

2024

RISK IN FOCUS

Board Briefing

AFRICA

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Internal Audit
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African Federation of
Institutes of Internal Auditors

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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IIA–Democratic Republic
of the Congo
IIA–Ghana
IIA–Kenya
IIA–Rwanda

IIA–South Africa
IIA–Tanzania
IIA–Uganda
IIA–Zambia



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?

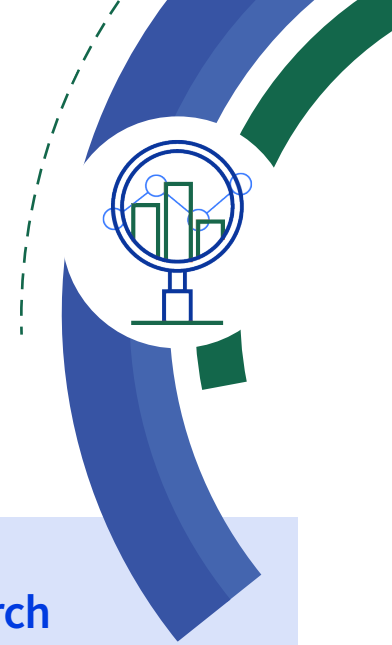
While Africa is similar to most regions worldwide in having cybersecurity and business continuity as two of its highest risk areas in 2024, Africa was unique in also having financial liquidity and fraud in its top 5 (see Figure 1). In the next three years, CAEs in Africa expect digital disruption and 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

Risk Topic	Risk Description Used in the Survey
Business continuity	Business continuity, operational resilience, crisis management, and disaster response
Climate change	Climate change, biodiversity, and environmental sustainability
Communications/reputation	Communications, reputation, and stakeholder relationships
Cybersecurity	Cybersecurity and data security
Digital disruption	Digital disruption, new technology, and AI
Financial liquidity	Financial, liquidity, and insolvency risks
Fraud	Fraud, bribery, and the criminal exploitation of disruption
Geopolitical uncertainty	Macroeconomic and geopolitical uncertainty
Governance/corporate reporting	Organizational governance and corporate reporting
Health and safety	Health, safety, and security
Human capital	Human capital, diversity, and talent management and retention
Market changes	Market changes/competition and customer behavior
Mergers and 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



111
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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](#).



Recommended Reading

[The IIA's Three Lines Model](#)

Three Lines Model explains the roles of the first, second, and third lines in governance.



SURVEY RESULTS

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.

Africa Survey Responses Per Country

Kenya	168
Tanzania	142
Uganda	102
Ghana	68
Zimbabwe	65
South Africa	55
Malawi	52
Rwanda	27
Senegal	24
Angola	22
Mauritius	10
Nigeria	9
Tunisia	9
Namibia	8
Morocco	7
Zambia	7
Democratic Republic of the Congo	5
Lesotho	5
Eswatini	4
Mali	4
Botswana	3
Ethiopia	3
Cote d'Ivoire	2
South Sudan	2
Sudan	2
Benin	1
Burkina Faso	1
Congo	1
TOTAL	808



Figure 1:

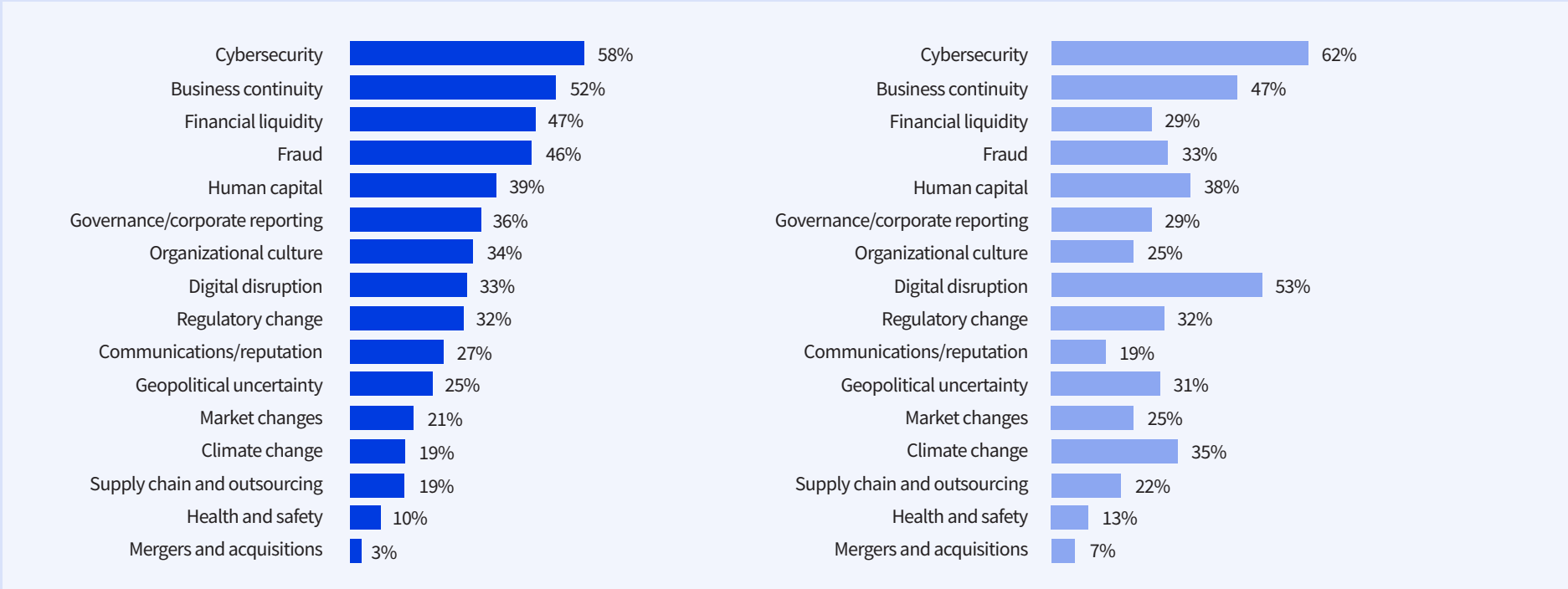
Current risk levels vs. future risk levels – Africa

- 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 digital disruption and climate change increase.



What are the top 5 risks your organization currently faces?

What are the top 5 risks your organization will face 3 years from now?



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

Expected risk change

- 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.

What are the top 5 risks your organization currently faces?

What are the top 5 risks your organization will face 3 years from now?

1. Cybersecurity	73%	1. Cybersecurity	67%
2. Human capital	51%	2. Digital disruption	55%
3. Business continuity	47%	3. Human capital	46%
4. Regulatory change	39%	4. Business continuity	41%
5. Digital disruption	34%	5. Climate change	39%
6. Financial liquidity	32%	6. Regulatory change	39%
7. Market changes	32%	7. Geopolitical uncertainty	34%
8. Geopolitical uncertainty	30%	8. Market changes	33%
9. Governance/corporate reporting	27%	9. Supply chain and outsourcing	25%
10. Supply chain and outsourcing	26%	10. Financial liquidity	23%
11. Organizational culture	26%	11. Organizational culture	21%
12. Fraud	24%	12. Governance/corporate reporting	20%
13. Communications/reputation	21%	13. Fraud	20%
14. Climate change	19%	14. Communications/reputation	15%
15. Health and safety	11%	15. Health and safety	11%
16. Mergers and acquisitions	6%	16. Mergers and acquisitions	11%

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.



HOT TOPICS

CYBERSECURITY

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-tooled 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."



HOT TOPICS

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.

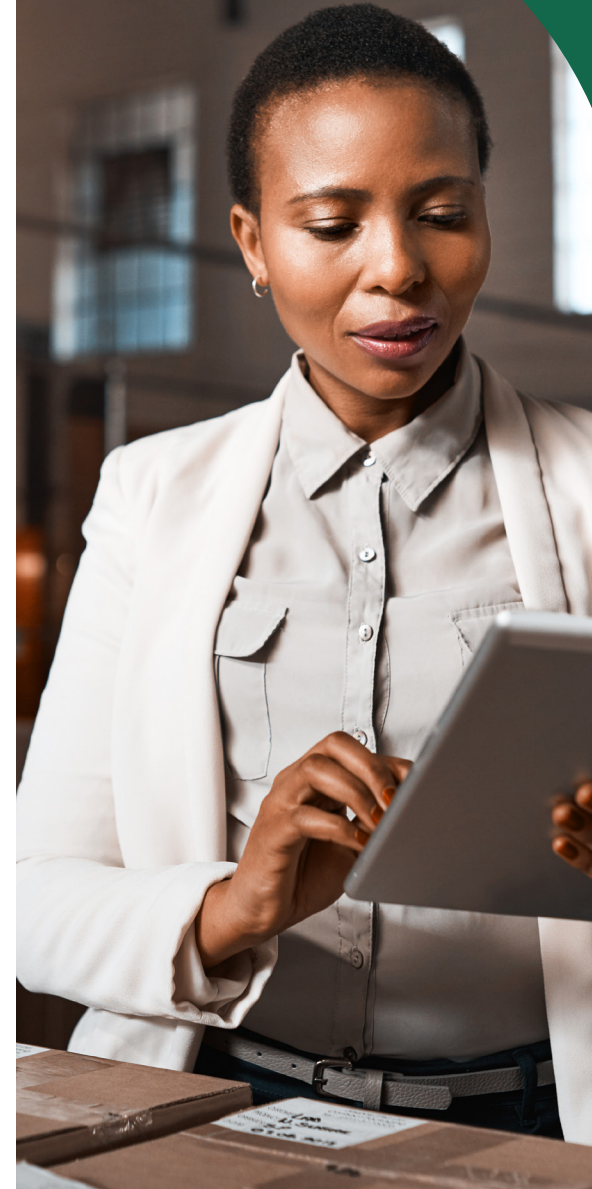
CAEs are also introducing the use of data analytics to identify anomalous behaviors and transactions in a wide range of areas – from procurement to human resources onboarding.

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.

“Punishment for wrongdoing needs to be visible and swift.”



HOT TOPICS

BUSINESS CONTINUITY

Prepare for new threats

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.¹ In 2023, for example, Cyclone Freddy wreaked havoc across Southern Africa.²

“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.”

“Testing is key because you want to know it will work when the time comes.”



¹ For more about climate impacts in Africa from the World Meteorological Organization (November 2022), see <https://public.wmo.int/en/media/press-release/state-of-climate-africa-highlights-water-stress-and-hazards>

² For more about Cyclone Freddy in Southern Africa, see <https://reliefweb.int/report/malawi/south-africa-snapshot-tropical-cyclone-freddys-impact-february-march-2023>

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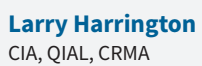
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About The IIA

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.

About the Internal Audit Foundation

The Internal Audit Foundation provides insight to internal audit practitioners and their stakeholders, promoting and advancing the value of the internal audit profession globally. Through the Academic Fund, the Foundation supports the future of the profession through grants to support internal audit education at institutions of higher education. For more information, visit theiia.org/Foundation.

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