ABOUT RISK IN FOCUS

Risk in Focus provides practical, data-driven research to help internal auditors and their stakeholders understand today’s risk environment and prepare audit plans for the year ahead.

Reports are based on a worldwide survey to identify current and emerging risks for each region, followed up with roundtables and interviews to discover leading practices for internal auditors.

Each of The IIA’s six regions will receive two reports:

- **Hot Topics for Internal Auditors** – Detailed reports based on the survey, roundtables, and interviews.

- **Board Briefing** – Summary reports for internal auditors to share with stakeholders.

Global Risk in Focus is a collaborative partnership facilitated by the Internal Audit Foundation with generous support from IIA regional bodies, IIA Institutes, and corporate sponsors. 2024 marks the first year the project was conducted worldwide.

The Risk in Focus methodology was originally created in 2016 by the European Institutes Research Group (EIRG), which continues to publish it in Europe through the European Confederation of Institutes of Internal Auditing (ECIIA).

Reports are available free to the public at The IIA’s Risk in Focus resource page and at the websites for IIA regional groups: ACIIA (Asia Pacific), AFIIA (Africa), ARABCIIA (Middle East), ECIIA (Europe), FLAI (Latin America).

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Key takeaways for boards
Hot topics:
- Cybersecurity
- Fraud
- Business continuity

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EXECUTIVE SUMMARY – AFRICA

Africa’s digital revolution

Many African countries are in the middle of a digital revolution driven by advances in e-government and mobile commerce. While these developments are creating opportunities across the region, they have also greatly increased vulnerability to hacking and fraud for organizations and individuals.

Africa Risk in Focus 2024 provides insight into urgent questions facing CAEs and their boards, including:

- What are the top risks organizations face in the region? How will these develop over the next three years?
- Where are internal auditors investing the most time and effort?
- How can internal audit functions help their organizations?

While Africa is similar to most regions worldwide in having cybersecurity and business continuity as two of its highest risk areas in 2024, Africa was unique in also having financial liquidity and fraud in its top 5 (see Figure 1). In the next three years, CAEs in Africa expect digital disruption and climate change to be the fastest climbing risks for their organizations, consistent with responses from CAEs worldwide (see Figure 2).

The featured topics for the Africa Risk in Focus reports are:

- Cybersecurity
- Fraud
- Business continuity

Reports describe in detail the challenges and solutions for urgent risk areas and draw on the expertise, experience, and knowledge of multiple internal audit leaders throughout the region.

For more details about survey results and leading practices in the region, see Africa Risk in Focus 2024 – Hot Topics for Internal Auditors. For reports from other regions, see the Risk in Focus resource page.

Africa Research Participation

- 808 survey responses from CAEs and directors
- 28 participating countries/territories
- 2 roundtables with 14 participants
- 5 in-depth interviews
METHODOLOGY

The Risk in Focus methodology starts with a survey of CAEs and heads of internal audit to identify current and emerging risks for each region. The top risks identified in the survey are used in follow-up roundtables and interviews with CAEs, academics, and other industry experts.

The survey presents 16 risk categories, shown below. Respondents are asked to choose the top 5 highest for risk level and the top 5 highest for internal audit time and effort – both for now and three years in the future. In reports, the categories are referenced by their shortened names.

For the Risk in Focus 2024 project worldwide, survey responses were received from 4,207 CAEs and directors in 111 countries/territories from February 15 to July 12, 2023. Eighteen roundtables were conducted with 152 participants, followed by 40 in-depth interviews.

### Risk in Focus 2024 Risk Categories

<table>
<thead>
<tr>
<th>Risk Topic</th>
<th>Risk Description Used in the Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business continuity</td>
<td>Business continuity, operational resilience, crisis management, and disaster response</td>
</tr>
<tr>
<td>Climate change</td>
<td>Climate change, biodiversity, and environmental sustainability</td>
</tr>
<tr>
<td>Communications/reputation</td>
<td>Communications, reputation, and stakeholder relationships</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>Cybersecurity and data security</td>
</tr>
<tr>
<td>Digital disruption</td>
<td>Digital disruption, new technology, and AI</td>
</tr>
<tr>
<td>Financial liquidity</td>
<td>Financial, liquidity, and insolvency risks</td>
</tr>
<tr>
<td>Fraud</td>
<td>Fraud, bribery, and the criminal exploitation of disruption</td>
</tr>
<tr>
<td>Geopolitical uncertainty</td>
<td>Macroeconomic and geopolitical uncertainty</td>
</tr>
<tr>
<td>Governance/corporate reporting</td>
<td>Organizational governance and corporate reporting</td>
</tr>
<tr>
<td>Health and safety</td>
<td>Health, safety, and security</td>
</tr>
<tr>
<td>Human capital</td>
<td>Human capital, diversity, and talent management and retention</td>
</tr>
<tr>
<td>Market changes</td>
<td>Market changes/competition and customer behavior</td>
</tr>
<tr>
<td>Mergers and acquisitions</td>
<td>Mergers and acquisitions</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>Organizational culture</td>
</tr>
<tr>
<td>Regulatory change</td>
<td>Change in laws and regulations</td>
</tr>
<tr>
<td>Supply chain and outsourcing</td>
<td>Supply chain, outsourcing, and ‘nth’ party risk</td>
</tr>
</tbody>
</table>
KEY TAKEAWAYS FOR BOARDS

1. **Cybersecurity: Build defenses for new technology.** Boards can draw on the expertise of internal audit to ensure cyber defenses are properly focused and awareness is high in their organizations. Boards need to provide auditors with resources to build capacity in cybersecurity skills.

2. **Fraud: Fight fraud from the top down.** Internal audit can assist boards with initiatives to set the tone from the top, communicate ethical codes throughout their organizations, and set firm expectations on behavior.

3. **Business continuity: Prepare for new threats.** Boards can depend on CAEs to provide assurance that resilience plans do not simply exist on paper but are backed up by real resources.

4. **Current risk ranking: Africa is unique for having financial liquidity and fraud in its top 5 risks, along with cybersecurity, business continuity, and human capital.**

5. **Future risk expectations: Over the next three years, CAEs in Africa and worldwide expect digital disruption and climate change to be the fastest climbing risks.**

For more details about survey results and leading practices in the region, see [Africa Risk in Focus 2024 – Hot Topics for Internal Auditors](#). For other regions, see the [Risk in Focus resource page](#).
How to use survey results

Key findings for Africa are summarized below, but readers are encouraged to review the graph that follows in detail to obtain further insights. Percentages show how many chose an audit area as one of the five highest for risk level at their organization. Current risk levels are darker blue and future levels are lighter blue.

Summary

Figure 1: Current risk levels vs. future risk levels – Africa

- More than half of respondents in Africa said cybersecurity and business continuity are top 5 risks.
- In the next three years, risk levels for financial liquidity and fraud are expected to decrease, while risk levels for digital disruption and climate change increase.

Figure 2: Expected risk change in three years – Global

- According to survey responses worldwide, those who see digital disruption as a top 5 risk is expected to increase from 34% to 55%.
- Worldwide expectations for climate change risk increase dramatically to fifth place, up from fourteenth place.
More than half of respondents in Africa said cybersecurity and business continuity are top 5 risks.

In the next three years, risk levels for financial liquidity and fraud are expected to decrease, while digital disruption and climate change increase.

<table>
<thead>
<tr>
<th>Current Risk</th>
<th>Future Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cybersecurity</td>
<td>58%</td>
</tr>
<tr>
<td>Business continuity</td>
<td>52%</td>
</tr>
<tr>
<td>Financial liquidity</td>
<td>47%</td>
</tr>
<tr>
<td>Fraud</td>
<td>46%</td>
</tr>
<tr>
<td>Human capital</td>
<td>39%</td>
</tr>
<tr>
<td>Governance/corporate reporting</td>
<td>36%</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>34%</td>
</tr>
<tr>
<td>Digital disruption</td>
<td>33%</td>
</tr>
<tr>
<td>Regulatory change</td>
<td>32%</td>
</tr>
<tr>
<td>Communications/reputation</td>
<td>27%</td>
</tr>
<tr>
<td>Geopolitical uncertainty</td>
<td>25%</td>
</tr>
<tr>
<td>Market changes</td>
<td>21%</td>
</tr>
<tr>
<td>Climate change</td>
<td>19%</td>
</tr>
<tr>
<td>Supply chain and outsourcing</td>
<td>19%</td>
</tr>
<tr>
<td>Health and safety</td>
<td>10%</td>
</tr>
<tr>
<td>Mergers and acquisitions</td>
<td>3%</td>
</tr>
</tbody>
</table>

Note: The IIA’s Risk in Focus Global Survey, Africa, n = 808. Percentage who ranked the area as one of their organization’s top 5 highest risks.
Figure 2:
Expected risk change in 3 years – Global

- Digital disruption is expected to increase from 34% to 55% who see it as a top 5 risk.
- Climate change risk increases dramatically to fifth place, up from fourteenth place.

<table>
<thead>
<tr>
<th>Current Risks</th>
<th>Future Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cybersecurity</td>
<td>1. Cybersecurity</td>
</tr>
<tr>
<td>2. Human capital</td>
<td>2. Digital disruption</td>
</tr>
<tr>
<td>5. Digital disruption</td>
<td>5. Climate change</td>
</tr>
<tr>
<td>7. Market changes</td>
<td>7. Geopolitical uncertainty</td>
</tr>
<tr>
<td>8. Geopolitical uncertainty</td>
<td>8. Market changes</td>
</tr>
<tr>
<td>10. Supply chain and outsourcing</td>
<td>10. Financial liquidity</td>
</tr>
<tr>
<td>11. Organizational culture</td>
<td>11. Organizational culture</td>
</tr>
<tr>
<td>12. Fraud</td>
<td>12. Governance/corporate reporting</td>
</tr>
<tr>
<td>13. Communications/reputation</td>
<td>13. Fraud</td>
</tr>
<tr>
<td>14. Climate change</td>
<td>14. Communications/reputation</td>
</tr>
<tr>
<td>15. Health and safety</td>
<td>15. Health and safety</td>
</tr>
</tbody>
</table>

Note: The IIA’s Risk in Focus Global Survey, n = 4,207. Percentage who ranked the area as one of their organization’s top 5 highest risks.
Building defenses for new technology

Internal auditors are helping boards target resources to critical risk areas in the fight against cybercrime and fraud, said CAEs at the region’s roundtables. As African countries have digitalized and adopted mobile technologies, cyberattacks have risen. In particular, hackers focus on government agencies, national infrastructure, and financial services firms where the potential rewards are highest.

The struggle is often unevenly matched. “The people involved in hacking are more sophisticated, better financed, and more well-equipped than those of us who are supposed to understand and keep the lid on cybersecurity,” a CAE at a Kenyan financial services organization said.

Boards should consider boosting investment in cyber defenses as hurriedly implemented digital systems often lack adequate protection. Deploying advanced technology to detect breaches is critical, as is automating defenses where possible.

CAEs can play a critical role in helping boards understand where defenses are likely to be most needed and most effective. “You must take whatever information is relevant to your organization and fine-tune it to your needs and contexts so that you do not end up investing in a lot of useless tools,” a CAE at a mining business in Zimbabwe said.

Internal audit can help boards keep abreast of regulations designed to help organizations prioritize where effort is best applied – and with raising awareness and training among employees. “A lot of people who fall prone to cybersecurity attacks lack awareness and that is a huge space for internal audit to move into,” a senior auditor in the public sector in Zambia said.

“You must take whatever information is relevant to your organization and fine-tune it to your needs and contexts so that you do not end up investing in a lot of useless tools.”
FRAUD

Fight fraud from the top down

Businesses and governments are using technology to help crack down on fraud and corruption, according to CAEs at the roundtables. Common practices, such as taking bribes to speed up manual processes, can be eradicated by automation, CAEs explained. Taking human agency out of processes can reduce some kinds of fraud, they said, but dealing with cybercrime and procurement fraud takes different approaches.

Internal auditors are helping boards reduce procurement fraud by both strengthening due diligence processes for suppliers and making processes consistent throughout the organization. “We have changed the setup so that our divisions do not see themselves as separate entities, but as one institution, which has helped us rapidly share information and standardize procurement processes,” said a CAE from the public sector in Zambia.

CAEs are also introducing the use of data analytics to identify anomalous behaviors and transactions in a wide range of areas – from procurement to human resources onboarding.

Internal audit can assist boards with initiatives to set the tone from the top, communicate ethical codes throughout their organizations, and set firm expectations on behavior. Such awareness-raising not only helps bring fraud to light, but it can also help unify efforts across the organization. Ultimately, punishment for wrongdoing needs to be visible and swift, and CAEs should follow up on any weaknesses they find in the control framework to strengthen defenses over time, a CAE based in Kenya summarized.
The pandemic taught many organizations that business continuity planning must be in place to help organizations survive threats outside of their control. CAEs are helping boards secure their operational resilience by ensuring such plans do not simply exist on paper – but are backed up by real resources and work in practice.

“[Business continuity planning] is not just a document, it is a living thing. Testing is key because you want to know it will work when the time comes,” said Thokozile Kuwali, CAE at NICO, a financial services firm in Malawi.

Boards are also increasingly asking internal audit to monitor environmental risks. In Africa, floods and cyclones are becoming more common, causing deaths and affecting infrastructure, agriculture, and other sectors. In 2023, for example, Cyclone Freddy wreaked havoc across Southern Africa.

“Climate-related risk has become very real in Africa,” said Ruth Doreen Mutebe, CAE at Umeme, a Ugandan power company, and chair of AFIIA, “Boards and management are increasingly asking internal audit to look at climate change, the environment, and sustainability because we are the eyes and ears on the ground.”

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REPORT DEVELOPMENT TEAM

Africa regional liaisons
Ruth Doreen Mutebe – Chair of the African Federation of Institutes of Internal Auditors (AFIIA) and CAE, Umeme, Uganda
Emmanuel Johannes – Past Chair of the African Federation of Institutes of Internal Auditors (AFIIA), Founder and President, Kepler Associates, Tanzania

IIA project directors
Laura LeBlanc – Senior Director, Internal Audit Foundation
Deborah Poulalion – Senior Manager, Research and Insights, The IIA
Emely Katz – Director, Affiliate Engagement, The IIA

Survey analysis and content development
Deborah Poulalion – Senior Manager, Research and Insights, The IIA

Research writer
Arthur Piper – Smith de Wint, United Kingdom

Graphic designer
Cathy Watanabe

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The Institute of Internal Auditors (IIA) is a nonprofit international professional association that serves more than 235,000 global members and has awarded more than 190,000 Certified Internal Auditor (CIA) certifications worldwide. Established in 1941, The IIA is recognized throughout the world as the internal audit profession's leader in standards, certifications, education, research, and technical guidance. For more information, visit theiia.org.

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