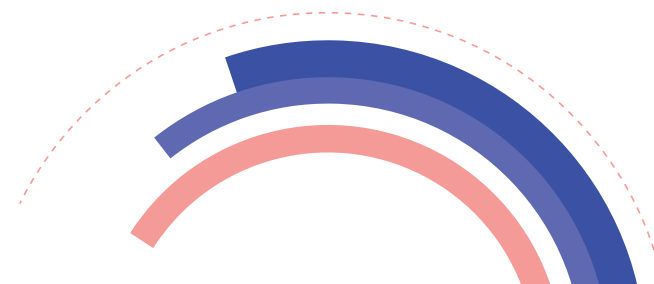
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