

# 2024

## RISK IN FOCUS

### Board Briefing

---

#### ASIA PACIFIC

---

[Read more](#)



Internal Audit  
**FOUNDATION**



Asian Confederation 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).

## Contents

Executive summary

Methodology

Key takeaways for boards

Hot topics:

- Cybersecurity
- Business continuity
- Human capital
- Regulatory change

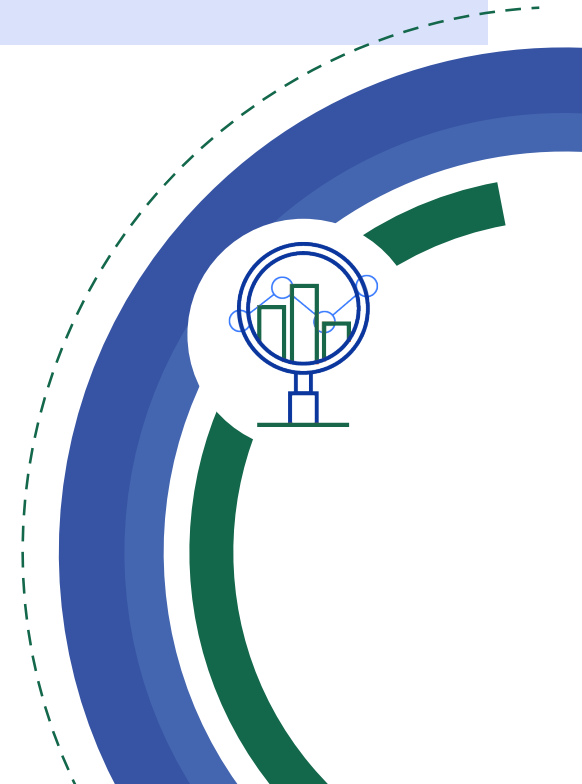
## ASIA PACIFIC REPORT SPONSORS



Asian Confederation of  
**Institutes of Internal Auditors**

IIA–Australia  
IIA–Hong Kong  
IIA–Indonesia  
IIA–Japan

IIA–Malaysia  
IIA–Philippines  
IIA–Singapore



# EXECUTIVE SUMMARY – ASIA PACIFIC

## Navigating political and economic interconnections

**Geopolitical and macroeconomic uncertainty have disrupted the intricate network of interconnected relationships between businesses and countries in the Asia Pacific region. Boards are working closely with CAEs to maintain a holistic view of the rapidly changing market, high-impact regulatory updates, and technology shifts.**

Asia Pacific 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?

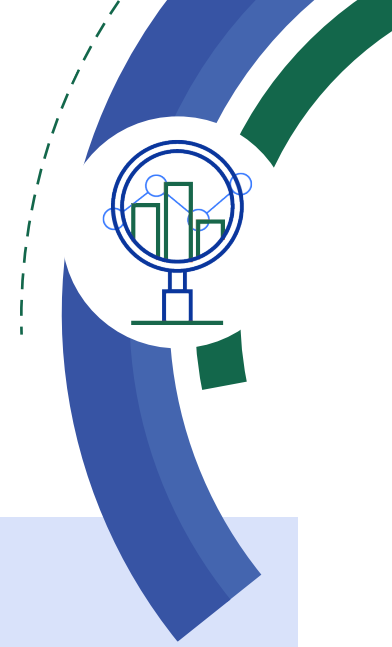
Cybersecurity and human capital are the top risks to organizations in the region, according to survey results (see Figure 1). And while business continuity also ranked high as a risk, it is also seen as an opportunity to train for the unexpected and build long-term resilience. Digital disruption and climate change were the areas where risk levels were expected to increase

the most in the next three years – both in Asia Pacific and worldwide (see Figures 1 and 2).

The Asia Pacific Risk in Focus 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. The featured topics for the Asia Pacific reports are:

- Cybersecurity
- Business continuity
- Human capital
- Regulatory change

**For more details about survey results and leading practices in the region, see [Asia Pacific Risk in Focus 2024 – Hot Topics for Internal Auditors](#). For reports from other regions, see the [Risk in Focus resource page](#).**



### Asia Pacific Research Participation

- 1,034 survey responses from CAEs and directors
- 23 participating countries/territories
- 3 roundtables with 26 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**  
countries/  
territories

**4,207**  
survey  
responses  
from CAEs

**18**  
roundtables with  
**152**  
participants

**40**  
in-depth  
interviews

# KEY TAKEAWAYS FOR BOARDS

- 1. Cybersecurity: Tackle cyber risk strategically.** Boards can play an active role in setting realistic risk appetite and working with CAEs as well as other assurance functions to promote cyber resilience.
- 2. Business continuity: Build comprehensive resilience.** By preparing proactively for large-scale, interconnected risks, boards can help improve organizational resilience and fine-tune governance processes.
- 3. Human capital: Adapt to new realities.** Boards can support efforts to embrace technologies to replace transactional roles, encourage innovative ideas to fill resources gaps, and provide support for organisations to fully embrace ESG into corporate culture.
- 4. Regulatory change: Take a sustainable approach to compliance.** In dealing with a patchwork of regional and international data protection and ESG regulations, boards can work with CAEs to support robust control frameworks that adapt quickly to change.
- 5. Current risk ranking. Cybersecurity, business continuity, and human capital are the highest risk areas in Asia Pacific for 2024.** These are also the three highest risks globally (see Figures 1 and 2).
- 6. Future risk expectations. Over the next three years, CAEs expect climate change and digital disruption to be the fastest climbing risks.** This trend is expected in all regions worldwide (see Figure 2).

For more details about survey results and leading practices in the region, see [Asia Pacific 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 are summarized below, but readers are encouraged to review the graphs that follow 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. Please note that survey responses primarily came from Japan, Taiwan, and the Philippines, but 20 other countries/territories were also represented.



## Summary

### Figure 1: Current risk levels vs. future risk levels – Asia Pacific

- Three areas share the highest risk level for Asia Pacific: cybersecurity, business continuity, and human capital.
- In the next 3 years, digital disruption and climate change are the risks expected to increase the most.

### 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.

## Asia Pacific Survey Responses Per Country

Japan	329
Taiwan	230
Philippines	103
Australia	70
Indonesia	58
Singapore	50
Malaysia	43
Hong Kong	40
Vietnam	27
China	14
Sri Lanka	14
Kazakhstan	12
Bangladesh	10
Fiji	8
India	6
Thailand	5
Pakistan	4
Cambodia	3
Bhutan	1
Macau	1
Maldives	1
Myanmar	1
New Zealand	1
<b>TOTAL</b>	<b>1,031</b>



Figure 1:

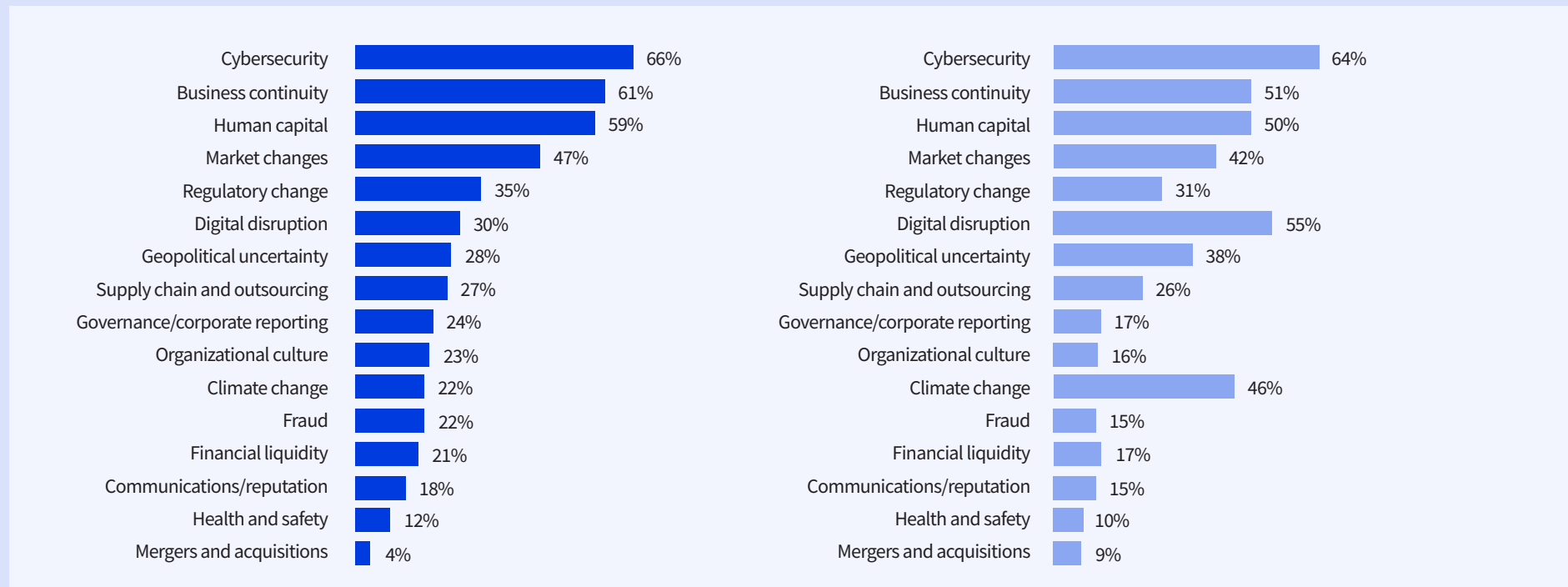
# Current risk levels vs. future risk levels – Asia Pacific

- Three areas share the highest risk level for Asia Pacific: cybersecurity, business continuity, and human capital.
- In the next 3 years, digital disruption and climate change are the risks expected to increase the most.



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, Asia Pacific, n = 1,034. 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 is expected to increase 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. <b>Digital disruption</b>	<b>55%</b>
3. Business continuity	47%	3. Human capital	46%
4. Regulatory change	39%	4. Business continuity	41%
5. <b>Digital disruption</b>	<b>34%</b>	5. <b>Climate change</b>	<b>39%</b>
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. <b>Climate change</b>	<b>19%</b>	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

### Engaging on cyber risk strategically

CAEs are helping boards fight back against cyberattacks through collaboration across the business and a focus on cyber resilience. In 2022, organizations in the Asia Pacific region experienced more cyberattacks than any other global region, according to one annual survey.<sup>1</sup>

In reference to cybersecurity, an assurance manager from Australia noted: “It is the first time that we have had an extreme risk on our risk register that has been accepted by our oversight board. They now realize that despite everything we do, we still won’t be able to stop all attacks.”

Collaboration across all levels of governance is key to improving cyber resilience, CAEs at the roundtable agreed. Boards can actively participate in such arrangements. For example, a CAE at a Philippines-based bank

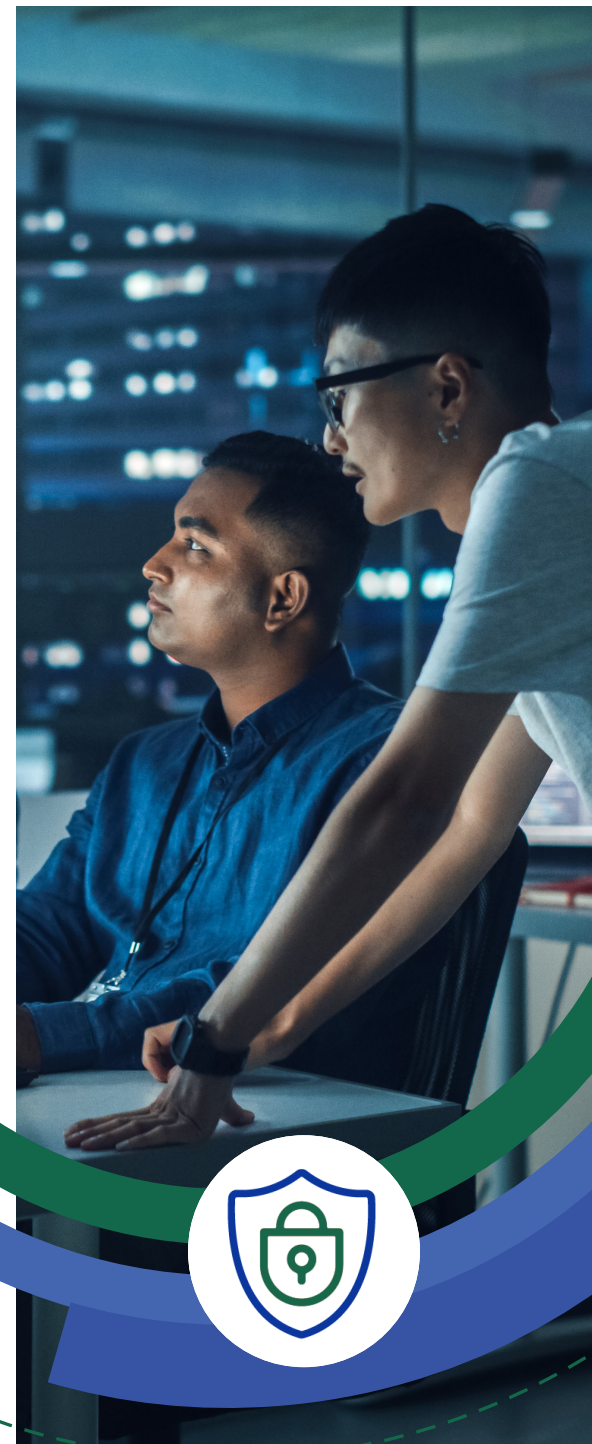
said he had set up a joint working group specifically on cyber risk, which was attended regularly by senior management and members of the organization’s board, audit, and risk committees. It helped keep top management engaged at a strategic level, he said.

CAEs are also combining work on cybersecurity with business continuity to improve operational resilience for when an attack happens. “The same activities that manage cyber resilience well are likely to be the same activities that manage business continuity and resilience,” said Adam Stock, partner at PwC in Australia, “so it is imperative CAEs do not look at these risks in silos.”

Insurance can be difficult to obtain because accurate data on potential losses is often required, roundtable members said. But CAEs agreed that

internal auditors can help boards promote awareness training across the business, which insurers see as critical – along with strong technology that has been well implemented.

“Despite everything we do, we still won’t be able to stop all attacks.”



<sup>1</sup> For more about cyberattacks in Asia Pacific, see <https://www.ibm.com/downloads/cas/DB4GL8YM>

# HOT TOPICS

## BUSINESS CONTINUITY

### Training for resilience

Internal auditors are helping boards and organizations take a proactive stance on business continuity, for example, to critically challenge business models and supply chains in light of emerging risks, CAEs said. Boards at corporations and family-owned businesses alike have brought the three lines<sup>2</sup> together to identify fresh threats and create mitigation plans.

“Our biggest emerging risk is the ability of every part of the organization to critically identify what-can-go-wrong scenarios even before risks hit,” a CAE at a Philippines-based electronics company said.

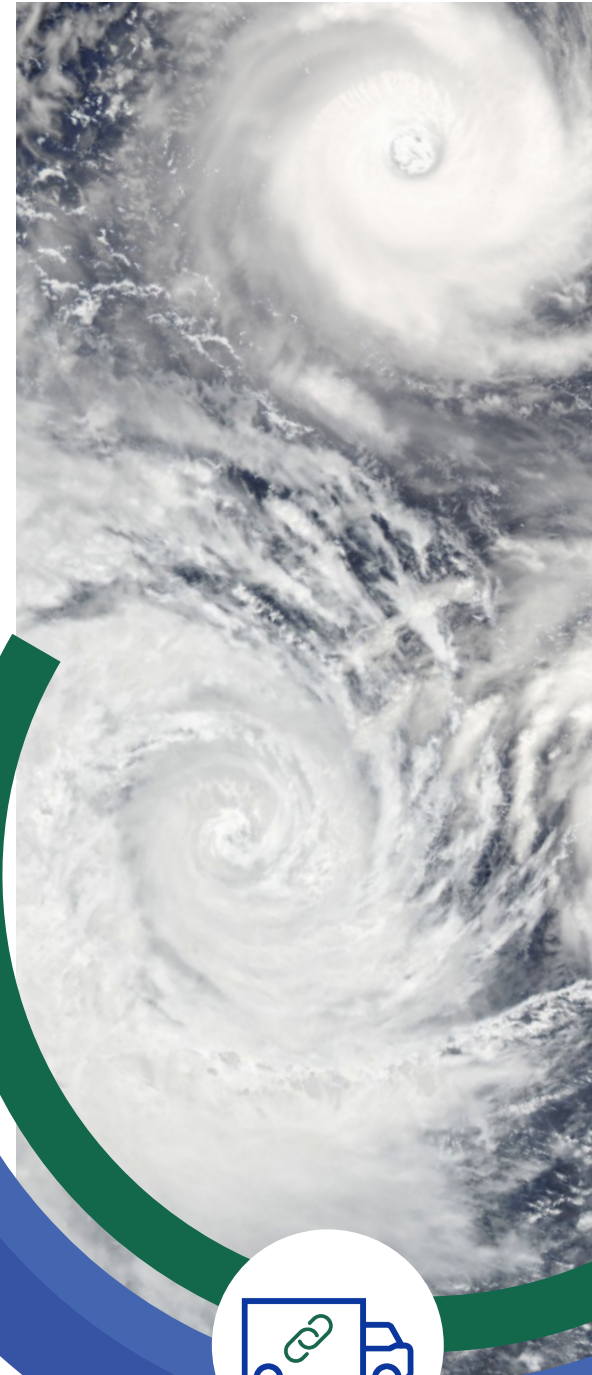
In a region with unpredictable, interconnected risks, identifying the links between seemingly independent risk categories is key, CAEs agreed. Boards can support alignment between the three lines to ensure their organizations’ risk universes are comprehensive and communication

lines are clear. But businesses must avoid creating narrow responses to specific risks.

“It is the job of internal auditors and risk managers to better prepare our organizations to face any type of challenge,” said Prasenna Balachandran, CRO at LAUGFS Holdings in Sri Lanka. As the chief risk officer, Balachandran creates several business continuity training scenarios for management each year, based on the organization’s most current risk assessment.

For business continuity planning, CAEs at the roundtable added that it was important to use leading indicators (signs of what may happen in the future) rather than solely relying on lagging indicators (measures of what has already occurred). Plans should be rigorously tested to ensure they will work in real-life situations.

“Our biggest emerging risk is the ability of every part of the organization to critically identify what-can-go-wrong scenarios even before risks hit.”



<sup>2</sup> For more about The IIA’s Three Lines Model, which explains the roles of the first, second, and third lines in governance, see <https://www.theiia.org/en/content/position-papers/2020/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense/>



# HOT TOPICS

## HUMAN CAPITAL

### Adapting to new realities

Geopolitical and macroeconomic uncertainty in neighbouring Asia Pacific countries have impacted organizations' ability to attract and retain the right talent and skills, CAEs said. Boards can support internal audit's efforts to help their organisations harness technologies to help plug some of the gaps that have appeared for low-skill, high-transaction processes.

While automation helps, it does not address the gaps for technical and specialist roles. A CRO at a Sri Lankan conglomerate said his business had created better incentive packages for key roles backed up with well-defined career paths to aid retention. Other CAEs commented that the pandemic accelerated the changes in expectations about employment, such as flexible working environment and the idea of "work" not equivalent to making a living.

Boards can call on CAEs to explore changing employee expectations during brainstorming sessions with management or by conducting advisory assignments to identify problems and recommend solutions. For example, a CAE at a Japanese electronics business said that the pandemic had seen the cultural practice of employees working at one company for life wane. He had helped human resources and management create new solutions and offer supportive criticism as the organization looked to redesign middle management career structures.

**Embracing ESG into corporate culture can boost employee engagement, and help attract and retain talent.**

Employees today want to work with organisations that align with their values. Fully embracing ESG into corporate culture not only boosts staff engagement with existing employees but also helps attract and retain new talent. CAEs emphasized the need to communicate an organizations' sustainability purpose and goals clearly throughout the business and in human resources policies and procedures.

Like other business areas, internal audit functions also face challenges in hiring and retaining skilled staff. Boards can support CAEs as they seek creative ways to fill the gaps and upscale skill inventories, such as co-sourcing, guest or "gig" audit programs, harnessing emerging technologies such as AI, gamification for training, etc.



# HOT TOPICS

## REGULATORY CHANGE

### Taking a strategic approach to compliance

As well as being subject to a patchwork of Asia Pacific data protection regulations, organizations in Asia Pacific must increasingly deal with European rules for data protection and environmental, social, and governance (ESG) issues, CAEs said.

Due to this complexity, internal audit needs to assess the overall control framework rather than checking compliance for individual rules, said Helen Li, CAE of The Bank of East Asia. “Checking observance with individual rules is not effective because there are too many,” Li said. “The business, your products, and regulatory requirements are constantly changing, so you must assess the control framework in place and make sure your organization has a very robust mechanism to keep up with the changes and adapt where necessary.”

Mandatory reporting rules on ESG are emerging in countries such as India, Japan, and Singapore and, as the EU’s supply chain rules come into force, more organizations will be caught up in the regulatory net.<sup>3</sup>

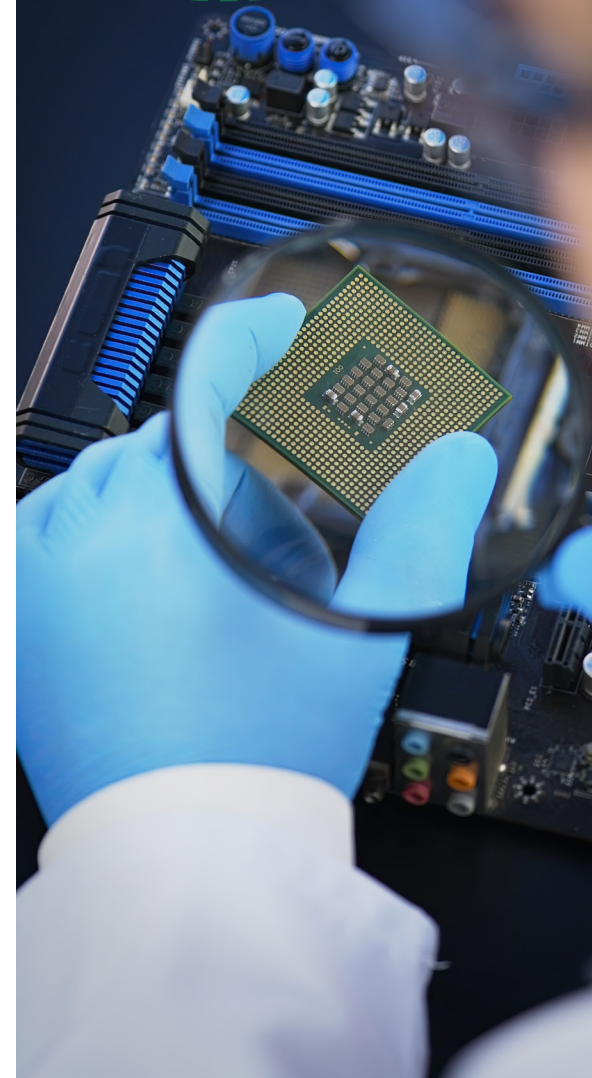
Many global organizations in the region have started preparing for the change, along with some smaller publicly listed firms, but others need to make more headway. For example, Stephen Ching, governor of IIA–Singapore, commented: “CAEs are obviously not in a position to audit something that does not exist, so they need to seriously engage directors and highlight to them that this is now a requirement of the Singapore Stock Exchange and that the business is not yet ready.”

Ching says that in more mature businesses, internal auditors needed to adopt continuous auditing

“You must assess the control framework in place and make sure your organization has a very robust mechanism to keep up with the changes and adapt where necessary.”

methodologies to deal with the huge amounts of data such compliance reports collate.

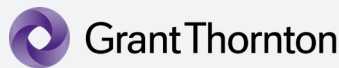
But CAEs and board members can seek competitive advantage from these changes if they promote genuine ESG credentials to customers and employees, roundtable attendees agreed.



<sup>3</sup> For more about corporate sustainability reporting from the EU, see [https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en). For more about the new supply chain rules, see <https://www.elevatelimited.com/blog/eu-parliament-approves-supply-chain-due-diligence/>. For more about ESG rules in Asia Pacific, see <https://newsdirect.com/news/esg-disclosure-regulations-are-strengthening-in-asia-pacific-781581983>

# SPONSORS

## FOUNDATION STRATEGIC PARTNERS



## Foundation Partners



## Gold Partners

**Larry Harrington**  
CIA, QIAL, CRMA

**Stacey Schabel**  
CIA



## RISK IN FOCUS PARTNERS

- IIA – Argentina
- IIA – Australia
- IIA – Bolivia
- IIA – Brazil
- IIA – Chile
- IIA – Colombia
- IIA – Costa Rica
- IIA – Dominican Republic
- IIA – Ecuador
- IIA – El Salvador
- IIA – Ghana
- IIA – Guatemala
- IIA – Hong Kong
- IIA – Indonesia
- IIA – Japan
- IIA – Kenya
- IIA – Malaysia
- IIA – Mexico
- IIA – Nicaragua
- IIA – Panama
- IIA – Paraguay
- IIA – Peru
- IIA – Philippines
- IIA – Rwanda
- IIA – Singapore
- IIA – South Africa
- IIA – Tanzania
- IIA – Uganda
- IIA – Uruguay
- IIA – Venezuela



# INTERNAL AUDIT FOUNDATION REPORT DEVELOPMENT TEAM

## Asia Pacific regional liaison

### Stephen Coates –

President, ACIIA (Asian Confederation of Institutes of Internal Auditors)

## Roundtable moderators

### Helen Li –

Group Chief Auditor, The Bank of East Asia, Hong Kong China

### Sue Ironside –

General Manager Internal Audit Area of Expertise, Rio Tinto, Australia

### Nam-Chie Sia –

Head of Risk Management, Legal and Compliance, Hong Leong Finance, Singapore

## 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

## 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](http://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](http://theiia.org/Foundation).

## Disclaimer and Copyright

The IIA publishes this document for informational and educational purposes. This material is not intended to provide definitive answers to specific individual circumstances and as such is only intended to be used as a guide. The IIA recommends seeking independent expert advice relating directly to any specific situation. The IIA accepts no responsibility for anyone placing sole reliance on this material.

Copyright © 2023 by the Internal Audit Foundation. All rights reserved. For permission to republish, please contact [Copyright@theiia.org](mailto:Copyright@theiia.org).



Internal Audit  
FOUNDATION

Global Headquarters  
The Institute of Internal Auditors  
1035 Greenwood Blvd., Suite 401  
Lake Mary, FL 32746, USA  
Phone: +1-407-937-1111  
Fax: +1-407-937-1101  
Web: [theiia.org/foundation](http://theiia.org/foundation)

