MIDDLE EAST 2026/2027

Hot Topics for Internal Auditors

RISK in FOCUS

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ABOUT GLOBAL RISK IN FOCUS

Know Your Risks. Plan Strategically.

Risk in Focus is the Internal Audit Foundation's premier annual initiative to identify the five most significant risks impacting 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 from the unique perspective of internal auditing.

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

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

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Internal Audit FOUNDATION 1976-2026

Visit the Risk in Focus Knowledge Center for free reports and board briefings (theiia.org/RiskInFocus).

GLOBAL RESEARCH PARTICIPATION

132 countries/ territories

3,285 survey responses

17 roundtables with **149** participants

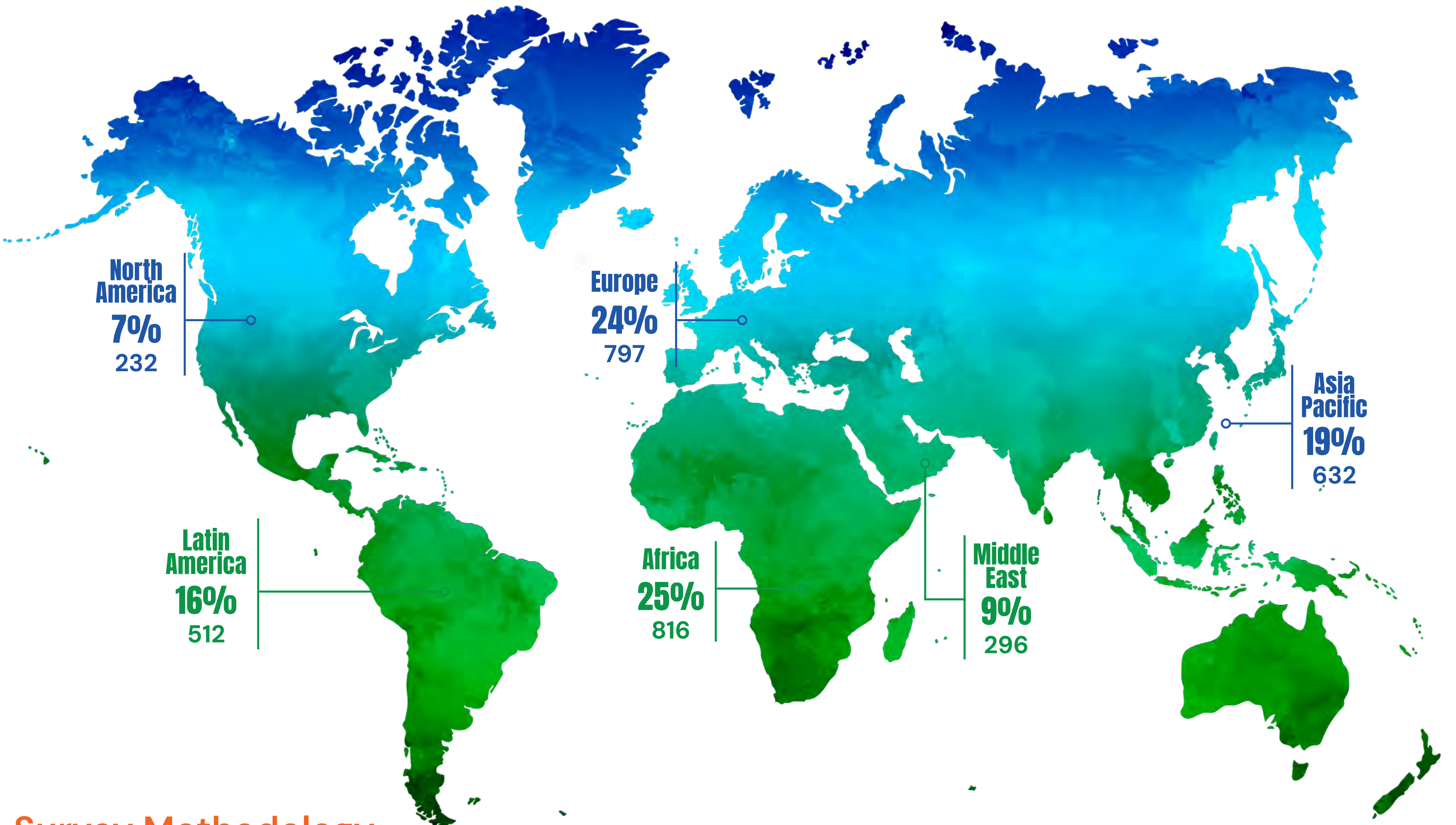
12 in-depth interviews

GLOBAL SURVEY PARTICIPATION

GLOBAL TOTALS

3,285 respondents

132 countries/locations



Survey Methodology

Survey responses were received from 3,285 chief audit executives and directors representing 132 countries and locations. The Internal Audit Foundation hosted the survey online from March 24 to May 6, 2026, for all regions except Europe. The survey for Europe was conducted by the European Institutes Research Group from March 2 to April 7, 2026.

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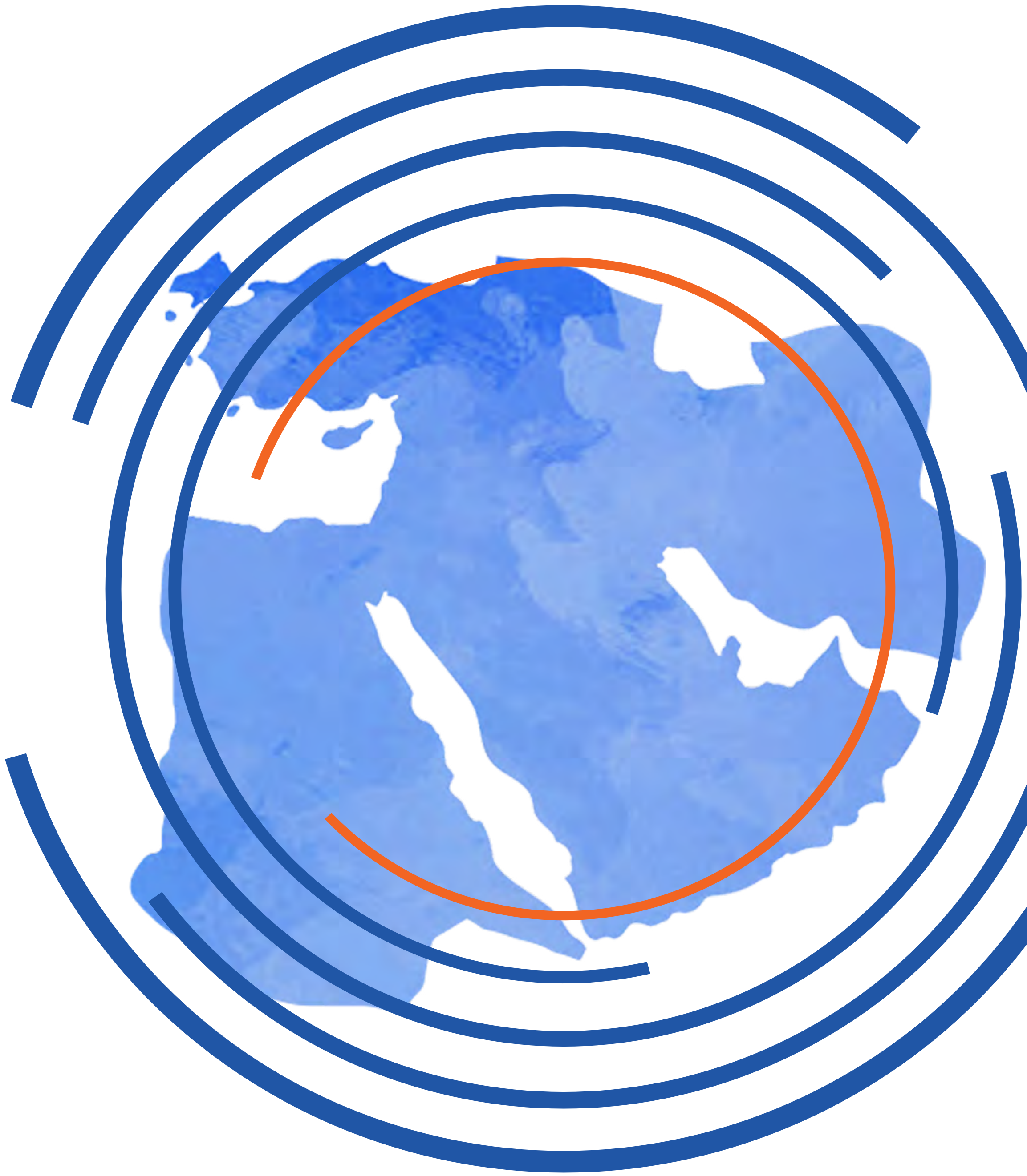

EXECUTIVE SUMMARY

War Strains Resilience and Liquidity

The outbreak of war between the U.S., Israel, and Iran presented an existential crisis for many businesses in the Middle East. CAEs focused audit efforts on the areas under the greatest pressure while providing rapid, flexible advice and assurance in coordination across the Three Lines.

After the U.S. and Israel initiated a joint attack against Iran on February 28, 2026, organizations hurried to secure their financial liquidity as oil sales, commercial trade, and tourism ground to a halt. The percentage of CAEs in the Middle East who chose geopolitical uncertainty as a Top 5 risk doubled from 29% to 60% compared to the prior year (Exhibit 1.1). At the same time, new technology presented an additional set of challenges for cybersecurity and regulatory compliance.

CAEs closely aligned their audit activities with key risk areas while business resilience continued to be a strong area of focus. During the crisis, most rapidly adapted their audit plans to fit the evolving situation and provided "pop-up" advisory services across the business. Allocating flexible time in the audit plan for urgent work was critical.

Low levels of risk governance maturity in fast-moving, emerging fields such as digital disruption and geopolitical uncertainty hampered efforts to assess threats and provide assurance. CAEs supported their organizations by collating data from advisory services, reporting results to the board, and feeding the results into emerging governance and audit frameworks.

With an unpredictable future, organizations continued to strengthen resilience and financial stability.

Key Points

- Regional war and instability sent geopolitical uncertainty up 31 percentage points, making it a Top 5 risk for 60% of CAEs in the Middle East and exceeding the global average increase of 10 percentage points (Exhibits 1.1 and C.2).
- Thirty-five percent of CAEs said that supply chain was a Top 5 risk (the highest level among the global regions) (Exhibit 1.2).
- Audit effort was closely aligned with threats for all Top 5 risks except geopolitical uncertainty, although audit priority for geopolitical uncertainty is rising (Exhibits 2.1 and 2.2).
- CAEs sought to ensure audit plans closely support organizational strategy and made recommendations to address the impacts of specific threats.
- Risk governance maturity for geopolitical uncertainty and digital disruption is low, creating difficulty in providing full audit coverage (Exhibit 3.1).

MIDDLE EAST RESEARCH PARTICIPATION

296 survey responses

15 countries/locations

2 roundtables with **20** participants

3 in-depth interviews

RESEARCH PARTNER

ARABCIA
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1. RISK ENVIRONMENT

Conflict Intensified Supply Chain and Financial/Liquidity Risks

Regional war sent geopolitical uncertainty up 31 percentage points, which made it a Top 5 risk for 60% of CAEs in the Middle East (Exhibit 1.1). More CAEs in the Middle East rated geopolitical uncertainty a Top 5 risk (60%) than anywhere else in the world – much higher than the global average of 48% (Exhibit 1.2).

When the U.S. and Israel initiated a joint attack against Iran in February 2026, organizations in surrounding Gulf countries were shocked to quickly become the target of Iran's huge arsenal of drones and missiles. It was unprecedented and unexpected. "Geopolitical risk was not even one of our Top 5 risks," a CAE from Oman said at one of the project's roundtables. Another described the shock of their business being hit by missiles and disabling their CCTV cameras, making the organization unable to even see the state of their facilities.

The sudden increase in geopolitical risk rating created a "risk displacement" effect, where a high-risk area drops lower in the Top 5 risk ranking because urgent emerging risks take its place. For example, this year risk ratings went down for business resilience and a wide variety of other risks in order to build the 31% increase for geopolitical uncertainty risk.

Even with risk scores for business resilience decreasing, more CAEs in the region chose business resilience (47%) as a Top 5 risk than in any other part of the world (Exhibit 1.2). In addition, supply chain risk was especially high for the Middle East compared to other global regions, particularly for sectors that depend on global trade and transportation (Exhibit 1.3). Not only were geopolitical risks higher for publicly and privately held organizations, but more than half of CAEs also said that supply chain and outsourcing were Top 5 risks (58% and 52%) (Exhibit 1.3).

Deep and continuing financial impacts

The financial impacts of the conflict have been wide and deep. While CAEs said they expected the consequences to unfold for years to come, dealing with the immediate impacts required rapid action. With flights disrupted in an area fast becoming a war zone, tourism ground to a halt, said a CAE working in Oman's leisure sector. The disruption also created a threat to financial liquidity for the organization as revenues declined, while supply chains serving hospitality facilities were disrupted. "The main risk that is now affecting the [tourism] industry is uncertainty itself," he said.

More CAEs in the Middle East rated **geopolitical uncertainty** a Top 5 risk (**60%**) than anywhere else in the world.

Exhibit 1.1. Middle East – Top 5 Risks Trend

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

2023	2024	2025	2026	Change from 2025 to 2026	Change	Risk areas
70%	66%	72%	81%		+9	Cybersecurity
16%	27%	29%	60%		+31	Geopolitical/macroeconomic uncertainty
32%	38%	50%	58%		+8	Digital disruption (including AI)
53%	63%	58%	47%		-11	Business resilience
38%	38%	38%	42%		+4	Financial/liquidity
28%	26%	23%	35%		+12	Supply chain and outsourcing
46%	43%	38%	34%		-4	Human capital
45%	41%	38%	27%		-11	Governance/corporate reporting
27%	27%	19%	22%		+3	Fraud
33%	27%	28%	20%		-8	Regulatory change
27%	29%	29%	20%		-9	Market changes/competition
10%	12%	13%	15%		+2	Climate change/environment
28%	21%	19%	13%		-6	Communications/reputation
30%	21%	26%	13%		-13	Organizational culture
9%	12%	11%	10%		-1	Health/safety
10%	8%	6%	3%		-3	Mergers/acquisitions

Increased risk compared to prior year   Decreased risk compared to prior year

How to Interpret the Graph
Orange text indicates an increase of 4 percentage points or more compared to the prior year. The orange and blue bars show the difference in ratings from 2025 to 2026. The column labeled "change" shows the percentage point difference from 2025 to 2026.

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

The proportion of CAEs rating financial/liquidity as a Top 5 risk rose four percentage points to 42% compared to a global average of 34%. (Exhibit 1.2). When CAEs were asked to rank risks on a scale of 1 to 7, 64% rated financial/liquidity risk as high, very high, or extremely high (Exhibit 1.4). Inflation pressures and interest rate movements sent trading volumes lower as investors suspended their spending plans, a CAE at an Egyptian investment firm said. The key to surviving the shock was strengthening business resilience. "From an internal audit perspective, the focus was on assessing whether management had scenario planning and liquidity and capital monitoring in place, as well as stress testing capabilities and risk reporting processes," she said.

Government spending by the six countries in the Gulf Cooperation Council (GCC) was about $540 billion in 2025 and expected to continue rising before the war, according to Emirates News Agency–WAM. This spending is largely funded by oil exports – hydrocarbon sales revenue accounted for 40% to 90% of overall government revenues for all GCC economies in 2023, according to the World Bank Group's Gulf Economic Update. Closing the Strait of Hormuz stopped that trade overnight. That has greatly reduced the money available to many businesses dependent on government funding, a CAE from a technology business in Kuwait said. In addition, foreign exchange volatility has made securing external funding for large-scale infrastructure projects more difficult, a CAE at a Jordanian utilities company said.

But in the nonprofit sector, financial liquidity pressures created by geopolitical uncertainty pre-dated the war: 56% of CAEs said it was a Top 5 risk. In 2025, for example, the U.S. government cut funding to projects run by the U.S. Agency for International Development (USAID) by about 83%. In 2024, that provided $12 billion of support for the region's nonprofit programs. USAID closed in July 2025 as other countries, such as France, Germany, and the U.K. also reduced assistance. "The cuts disrupted many projects," a CAE in Jordan said. "We can see the impact on resilience, liquidity, and job losses, including among many subcontractors." In addition, 56% of CAEs in the sector said fraud was a Top 5 risk (Exhibit 1.3).

Fraud risks rise from external pressures

While a relatively small proportion (22%) of all CAEs said fraud was a Top 5 risk at their organization, when asked to rate the risk on a scale of 1 to 7, almost half (47%) said the risk was high, very high, or extremely high for their organizations (Exhibit 1.4).

"Regardless of whether it has been detected, fraud is there," Bassem Nohra, a CAE in Qatar, said. "Cybersecurity, geopolitical uncertainty, digital disruption, financial liquidity, the supply chain, and human capital are all catalysts for fraud risk."

With the aid of new technology, fraud has become increasingly prevalent and sophisticated. For instance, the CAE from a mortgage bank in Morocco said that external fraud threats from digital technologies were growing. While his organization's internal policies and procedures were strong, he said the bank found it increasingly difficult to detect and prevent people using authentic-looking fraudulent documents to apply for loans. He urged CAEs to keep abreast of market trends and to use conversations with management and regulators to keep up to speed with new developments.

"Regardless of whether it has been detected, fraud is there."

– Bassem Nohra, Qatar

Exhibit 1.2. Global – Top 5 Risks per Region

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

Risk areas	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	**80% ↑**	**73% ↑**	**72% ↑**	**86% ↑**	**80% ↑**	**81% ↑**	**85%**
Digital disruption (including AI)	**58% ↑**	**50% ↑**	**59% ↑**	**52% ↑**	**61% ↑**	**58% ↑**	**69% ↑**
Geopolitical/macroeconomic uncertainty	**48% ↑**	**35% ↑**	**48% ↑**	**51% ↑**	**52% ↑**	**60% ↑**	**43%**
Human capital	**38%**	30%	**41%**	**39%**	**37%**	34%	**45%**
Business resilience	**35%**	28%	**43%**	37%	25%	**47%**	29%
Financial/liquidity	34%	**49% ↑**	**28% ↑**	28%	**36% ↑**	**42% ↑**	24%
Regulatory change	32%	28%	24%	**40%**	36%	20%	**42%**
Market changes/competition	29%	20%	37%	32%	27%	20%	**41% ↑**
Fraud	29%	**50% ↑**	**28% ↑**	16%	**38% ↑**	22%	**18% ↑**
Supply chain and outsourcing	**27% ↑**	**21% ↑**	**33% ↑**	26%	17%	**35% ↑**	33%
Governance/corporate reporting	20%	27%	21%	13%	15%	27%	14%
Climate change/environment	19%	**31% ↑**	20%	21%	23%	15%	7%
Organizational culture	19%	26%	19%	17%	26%	13%	16%
Communications/reputation	15%	18%	13%	**17% ↑**	15%	13%	16%
Health/safety	10%	12%	8%	12%	7%	10%	11%
Mergers/acquisitions	5%	2%	6%	5%	4%	3%	7%

5 highest risks

How to Interpret the Graph
The **red arrows** ↑ indicate an increase of 4 percentage points or more compared to the prior year.

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 3,285.

Digital disruption adds complexity to cybersecurity

Digital disruption was a Top 5 risk for 58% of CAEs and a high risk for 77% (Exhibit 1.4). Organizations were struggling to implement new technologies quickly while managing evolving risks. “Sometimes adoption is faster than the governance framework can evolve,” the CAE at a financial firm in Kuwait said. “This creates a gap between the innovation and the control maturity in the organization” (see Section 3).

Cybersecurity was a Top 5 risk for 81% of CAEs in the region, rising 9 percentage points (Exhibit 1.1). For financial entities in particular, cyber risk was fueled by complexity. Adopting more advanced operating and commercial infrastructures has provided a broader range of potential entry points for hackers to target. In addition, cybercriminals were making cyberattacks more sophisticated by creating deepfakes or AI-assisted programs.

“Financial institutions are a major target for cybercriminals because of the amount of sensitive client data and financial transactions,” a CAE from Somalia said, “and these attacks continue to expand through digital platforms and third-party service providers.”

CAEs at the roundtable agreed that a successful cyberattack could have wide-ranging consequences and seriously damage an organization’s reputation. “Investor confidence can change much faster than the financial indicators, so maintaining trust has become a critical risk factor for us,” a CAE at a regional financial firm said.

Roundtable participants also expressed concerns about cyberattacks increasingly becoming a weapon of choice for some governments, as geopolitical tensions increase. Attacks have been carried out to disrupt critical infrastructure within the region as well targets within the U.S. and the U.K.

Regulatory compliance adds to financial strains

A CAE from a financial institution in the Kingdom of Saudi Arabia said that he has seen the compliance-related costs for cybersecurity increase by 40% over the past year. “It’s more expensive because you need to hire more people and contract more providers,” he said. Recently, regulators asked the firm to segregate its cyber and data chiefs into separate roles, for example, which entailed hiring an extra senior expert at great cost.

Conclusion

The unexpected, rapid, and widespread outbreak of conflict in the region has created unprecedented strain on organizations and their internal audit functions. New stressors reveal an important interconnected risk story: geopolitical shocks are amplifying supply chain and liquidity risks, while digital disruption is intensifying cybersecurity and fraud exposure. Despite new challenges, CAEs in the Middle East indicate their audit plans are more closely aligned with risks than in other global regions, putting CAEs in a strong position to deal with the ongoing situation, as shown in Section 2. Audit Priorities.

“Sometimes adoption is faster than the governance framework can evolve.”

– Roundtable participant

Exhibit 1.3. Middle East – Top 5 Risks per Sector

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

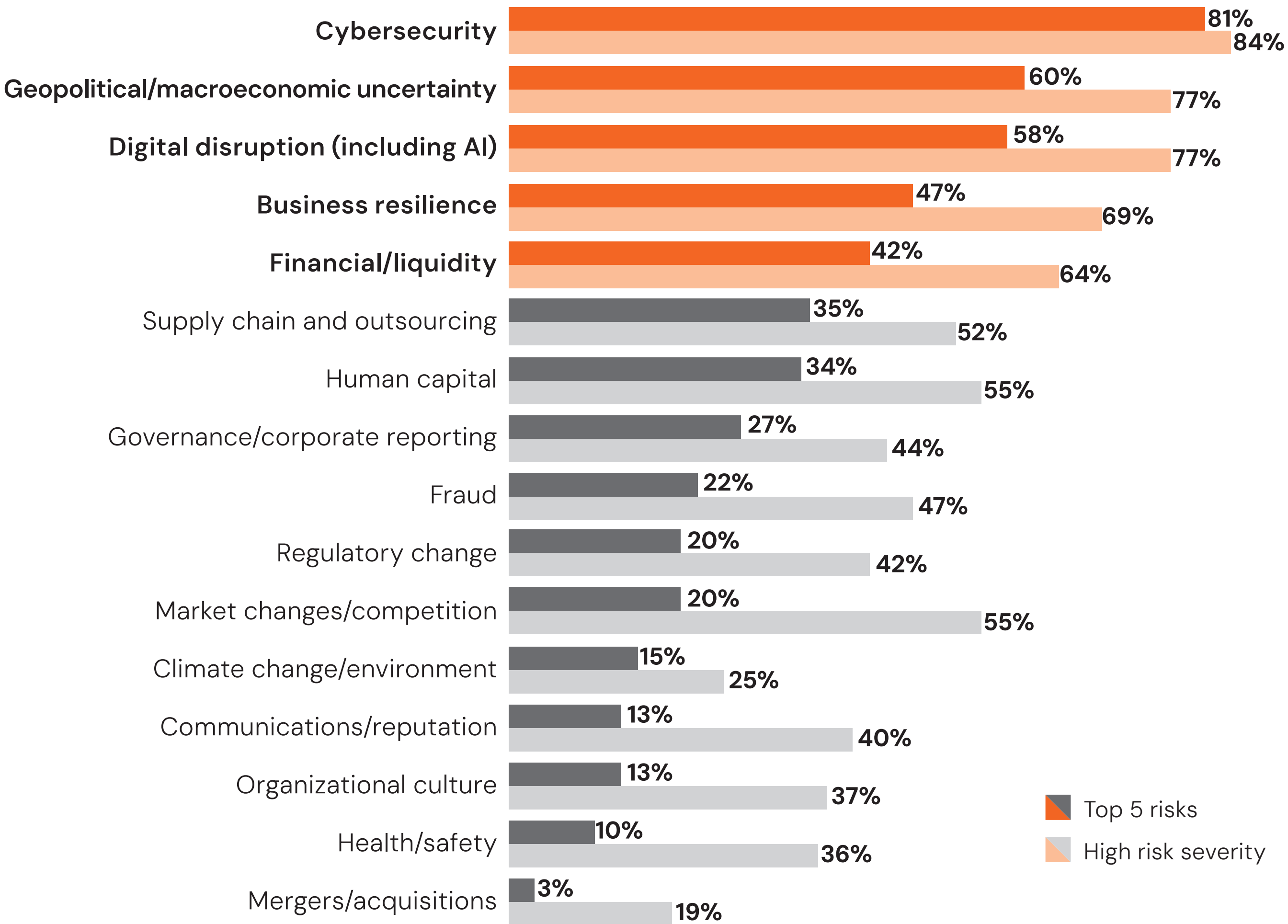
Risk areas	All Middle East	Financial services	Privately held	Publicly traded	Public sector	Nonprofit
Cybersecurity	**81%**	**90%**	**73%**	**80%**	**75%**	**78%**
Geopolitical/macroeconomic uncertainty	**60%**	**52%**	**71%**	**68%**	**55%**	44%
Digital disruption (including AI)	**58%**	**67%**	**48%**	**43%**	**60%**	**56%**
Business resilience	**47%**	**41%**	**49%**	**60%**	**47%**	**78%**
Financial/liquidity	**42%**	**49%**	43%	28%	42%	**56%**
Supply chain and outsourcing	35%	18%	**52%**	**58%**	26%	22%
Human capital	34%	33%	31%	28%	**45%**	22%
Governance/corporate reporting	27%	27%	21%	18%	42%	22%
Fraud	22%	28%	23%	8%	15%	**56%**
Regulatory change	20%	22%	21%	15%	21%	11%
Market changes/competition	20%	24%	24%	20%	6%	22%
Climate change/environment	15%	17%	12%	23%	11%	0%
Communications/reputation	13%	16%	8%	13%	13%	22%
Organizational culture	13%	9%	11%	18%	19%	0%
Health/safety	10%	4%	12%	15%	19%	11%
Mergers/acquisitions	3%	3%	1%	10%	4%	0%

5 highest risks

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

Exhibit 1.4. Middle East – Top 5 Risks vs. High Risk Severity

Survey question 1: **What are the Top 5 risks your organization currently faces? (Choose 5.)**
Survey question 2: **On a scale of 1 to 7, please rate the current level of risk at your organization for each of the following risk areas.**



How to Interpret the Graph
Dark colors show who picked the risk as one of the 5 highest at their organization (Top 5 risk). **Light colors** show who rated the risk as a 5, 6, or 7 on a scale of 1 to 7 (high risk severity). **Orange** indicates the five highest ratings for both risk measures.

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

KEY POINTS

Survey insights

- Cybersecurity and digital disruption risks both increased substantially compared to the prior year, with cybersecurity continuing to stay at the top of the risk ratings (Exhibit 1.1).
- Regional war sent geopolitical uncertainty up 31 percentage points to 60%, making this risk rating the highest of any global region (Exhibits 1.1 and 1.2).
- Supply chain concerns have increased substantially, making this risk rating the highest of any global region (Exhibits 1.1 and 1.2).

Internal audit strategies

- Engage with management and regulators to stay informed about new types of cyberattacks and fraud.
- Assess whether management has established effective scenario planning, liquidity and capital monitoring, and stress testing capabilities.
- Review risk reporting processes.

2. INTERNAL AUDIT PRIORITIES

Risk-Aligned Audit Work Helps Organizations Withstand Shocks

CAEs in the Middle East adjusted their audit effort well to their Top 5 risks, with close alignment for cybersecurity, financial/liquidity, business resilience, and digital disruption (Exhibit 2.1).

The rapid and sudden rise in the risk rating for geopolitical uncertainty (+31) triggered more CAEs to make geopolitical uncertainty one of their Top 5 priorities (+12) (Exhibit 2.2). This was the largest area of audit priority increase for the year.

As CAEs adjusted their audit plans for rapidly emerging risks, they reduced audit priority for governance/corporate reporting (–11) and business resilience (–12), shifting to a wide range of risks, including geopolitical uncertainty (+12), cybersecurity (+9), fraud (+8), digital disruption (+7), and financial/liquidity (+5) (Exhibit 2.2).

At the region's roundtables, CAEs said that they used business resilience – the ability to withstand a wide range of shocks – as a key method to address interconnected risks. The proportion of CAEs choosing business resilience both as a Top 5 risk and as an internal audit priority was identical (47%) (Exhibit 2.1).

Looking at risk/priority alignment within industries also shows clear coordination. For example, the vast majority of CAEs at financial services firms said cybersecurity was a Top 5 area of effort (87%) (Exhibit 2.3), closely mirroring the 90% who chose it as a Top 5 risk (Exhibit 1.3). For privately held and publicly traded companies, many of which depend on reliable, global logistical networks, CAEs said supply chain required significant internal audit effort (52% and 60%), which is well aligned with the percentage who said this area was high risk (52% and 58%).

CAEs increase advisory services and flexibility

The outbreak of the conflict between the U.S. and Israel with Iran overturned peacetime audit planning – with operations at many organizations shifting into crisis management. "It was all about readiness and how to encourage the organization to be proactive rather than reactive," a CAE at a real estate company in Egypt said. "We played more of an advisory role in this phase to champion risk awareness and provide advice on evaluating the effectiveness of risk management around those threats." CAEs agreed that flexibility had been key. A CAE from a digital technology business in Kuwait said that he set up "pop-up" advisory engagements across the business's locations to cover urgent topics such as cybersecurity.

The rapid and sudden rise in the risk rating for **geopolitical uncertainty** (**+31**) triggered more CAEs to make geopolitical uncertainty one of their Top 5 priorities (**+12**) (Exhibit 2.2).

"Audit plans must be flexible enough to pivot resources instantly as regional tensions escalate."

– Roundtable participant, Jordan

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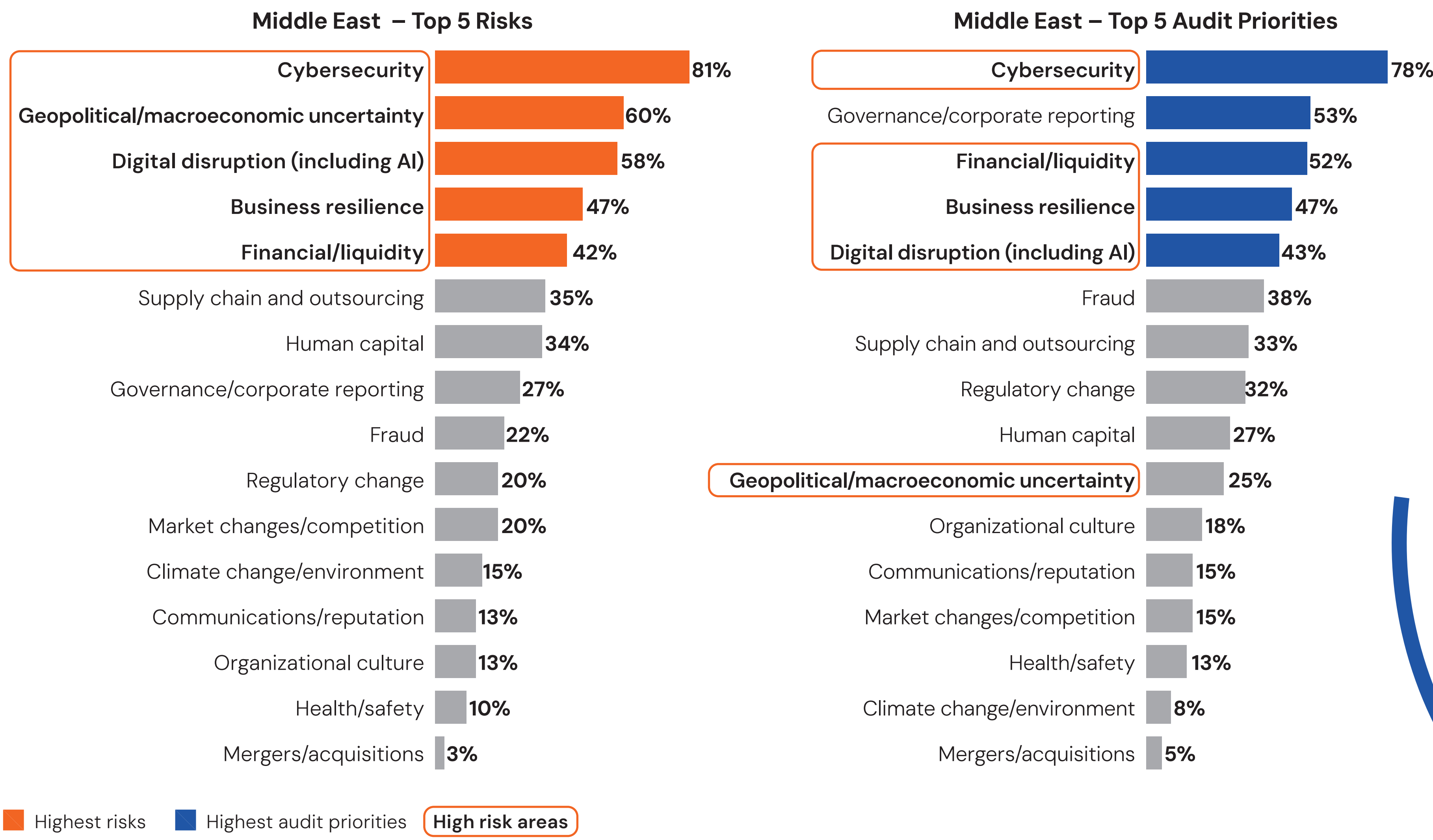
Exhibit 2.1. Middle East – Top 5 Risks vs. Top 5 Audit Priorities

Survey question 1: **What are the Top 5 risks your organization currently faces? (Choose 5.)**
Survey question 2: **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 worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

INTERNAL AUDIT PRIORITIES

"Audit plans must be flexible enough to pivot resources instantly as regional tensions escalate," a CAE at a utility company in Jordan said. That was particularly important for areas with lower risk maturity, such as digital disruption and geopolitical uncertainty (Exhibit 3.1). CAEs said that internal audit's strategy needed to be supported by a "living" audit plan that could be adjusted regularly in consultation with its stakeholders. In practice, that meant pursuing two related tactics:

1. CAEs should consider having a portion of their audit plan set aside to address urgent topics that are directly mandated by the board, management, or regulators.

2. When conducting engagements on the audit plan, CAEs should allow flexibility where emerging risks demand management attention. For example, in areas where managers are dealing with pressing risks, reschedule the audit to a more practical time.

Work closely with stakeholders to build trust

Faiza Al Jabri, a CAE in Oman's logistics sector and an Advocacy Committee Member of the IIA–Oman Chapter, said she had been working closely with management to understand where internal audit could best allocate its resources and how internal audit's insights and recommendations could support the organization's response to current developments.

"To remain flexible and responsive to new situations, part of the audit plan is kept open, allowing internal audit to address emerging risks, changing circumstances, and new priority assignments," she said.

Al Jabri said that geopolitical developments had led to closer engagement with management and created opportunities for internal audit to provide insights when needed. "Having more regular meetings with management and the board audit committee have reinforced internal audit's role as a trusted strategic advisor," she said.

Coordinating with other business functions

CAEs at the roundtable said they had sought greater coordination with risk management, compliance, and control functions and IT. One CAE from a financial institution in the Kingdom of Saudi Arabia said that he organized a series of annual and quarterly meetings with risk management, compliance, and some management functions. This created a culture of openness where he could raise issues to be addressed without the need to write formal reports or escalate issues to the audit committee – providing the right mediations were taken. That built trust and also led to a greater number of requests for advisory assignments.

"Having more regular meetings with management and the board audit committee have reinforced internal audit's role as a trusted strategic advisor."

– Faiza Al Jabri, Oman

Exhibit 2.2. Middle East – 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	2026	Change	Audit areas
61%	**65%**	**69%**	**78%**	**+9**	**Cybersecurity**
64%	58%	64%	53%	-11	Governance/corporate reporting
43%	**50%**	**47%**	**52%**	**+5**	**Financial/liquidity**
53%	61%	59%	47%	-12	Business resilience
20%	**30%**	**36%**	**43%**	**+7**	**Digital disruption (including AI)**
43%	**37%**	**30%**	**38%**	**+8**	**Fraud**
40%	31%	35%	33%	-2	Supply chain and outsourcing
35%	32%	30%	32%	+2	Regulatory change
34%	37%	35%	27%	-8	Human capital
8%	**9%**	**13%**	**25%**	**+12**	**Geopolitical/macroeconomic uncertainty**
27%	24%	19%	18%	-1	Organizational culture
23%	19%	19%	15%	-4	Communications/reputation
16%	19%	14%	15%	+1	Market changes/competition
16%	16%	14%	13%	-1	Health/safety
7%	6%	8%	8%	0	Climate change/environment
9%	7%	4%	5%	+1	Mergers/acquisitions

Increased audit priority compared to prior year   Decreased audit priority compared to prior year

How to Interpret the Graph

Orange text indicates an increase of 4 percentage points or more compared to the prior year. The orange and blue bars show the difference in ratings from 2025 to 2026. The column labeled "change" shows the percentage point difference from 2025 to 2026.

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

Digital disruption and regulatory requirements

Digital disruption was a Top 5 area of focus for 43% of CAEs (Exhibit 2.1), with data protection laws across the region becoming a key consideration. For example, many cloud and AI services involve cross-border data processing, but regulations in several jurisdictions restrict the transfer of data outside the country. Such transfers often require approval from the relevant regulatory authority and must comply with the principle of data minimization, so that only the minimum amount of data necessary to achieve the audit objective may be transferred.

Not only is this an issue for organizations in general, but it also affects internal audit activities as CAEs increasingly leverage cloud platforms and AI. To address these challenges, CAEs say they focus on using AI to automate those internal audit processes that do not require cross-border data transfers, such as risk assessment, audit prioritization, and engagement planning. Bassem Nohra, a CAE in Qatar, suggested, "CAEs can break the audit process into its constituent parts and apply AI to those activities without breaching data protection regulations."

Conclusion

Agility and stakeholder coordination have become essential aspects of effective risk-based planning. Audit plans are becoming more flexible and responsive to changing threats, with internal audit providing "pop-up" advisory services to address urgent issues. The increasing complexity and uncertainty of the geopolitical risk landscape have further underscored the critical importance of closer engagement with management and the audit committee, and coordination across assurance functions.

"We played more of an advisory role in this phase to champion risk awareness and provide advice on evaluating the effectiveness of risk management around those threats."

– Roundtable participant, Egypt

Exhibit 2.3. Middle East – Top 5 Audit Priorities per Sector

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

Audit areas	All Middle East	Financial services	Privately held	Publicly traded	Public sector	Nonprofit
Cybersecurity	**78%**	**87%**	**72%**	**68%**	**79%**	**67%**
Governance/corporate reporting	**53%**	**53%**	**51%**	**48%**	**62%**	**78%**
Financial/liquidity	**52%**	**55%**	44%	**45%**	**51%**	**78%**
Business resilience	**47%**	**43%**	**51%**	**48%**	**42%**	**56%**
Digital disruption (including AI)	**43%**	**54%**	32%	33%	**42%**	33%
Fraud	38%	40%	**45%**	25%	30%	**67%**
Supply chain and outsourcing	33%	16%	**52%**	**60%**	25%	22%
Regulatory change	32%	36%	25%	35%	32%	33%
Human capital	27%	25%	28%	13%	**42%**	22%
Geopolitical/macroeconomic uncertainty	25%	23%	35%	20%	17%	11%
Organizational culture	18%	15%	17%	25%	26%	0%
Communications/reputation	15%	17%	13%	10%	11%	22%
Market changes/competition	15%	17%	19%	15%	8%	0%
Health/safety	13%	5%	11%	25%	25%	11%
Climate change/environment	8%	11%	4%	15%	6%	0%
Mergers/acquisitions	5%	3%	1%	18%	4%	0%

5 highest audit priorities

Note 1: Ties for fifth place are highlighted in a lighter shade.
Note 2: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

KEY POINTS

Survey insights

- Audit effort was closely aligned with risk for four out of the five highest risks. The only exception was geopolitical uncertainty, where audit priority had increased 12 percentage points over the prior year, but was still relatively lower than the risk rating (Exhibits 2.1 and 2.2).
- Business resilience was a Top 5 area of internal audit priority for 47% of CAEs, the same figure that said it was a Top 5 risk (Exhibit 2.1).
- Among for-profit businesses outside of financial services, audit priority for supply chain was high – 52% for those in privately held businesses and 60% for those in publicly traded enterprises (Exhibit 2.3).

Internal audit strategies

- Establish "pop-up" advisory services in the business and its subsidiaries to provide rapid support.
- Ensure the audit plan is flexible, with a portion of the audit plan set aside to address urgent topics.
- Align the audit plan to the organization's vision and strategy and ensure recommendations tackle the actual impacts of specific threats.
- Automate the audit plan where possible using AI, while taking into account any specific regulatory data requirements.
- Seek coordination between executive, management, and assurance functions.
- Encourage a culture of open dialogue and flexibility on risk identification and mitigation.

3. RISK MATURITY AND COVERAGE

Key Areas Need Stronger Risk Governance Maturity

For the first time, this year's Risk in Focus survey explored risk governance maturity and level of audit coverage. Results show that traditional audit areas tend to have high risk maturity and strong internal audit coverage. But new and disruptive risks have low maturity and low internal audit coverage.

"The real challenge is not in managing the risks we have already mastered, but in building governance frameworks that are agile enough to anticipate and provide resilience to emerging risks," a CAE from Morocco said.

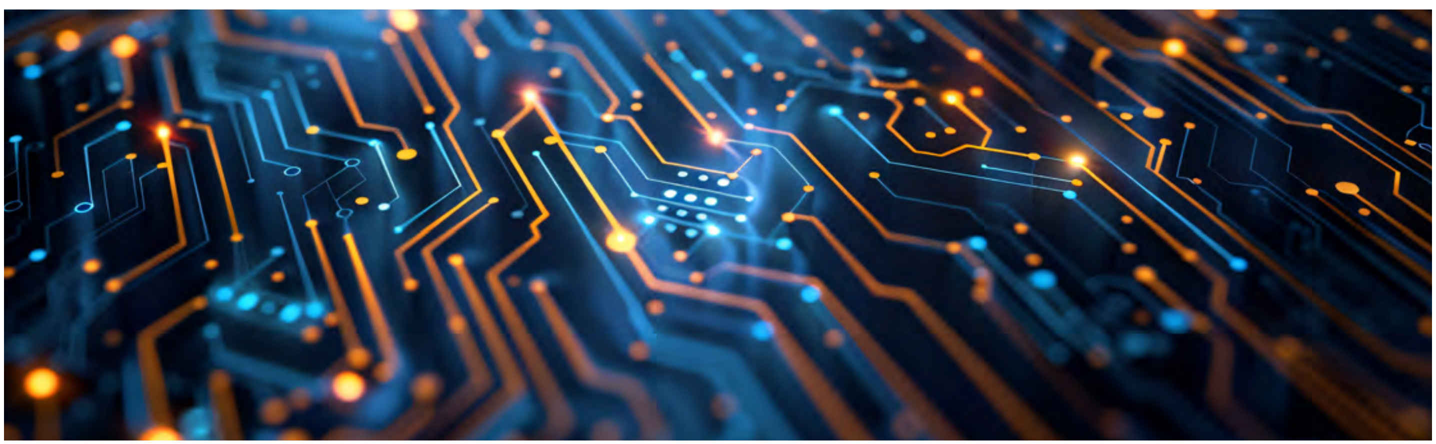
Risk governance maturity was relatively high in traditional internal audit areas, such as financial/liquidity (61%), regulatory change (52%), and governance/corporate reporting (51%) (Exhibit 3.1). But fast-moving, emerging risks such as geopolitical uncertainty and digital disruption were rated nearly last for both risk governance maturity and audit coverage (Exhibit 3.1). This combination of low maturity and low coverage is a sign that these risks may not be fully understood or managed.

Digital disruption capabilities

Only 30% of survey respondents rated risk governance maturity for digital disruption as managed or optimized. At the same time, 38% said their internal audit coverage was inadequate (Exhibit 3.1).

"Many organizations recognize that digital disruption is taking place, but they may not yet have the capability to audit it effectively," said Faiza Al Jabri, a CAE in Oman's logistics sector and an Advocacy Committee Member of the IIA–Oman Chapter.

To support stronger governance over innovation, Al Jabri said she regularly reviewed digital disruption risks, business impact assessments for digital innovation projects, and the implementation of related action plans. Internal audit also provided relevant insights and recommendations when needed.



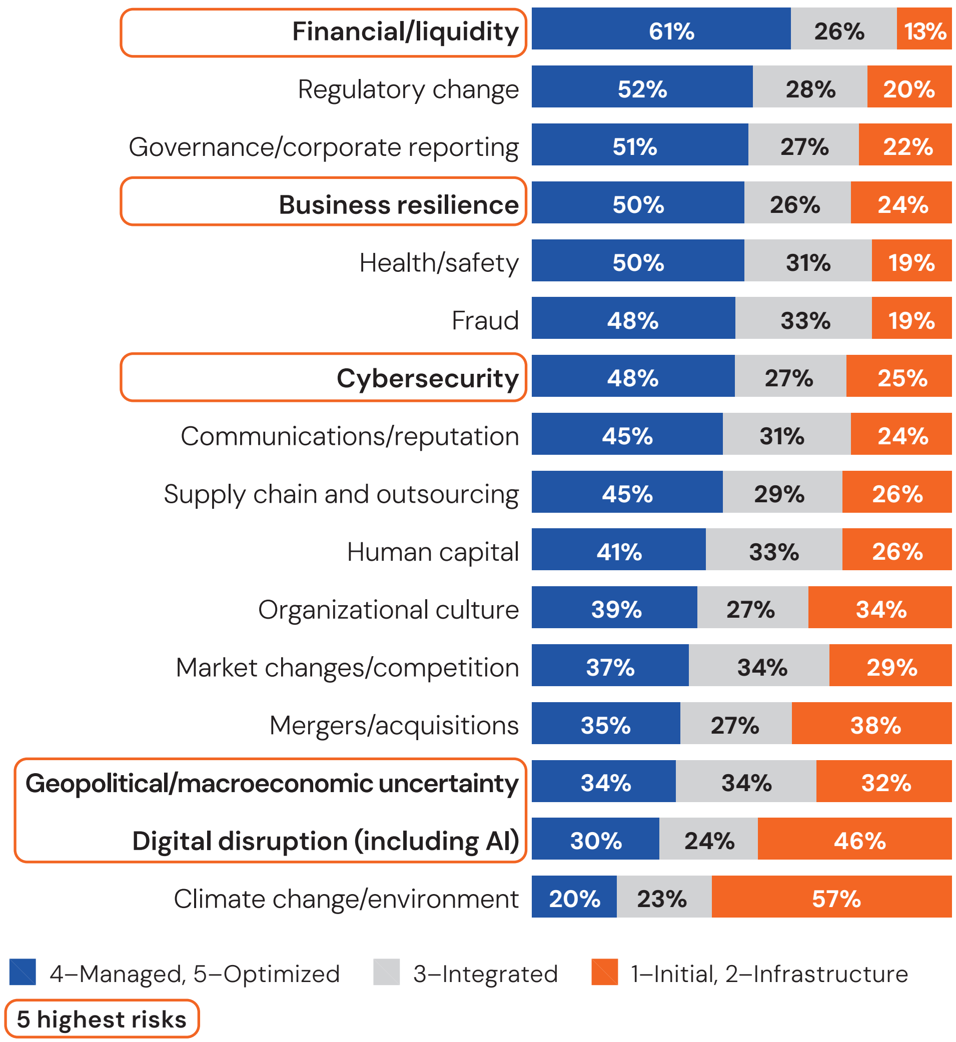
BACK NEXT CONTENTS

RISK MATURITY AND COVERAGE

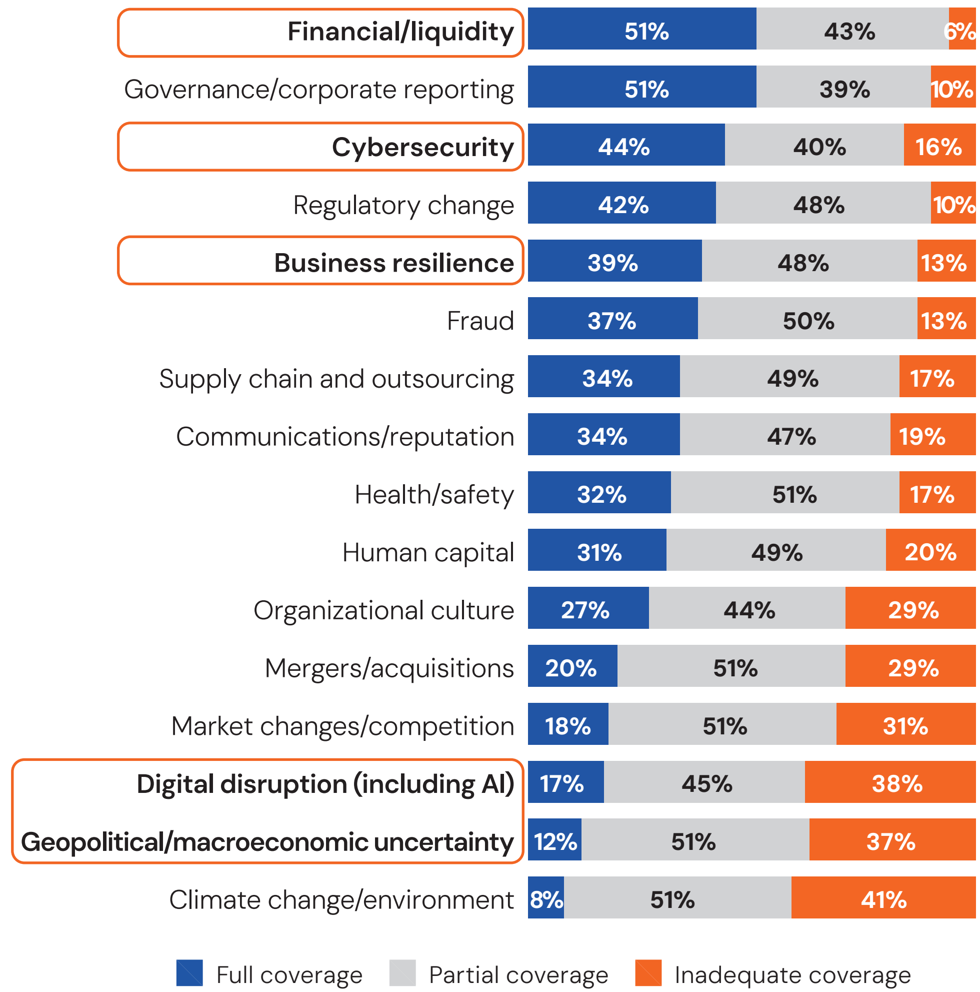
Exhibit 3.1: Middle East – Risk Governance Maturity vs. Internal Audit Coverage

Survey question: **On a scale of 1 to 5, please rate the current level of risk governance maturity at your organization for each of the following risk areas.**

Middle East – Risk Governance Maturity



Middle East – Internal Audit Coverage



Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

RISK MATURITY AND COVERAGE

Need to build geopolitical risk maturity

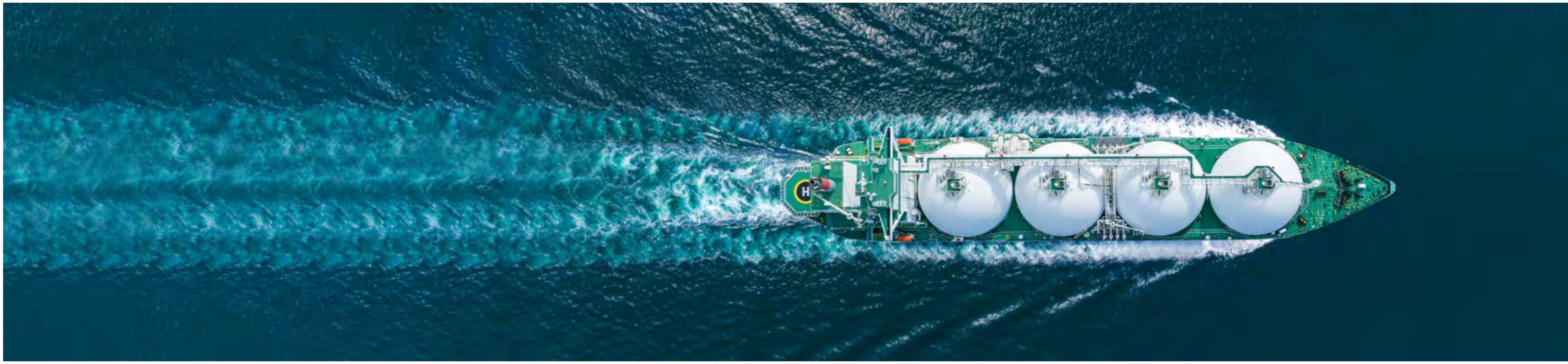
For geopolitical uncertainty, only 34% of CAEs said that risk governance maturity was managed or optimized in their organizations and 12% said that internal audit provided full coverage of the risk, while another 51% said they had partial coverage (Exhibit 3.1). "Open channels of communication are a very important part of strengthening the risk maturity of key areas in the organization," a CAE from a bank in Jordan said. His organization created an assurance map and shared information on emerging threats across the business to coordinate risk assurance activities. But a CAE at a tourism business in Oman also questioned whether internal auditors understood geopolitical risks and other emerging threats well enough to advise their organizations on the risks and opportunities they faced. That was one reason why CAEs agreed it was crucial for internal auditors to engage in continuous education to better understand risks and the controls needed to mitigate them.

Establishing risk accountability

A CAE from a sports company in Qatar said that CAEs can help their organizations improve risk governance maturity in key areas by taking a step-by-step approach. That started with advisory assignments to help clearly define risk ownership and responsibility, monitor and report on the risks regularly, and identify any gaps in risk ownership and responsibility. When governance is in place, then internal audit can provide full assurance assignments.

Conclusion

Fast-moving, emerging risks such as geopolitical uncertainty and digital disruption were rated the lowest for both risk governance maturity and audit coverage. Internal audit leaders recognize the need to build risk governance maturity in these areas. For digital disruption, they emphasize the importance of communication and proactive involvement in digital innovation projects. For political impacts, internal audit leaders are focused on identifying risk owners and sharing information across the organization.



KEY POINTS

Survey insights

- Financial/liquidity, business resilience, and cybersecurity were the three Top 5 risk topics with strong risk governance maturity (Exhibit 3.1).
- Only 34% of CAEs said risk governance processes were at a mature level of development for geopolitical risk, and only 30% for digital disruption (Exhibit 3.1).
- Audit coverage was lower in areas where risk maturity governance was not mature, in particular, geopolitical uncertainty and digital disruption (Exhibit 3.1).

Internal audit strategies

- In areas with lower levels of risk governance maturity, use risk and controls information learned from advisory assignments to inform the development of governance frameworks and audit programs.
- Help management define risk ownership and accountabilities and monitor progress. Report information regularly to the audit committee.
- Create an assurance map to identify governance gaps, share information, and coordinate risk activity.
- Ensure the audit team engages with continuous education on risks and controls.

CONCLUSION

Extraordinary Circumstances Call for Rapid Response

CAEs in the Middle East indicated the highest risk increase for any region in the world this year – with those choosing geopolitical uncertainty as a Top 5 risk doubling from 29% to 60% (Exhibit 1.1).

While all conflicts create uncertainty, the war that broke out at the end of February 2026 has been especially destabilizing. Contradictory reporting and political turmoil, with ceasefire prospects repeatedly advancing and breaking down, have made the situation exceptionally difficult to assess.

CAEs in the Middle East are responding to these dramatic shifts by rapidly revising their audit effort to respond to the issues at hand. Not only did internal audit teams substantially rewrite their audit plans, but many also quickly provided "pop-up" advisory services along with strategic and tactical advice, and worked with management to strengthen resilience.

At the same time, CAEs must address new risks from AI implementation in their own organizations, and from AI-enabled cyberattacks that are increasingly politically motivated.

While helping their organizations weather the immediate trade and technology storm, CAEs are also laying the groundwork for responding to future developments through building sustainable governance, identifying risk owners, planning for full assurance coverage, and enhancing internal audit capability.

APPENDIX A. METHODOLOGY

Survey, Roundtables, and Interviews

The Internal Audit Foundation collected survey responses from March 24 to May 6, 2026, for all regions except Europe. Responses from Europe were collected by the European Institutes Research Group from March 2 to April 7, 2026.

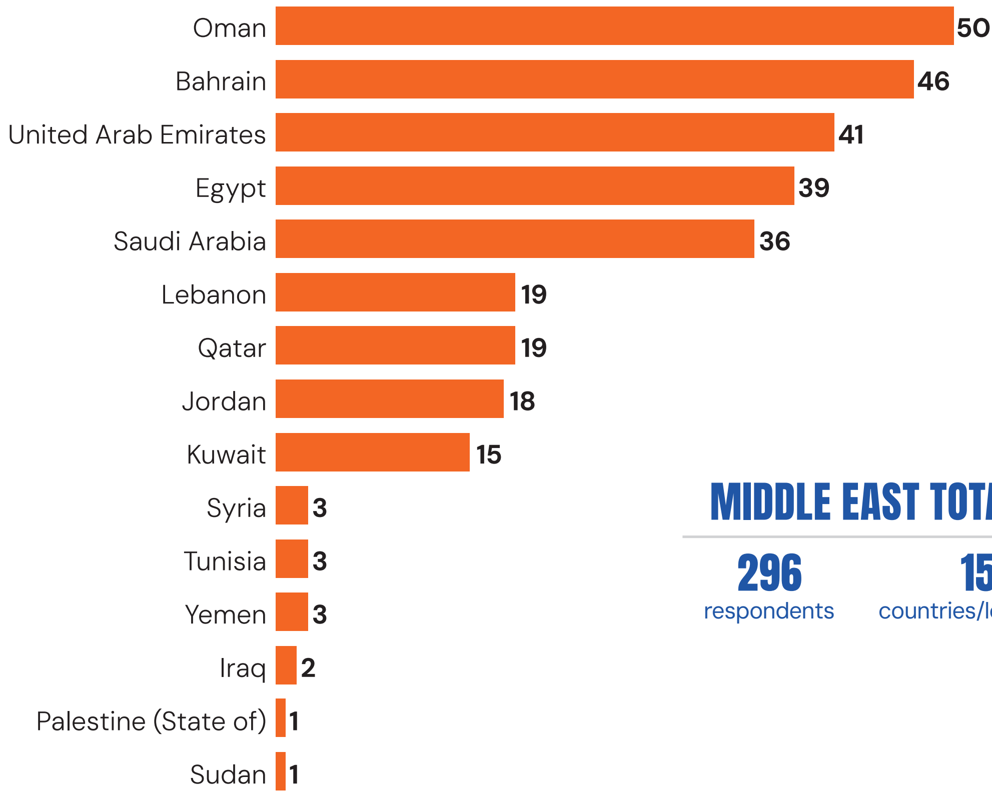
Completed surveys were received from 3,285 internal auditors who confirmed that they were the highest-ranking internal auditor at their organizations. They represented 132 countries/locations. The survey was conducted online through contacts associated with IIA National Institutes and regional bodies. In addition, roundtables and interviews were conducted for each regional report.

The 16 risk areas used in the survey are shown below. Respondents were asked a variety of questions about risk levels, audit planning, and risk governance maturity.

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 and acquisitions
Organizational culture	Organizational culture
Regulatory change	Change in laws and regulations
Supply chain and outsourcing	Supply chain, outsourcing, and 'nth' party risk

APPENDIX B. DEMOGRAPHICS

Exhibit B.1. Middle East – Response Rate



MIDDLE EAST TOTALS

296 respondents

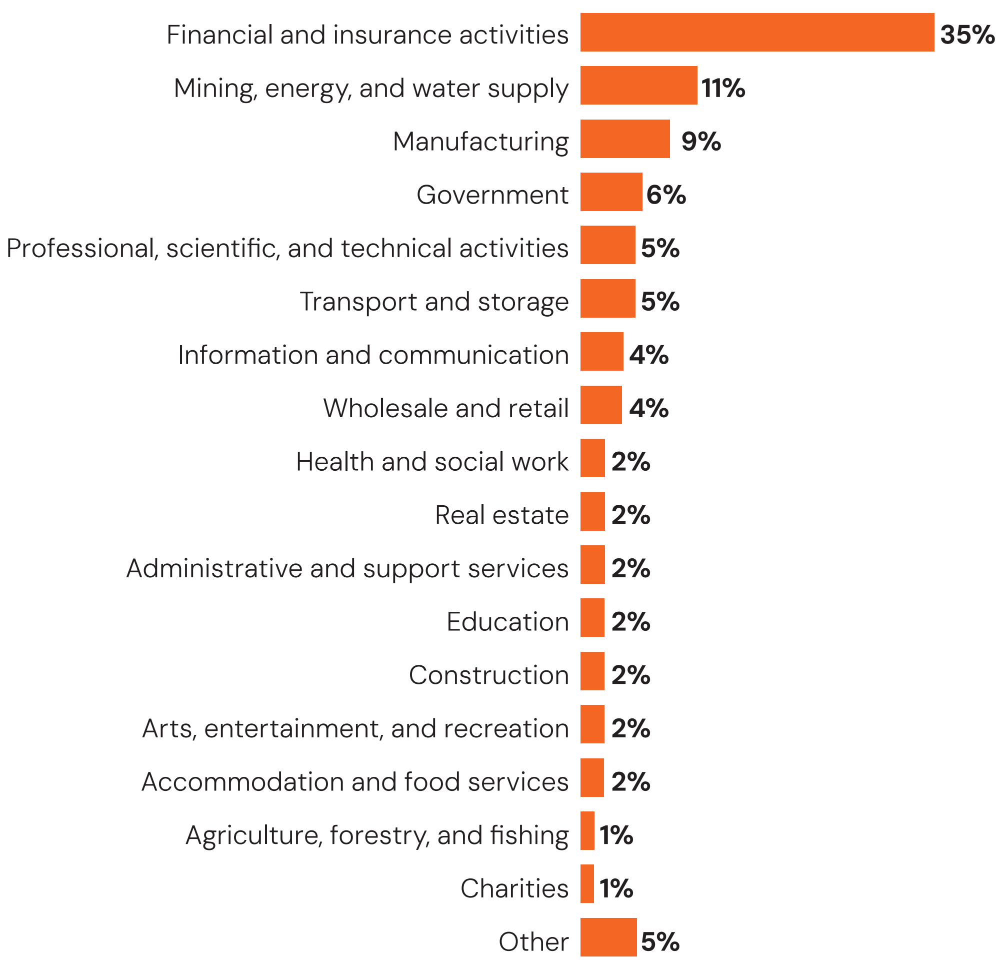
15 countries/locations

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

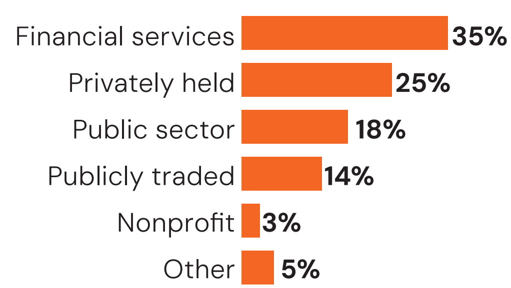
Exhibit B.2. Middle East – Industry, Sector, Function Size

Survey question: Please indicate the adequacy of internal audit's current coverage of these risk areas at your organization.

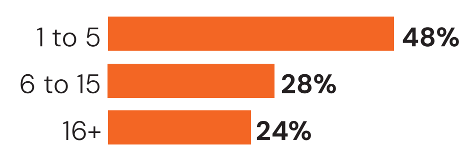
Middle East – Industry



Middle East – Sector



Middle East – Internal Audit Function Size



Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 296 for Middle East.

APPENDIX C. GLOBAL RISK OVERVIEW

Digital Disruption and Geopolitical Risks Rising Rapidly

Disruption, both digital and geopolitical, defined the global risk landscape in 2026, driven by AI's pervasive impacts and rising instability fueled by wars in Ukraine and the Middle East.

Cybersecurity maintained the number 1 position, listed as a Top 5 risk by 80% of respondents (Exhibit C.1). Compared to the prior year, cybersecurity risks rose the most for Africa (+11), Asia Pacific (+10), and the Middle East (+9).

Keeping its second place ranking from last year, digital disruption rose 10 percentage points overall, largely driven by Asia Pacific (+20) and North America (+16).

Geopolitical uncertainty risk rose from sixth to third in the global risk rankings, increasing by 10 percentage points. The most dramatic increase was for the Middle East, 31 percentage points, followed by Asia Pacific (+13). Nearly half (48%) of respondents listed geopolitical uncertainty as a Top 5 risk, compared to only 30% in 2023.

Although not reaching the top of the risk ratings, it's notable that fraud risk ratings rose 6 percentage points globally.

As technology and geopolitical risks rose, they displaced business resilience (–12) and regulatory change (–9) in the risk rankings.

Regional risks – convergence and hot spots

Across regions, the highest ranked risks are becoming more similar, creating key areas of risk convergence around technology and geopolitical uncertainty (Exhibit C.2).

Cybersecurity is the highest ranked risk for every region, and digital disruption takes second place for all but one region. Geopolitical uncertainty was in the Top 5 for all regions for the first time since the survey started four years ago, taking third place for most.

Even with risk convergence in key areas, systemic differences expose each region to unique risks (Exhibit C.1):

- **Africa:** Africa faces greater challenges with fraud (50%) and financial/liquidity (49%) compared to other global regions. Notably, risk levels rose moderately across a wide range of risk areas, as risk ratings for business resilience decreased substantially (–21).
- **Asia Pacific:** Asia Pacific rated risk levels higher than average for business resilience (43%), market changes (37%), and supply chain (33%). The region saw a significant reshuffling of risk rankings compared to the prior year.
- **Europe:** Similar to the previous year, regulatory change (40%) ranked high for the region and well above the global average (32%). Human capital risk was in the Top 5 (39%).
- **Latin America:** Latin America saw higher risk rankings for fraud (38%) compared to the global average.
- **Middle East:** Business resilience (47%) and financial/liquidity risks (42%) were higher in the Middle East.
- **North America:** Compared to the average of the regions, risk ratings for North America were higher for market changes/competition (41%), regulatory change (42%), human capital (45%), and supply chain (33%).

MORE GLOBAL RESOURCES

See the *Risk in Focus Global Summary report* for regional trend data and analysis.

Exhibit C.1. Global – Top 5 Risks per Region

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

Risk areas	Average of the regions	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	**80% ↑**	**73% ↑**	**72% ↑**	**86% ↑**	**80% ↑**	**81% ↑**	**85%**
Digital disruption (including AI)	**58% ↑**	**50% ↑**	**59% ↑**	**52% ↑**	**61% ↑**	**58% ↑**	**69% ↑**
Geopolitical/macroeconomic uncertainty	**48% ↑**	**35% ↑**	**48% ↑**	**51% ↑**	**52% ↑**	**60% ↑**	**43%**
Human capital	**38%**	30%	**41%**	**39%**	**37%**	34%	**45%**
Business resilience	**35%**	28%	**43%**	37%	25%	**47%**	29%
Financial/liquidity	34%	**49% ↑**	**28% ↑**	28%	**36% ↑**	**42% ↑**	24%
Regulatory change	32%	28%	24%	**40%**	36%	20%	**42%**
Market changes/competition	29%	20%	37%	32%	27%	20%	**41% ↑**
Fraud	29%	**50% ↑**	**28% ↑**	16%	**38% ↑**	22%	**18% ↑**
Supply chain and outsourcing	**27% ↑**	**21% ↑**	**33% ↑**	26%	17%	**35% ↑**	33%
Governance/corporate reporting	20%	27%	21%	13%	15%	27%	14%
Climate change/environment	19%	**31% ↑**	20%	21%	23%	15%	7%
Organizational culture	19%	26%	19%	17%	26%	13%	16%
Communications/reputation	15%	18%	13%	**17% ↑**	15%	13%	16%
Health/safety	10%	12%	8%	12%	7%	10%	11%
Mergers/acquisitions	5%	2%	6%	5%	4%	3%	7%

5 highest risks

How to Interpret the Graph
The **red arrows ↑** indicate an increase of 4 percentage points or more compared to the prior year.

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 3,285.

Exhibit C.2. Global – Top 5 Risks Trend

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

2023	2024	2025	2026	Change from 2025 to 2026	Change	Risk areas
73%	**71%**	**73%**	**80%**		**+7**	**Cybersecurity**
34%	**39%**	**48%**	**58%**		**+10**	**Digital disruption (including AI)**
30%	**28%**	**38%**	**48%**		**+10**	**Geopolitical/macroeconomic uncertainty**
51%	49%	43%	38%		-5	Human capital
47%	54%	47%	35%		-12	**Business resilience**
32%	32%	31%	34%		+3	Financial/liquidity
39%	**37%**	**41%**	**32%**		-9	**Regulatory change**
32%	**32%**	**31%**	**29%**		-2	**Market changes/competition**
24%	**27%**	**23%**	**29%**		**+6**	**Fraud**
26%	22%	24%	27%		+3	Supply chain and outsourcing
27%	26%	24%	20%		-4	Governance/corporate reporting
19%	21%	18%	19%		+1	Climate change/environment
26%	25%	24%	19%		-5	Organizational culture
21%	21%	19%	15%		-4	Communications/reputation
11%	11%	10%	10%		0	Health/safety
6%	6%	5%	5%		0	Mergers/acquisitions

Increased risk compared to prior year   Decreased risk compared to prior year

How to Interpret the Graph
Orange text indicates an increase of 4 percentage points or more compared to the prior year. The orange and blue bars show the difference in ratings from 2025 to 2026. The column labeled "change" shows the percentage point difference from 2025 to 2026.

Note: Risk in Focus survey conducted online worldwide from March 2 to May 6, 2026. *n* = 3,285.

APPENDIX D. IIA RESOURCES

The IIA offers a variety of resources to support internal auditors with risk assessment and audit planning through the Standards and Guidance department. Most of these resources are available free to IIA members worldwide, and some are also available to the public at large. To see the most recent releases, visit the Global Guidance resource page and the Statements of Position release page.

Risk Environment

- Assessing the Risk Management Process, 2nd Edition (The IIA, Global Practice Guide, 2024)
- Role of the Internal Audit Function in Enterprise Risk Management (The IIA, Statement of Position, 2026)

Audit Priorities

- AI Framework Support Tools (The IIA, Audit Tools, 2026)
- Artificial Intelligence Auditing Framework (The IIA, 2024)
- Auditing Cybersecurity Operations: Prevention and Detection, 2nd Edition (The IIA, Global Practice Guide, 2025)
- Auditing Privacy and Data Protection Risks, 3rd Edition (The IIA, Global Practice Guide, 2026)
- Internal Auditing and Fraud, 3rd Edition (The IIA, Global Practice Guide, 2024)
- Organizational Resilience Topical Requirement (The IIA, Topical Requirement, 2026)

Risk Governance Maturity and Internal Audit Coverage

- Developing a Risk-Based Internal Audit Plan, 2nd Edition (The IIA, Global Practice Guide, 2025)
- Developing an Internal Audit Strategy (The IIA, Global Practice Guide, 2025)
- Three Lines Model (The IIA, Statement of Position, 2026)

Global Internal Audit Standards

- Complete Global Internal Audit Standards
- Condensed Global Internal Audit Standards

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September 2026

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